



**Global
Entrepreneurship
Monitor
UAE**

In collaboration with



HSBC



هيئة المساهمات المجتمعية - معاً
Authority of Social Contribution - Ma'an

**2019 / 2020
GEM UAE**

SOCIAL ENTREPRENEURSHIP REPORT



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Disclaimer:

Although GEM data were used in the preparation of this report, their interpretation and use are the sole responsibility of the authors.

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ABOUT UAEU



The United Arab Emirates University (UAEU) - the first and foremost comprehensive national university in the United Arab Emirates. Founded in 1976 by the late Sheikh Zayed Bin Sultan Al Nahyan, UAEU aspires to become a comprehensive, research-intensive university and currently enrolls approximately 13,000 Emirati and international students. As the UAE's flagship university, UAEU offers a full range of accredited, high-quality graduate and undergraduate programs through nine Colleges: Business and Economics; Education; Engineering; Food and Agriculture; Humanities and Social Sciences; IT; Law; Medicine and Health Sciences; and Science. With a distinguished international faculty, state-of-the-art new campus, and full range of student support services, UAEU offers a living-learning environment that is unmatched in the UAE.

In its drive to achieve international research stature, UAEU works with its partners in industry to provide research solutions to challenges faced by the nation, the region, and the world. The University has established research centers of strategic importance to the country and the region which are advancing knowledge in critical areas ranging from water resources to cancer treatments. UAEU is currently ranked #5 in the Arab World and #284 worldwide.

UAEU's academic programs have been developed in partnership with employers, so our graduates are in high demand. UAEU alumni hold key positions in industry, commerce, and government throughout the region. Our continuing investments in facilities, services, and staff ensure that UAEU will continue to serve as a model of innovation and excellence.

**HSBC in the MENAT region**

HSBC is the largest and most widely represented international banking organisation in the Middle East, North Africa and Turkey (MENAT), with a presence in nine countries across the region: Algeria, Bahrain, Egypt, Kuwait, Oman, Qatar, Saudi Arabia, Turkey and the United Arab Emirates. In Saudi Arabia, HSBC is a 29.2% shareholder of Saudi British Bank (SABB), and a 51% shareholder of HSBC Saudi Arabia for investment banking in the Kingdom.

This presence, the widest reach of any international bank in the region, comprises some 350 offices and around 9,500 employees. In the year ending 31st December 2019, HSBC in the MENAT region made adjusted profit before tax of US\$1,611m.

ABOUT MAAN



Ma'an was established in February 2019 by the Department of Community Development in Abu Dhabi with the aim of bringing together the government, the private sector and civil society to support a culture of social contribution and participation. The authority will deliver solutions for social challenges with five main pillars of work – a Social Investment Fund, a Social Incubator Program, Community Engagement Programs and the introduction of a new type of public contracting, Social Impact Bonds, as well as Outreach Management. Ma'an will support the third sector to flourish in Abu Dhabi, enabling responsible not for profit associations or foundations and social enterprises to contribute to the development of strong, active and connected communities.

Ma'an Authority for Social Contribution is a 'Ghadan 21' accelerator programme initiative, supporting Abu Dhabi to become one of the best places in the world to do business, invest, live, work and visit.

About MSIA

The Ma'an Social Incubator (MSI) is a social impact incubator in Abu Dhabi that is devoted to encouraging innovation and entrepreneurship to develop solutions to social, cultural, or environmental challenges. Twice a year, MSI will host 10 promising teams and provide them with the resources and support they need in order to grow and thrive. Team will be offered investments and a stipend, learning and development, mentorship, and networking opportunities. It is a unique chance for budding entrepreneurs to develop their innovative ideas for social impact into a social enterprise or not-for-profit association.

Ma'an's Accelerator Programme (MSA), which is part of the MSI umbrella, aims to empower existing social enterprises to achieve business growth and elevated impact through its 3-month initiative, ensuring social services are provided to the wider community. The programme seeks to provide comprehensive support for business expansion and scale-up to social enterprises that are revenue generating with a validated business model, whilst strengthening the third sector, increasing social enterprise growth and business development.

FOREWORD BY GEM UAE

The UAE is a recognized regional and global leader in supporting innovation and entrepreneurship. What makes entrepreneurs stand out from the crowd is the appetite they have for innovation, the determination to seize any opportunity they may come across and most importantly, their willingness to take the risk. Social entrepreneurs have those characteristics plus their concern for humanity and the world.

Social entrepreneurship can be simply put as entrepreneurship for impact. It is starting a business for the purpose of supporting society and solving environmental issues, such as improving living conditions for a community, achieving social equality or preserving natural habitat and preserving biodiversity. Social entrepreneurs use business as a means of social change and quality of growth.

In a study conducted by Thomson Reuters Foundation in 2016, titled 'The best places to be a Social Entrepreneur', the UAE held the 19th position. The study shows that social entrepreneurship is gaining momentum in the UAE and that social entrepreneurs are well received amongst the UAE community.

With scarce employment opportunities, entrepreneurship is increasingly becoming a preferable career option for university students. At UAEU, we believe that integrating social and business entrepreneurship as part of the university curriculum outside of business programs can create more social consciousness and promote awareness among students regarding other career opportunities that are available for them. The UAEU has always embraced working with business and supported its students to develop entrepreneurial skills. Social enterprises give us a fantastic opportunity to work with existing businesses for economic, social and environmental benefit whilst also developing our students' professional skills.

The UAEU holds that social entrepreneurship experience gives students a taste of an alternative career path in a growing sector, a chance to develop the skills that all businesses look for, and even inspire them to start their own business, while contributing to supporting the SDGs. This is a valuable, developing relationship that benefits social enterprise businesses, students and communities.

The 2019 GEM UAE Special Report conducted in partnership with the HSBC, highlights the role of Social Entrepreneurship in the future development in the UAE. In the days to come, social entrepreneurship will play a crucial role in the advancement of social and environmental changes. The best thing about social entrepreneurship is that success is not mentioned by financial gains, but by the number of people these enterprises are able to reach and create a positive impact. Social entrepreneurship and social businesses will be in the mainstream substantially in the future, in the decade of action towards achieving the SDGs which will hopefully impact the UAE positively.



Prof. Nihel Chabrak
GEM UAE Team Leader



As a major international business, HSBC has an impact on people all over the world – including customers, employees, suppliers, regulators, investors, and the wider communities we serve. We have a duty to manage our business responsibly and we understand that economic growth must also be sustainable. The financial system is just as much a stakeholder of sustainability and climate change challenges as governments, corporations and civil society.

We believe that environmental, social and governance (ESG) factors have an impact on the value of all investments and are integral to sound investment decisions necessary to preserve and deliver long-term growth of capital.

Now more than ever, there is a need to develop the skills, business innovation and low carbon solutions needed to secure long-term prosperity for all. It was striking that the report uncovered that social entrepreneurs are more innovative than their commercial equivalents, with 52.5% of nascent social entrepreneurs and 35.0% of operational social entrepreneurs in the UAE offering innovative products and services.

We believe social entrepreneurs are agents of rapid positive change and we want to play our role in providing them access to the right tools and knowledge needed to thrive in a globally diverse economy. But most importantly, we want ensure that sustainability is at the forefront of their business models.



Sabrin Rahman, Head of Sustainability Europe, Middle East, North Africa and Turkey



هيئة المساهمات المجتمعية - معاً
Authority of Social Contribution – Ma'an

Since the Authority of Social Contribution – Ma'an was established in February 2019 under the Department of Community Development in Abu Dhabi, we have been working towards achieving our main objective by driving social innovation in Abu Dhabi.

We are committed to empower social entrepreneurs and equip them with valuable skills and knowledge to help grow Abu Dhabi's third sector and support the not-for-profits and social enterprises by addressing Abu Dhabi's social priorities and contribute to the development of strong, active and connected communities.

By bringing together the government, the private sector and civil society to support a culture of social contribution and participation, we aim to nurture new and innovative solutions that addresses the most pressing challenges facing the Emirate of Abu Dhabi that will benefit its residents and citizens for years to come.

The GEM UAE Social Entrepreneurship Report is one of the most important published documents that provide a fascinating insight on the social entrepreneurship sector and the impact it is making across the UAE.

Therefore, it is a privilege for Ma'an to be part of the 2019 GEM UAE Social Entrepreneurship Report as the key learnings have been central to the success of Ma'an's innovative initiatives.

One of those initiatives is Ma'an's Social Incubator (MSI), a social impact incubator in Abu Dhabi, which is devoted to encouraging innovation and entrepreneurship to develop solutions to social, cultural, or environmental challenges.

MSI empowers talented, enthusiastic, creative and driven social entrepreneurs who can deliver evidence-based social impact through a 90-day training programme to develop their creative ideas into strong business ventures.

The Ma'an Accelerator programme is also another key initiative, which elevates the impact of established social enterprises by supporting them to scale up and grow their operations in Abu Dhabi and the region.

The GEM UAE Social Entrepreneurship Report shows that 96.2% of social entrepreneurs required additional funds to start their enterprise, which makes us understand our fundamental role in providing key programmes such as the Ma'an's Grants Programme, where we provide social enterprises grants to help build and grow their operations, thus expanding the range of beneficiaries that we can help.



H.E. Salama Al Ameemi
Director General –
Authority of Social Contribution – Ma'an

FOREWORD BY MAAN

We champion the third sector as it contributes to society by understanding the Emirate's social needs. Innovative solutions are from within the community as they have a deeper understanding to these social needs. The community can effectively bring forward innovative solutions and Ma'an can help support by providing the right platform to grow ideas into suitable operating social ventures contributing to an active, strong and connected communities.

With the establishment of social ventures, this will create job opportunities within the social sector and will contribute to the enhancing the economy through social enterprises.

We believe social entrepreneurship is the key to unlocking many of the solutions to common social challenges and its social impact can be sustainable and contribute to the wider economy, while addressing social challenges.

We support and will continue to apply the key messages identified within this valuable guide, utilising our strong partnerships with public and private entities to establish solid relationships with a diverse selection of social entrepreneurs that will continue to positively impact Abu Dhabi for now and the future.

The community can effectively bring forward innovative solutions and Ma'an can help support by providing the right platform to grow ideas into suitable operating social ventures contributing to an active, strong and connected communities.



EXECUTIVE SUMMARY

There is an increasing awareness of social enterprise in the UAE. To investigate, we surveyed a random representative sample of 2,000 adults between the ages of 18 and 64 years in the UAE using a standardised questionnaire provided by the GEM Global Data Team. We considered social entrepreneurship as “any kind of activity, organisation or initiative that has a particularly social, environmental or community objective.” This definition thus includes providing services or training to socially deprived or disabled persons, activities aimed at reducing pollution or food-waste, organising self-help groups for community action.

In this report we show that social entrepreneurship in the UAE is an important emerging phenomenon.

Our main findings are:

1

The prevalence of social entrepreneurship in the nascent phase, that is, individuals trying to start or who have just started a new venture, is 2.9% in the UAE. Although this rate may seem low, it is similar to the average rate of 3.2% across the 58 GEM economies as measured in 2015. By comparison, the prevalence of individuals leading a commercial start up is at 9.3%.

2.9%

Entrepreneurs launching a new social enterprise

2

The prevalence of social entrepreneurs that have operational businesses is 2.2% in the UAE, suggesting that for social enterprises most early stage ventures convert into operational enterprises. By way of comparison, the prevalence rate for equivalent commercial ventures is 13.8%.

2.2%

Entrepreneurs running an existing social enterprise

3

Differentiating between social and commercial entrepreneurs in the UAE is not an easy task, as most social entrepreneurs appear to be aiming for financial gain as much as (or more than) social gain. Only 7.9% of the social entrepreneurs have a strong social mission, with 12.2% having some social mission.

7.9%

Social entrepreneurs with a strong social mission

4

Social entrepreneurs in the UAE are highly and actively engaged in delivering their products and services in the commercial marketplace, with 80% of the social entrepreneurs having a medium to high market activity.

80%

Social entrepreneurs active in the market

5

Social entrepreneurs are more innovative than their commercial equivalents, with 53% of nascent social entrepreneurs and 35% of operational social entrepreneurs in the UAE offering innovative product and services. This provides support for the argument that innovation is even more crucial in the case of social entrepreneurs as the problems they are tackling are more intricate and complex in the first place.

53%

Nascent social entrepreneurs offering innovative products and services

6

Newer social enterprises wish to invest more in their mission, with nascent social entrepreneurs much more likely to agree 51.3% in the reinvestment into their social mission than operational social entrepreneurs 31.3%.

51%

Nascent social entrepreneurs reinvesting in their social mission

7

Male entrepreneurs dominate both social 85% and commercial 74% ventures, but female entrepreneurs are more active in the operational phase in social businesses.

85%

Social entrepreneurs who are male



8

Social entrepreneurs are generally young, with 18 to 34-year-olds comprising 47% of nascent social ventures and 50% of operational social ventures. By way of comparison, for commercial entrepreneurship, 44% of entrepreneurs are the same age range for nascent ventures and 51% in the operational phase.

47%

Social entrepreneurs between the ages of 18-24

9

Social entrepreneurs have a similar level of education as commercial entrepreneurs, with 25% of nascent and 35% of operational social entrepreneurs having higher education, in comparison with 35% of nascent and 36% of operational commercial entrepreneurs.

25%

Nascent social entrepreneurs with higher education

10

Social entrepreneurs are less likely to be in the top third income bracket for nascent social ventures 25%, but more likely for operational social ventures 45%. By way of contrast, 39% of nascent commercial ventures and 35% of operational commercial ventures are in the top third income bracket.

25%

Nascent social entrepreneurs from top income bracket



11

96.2% of social entrepreneurs required additional funds to start their enterprise, with more than 70% using personal funds to start their enterprises. That said, personal funding only makes up 25.3% of the overall funding of social enterprises.

70%

Social entrepreneurs using personal funds to start business

12

The most accessed funding sources are banks or other financial institutions 58%, followed by private investors or venture capital 42%, government programs, donations or grants 37%, and family 30% and friends or neighbours 28%. However, there is clearly a need for more innovative methods of tapping the broader UAE funding environment, such as crowdfunding and impact investing.

58%

Entrepreneurs using financial institutions

13

43% of nascent and 48% of operational social organisations have five or more employees, and the share of volunteers is 25% for nascent and 23% for operational social enterprises.

43%

Nascent social entrepreneurs with more than five employees

14

Early stage and operational social entrepreneurs in the UAE tend to be quite optimistic, with 56% of operational and 52% of nascent social entrepreneurs expecting to grow in the next 5 years.

52%

Nascent social entrepreneurs expecting to grow



ABOUT THE GLOBAL ENTREPRENEURSHIP MONITOR



The Global Entrepreneurship Monitor (GEM) is a worldwide study of entrepreneurship. Started in 1997 by two academics, one from London Business School (Michael Hay) and the other from Babson College (Bill Bygrave) in the United States, the GEM was launched to address the lack of recognized international research that focused on entrepreneurship, as the word was not as recognized as it is today. At the time, the relevance of entrepreneurship was slowly emerging as academics and policy makers recognized the importance of small, medium and micro-sized enterprises development to the overall well-being of an economy, towards decreasing the levels of unemployment, and in fighting the abject poverty which at that time prevailed in many developing, third world countries.

The first published reports came out in 1999 and involved just 10 economies. 20 years later, the Consortium of GEM countries has grown substantially, with over 100 economies participating from all levels of economic development and in almost all geographic regions. In 2019, 54 economies participated in the GEM study, and today the GEM can claim to be truly global and to be the most authoritative and informative study on entrepreneurship in the world. Only a few areas of the globe are not represented such as certain countries in mid/central Asia, a few countries in South East Asian and some from West and Central Africa.

GEM defines entrepreneurship as any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business, by an individual, a team of individuals, or an established business.¹ Academics and policy makers agree that entrepreneurs, and the new businesses they establish, play a critical role in the development and wellbeing of their societies. The GEM longitudinal studies and comprehensive analyses of entrepreneurial attitudes and activity across the globe have improved our understanding of the relationships between entrepreneurship and national development.

¹ See Reynolds, Hay, & Camp (1999), GEM Annual Report.

MEASURING SOCIAL ENTREPRENEURSHIP IN GEM

For the purposes of this report, we followed the GEM 2015 report on social entrepreneurship and defined social entrepreneurial activity as “any kind of activity, organisation or initiative that has a particularly social, environmental or community objective.” This might include providing services or training to socially deprived or disabled persons, activities aimed at reducing pollution or food-waste, organising self-help groups for community action, etc. In this study, a social entrepreneur is defined as “an individual who is starting or currently leading any kind of activity, organisation or initiative that has a particularly social, environmental or community objective.” This definition of social entrepreneurship is generally consistent with other definitions put forward by academics, policymakers, and other platforms such as Ashoka and the Skoll Foundation.²

The GEM data collection methodology enables us to investigate further aspects of social entrepreneurial activity, such as percentage of social entrepreneurs with:

- (i) an explicit social mission,
- (ii) offering products or services in the market,
- (iii) offering an innovative solution,
- (iv) reinvesting profits and
- (v) making an effort to measure the social impact of their activities.

ABOUT APS: THE GEM MAIN DATA COLLECTION INSTRUMENT

What makes GEM studies unique is the fact that the results are based on self-reporting (primary data), rather than on an official count or any similar efforts that count firm activity such as new firm registration or tax filings. Therefore, GEM can capture informal entrepreneurial activity, although there is no guarantee that an interviewee is speaking ‘the truth’.

The Adult Population Survey methodology was developed by GEM to provide a comprehensive view of entrepreneurship across the globe. Each year, GEM research teams in each participating economy collect primary data to measure entrepreneurial activity in a way that allows for meaningful cross-national analyses, as well as intra-country comparisons over time. They administer and oversee the survey, which is conducted using a random representative sample of at least 2,000 adults between the ages of 18 and 64 years. The surveys are conducted at the same time every year (between May and July) and a standardised questionnaire provided by the GEM Global Data Team is used. The questionnaire is translated into local languages, and back translated for a validity check.

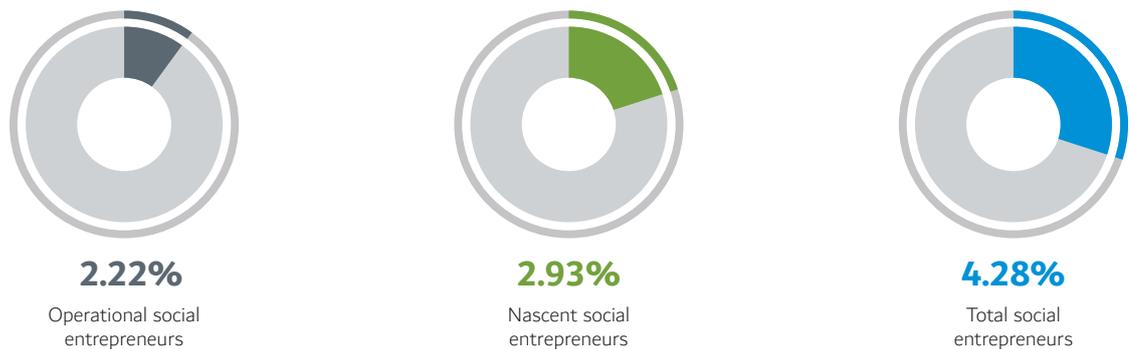
To ensure that the sample is representative, area stratified probability sampling is used. The sample is stratified by gender, age and population group, then by region and community size. Cities and large towns, small towns and villages, and even rural areas are additionally assessed in some economies. Accredited research companies in each economy conduct the survey.

² For examples of academic definitions, see Dees (1998), Austin, Stevenson and Wei-Skillern (2006), Mair and Marti (2006), Martin and Osberg (2007), Short, Todd and Lumpkin (2009), and Zahra, Gedajlovic, Neubaum and Shulman (2009). For examples of a policymaker definition, see OECD (2013).

The annual GEM assessment monitors an economy's proportion of working-age individuals who are either in the process of starting a business, called "nascent entrepreneurs" or owner-managers of businesses. By "nascent social entrepreneurs", we refer to individuals who are, alone or with others, currently involved in social entrepreneurial activity and have taken concrete actions in the past 12 months to help start this venture. We also track the share of operational social entrepreneurship activity—that is, individuals who are leaders of currently operational social entrepreneurial ventures. Thus, these measures identify those individuals who are starting or currently leading any kind of activity, organisation, or initiative that has a particularly social, environmental or community objective.

Figure 1 presents the prevalence of the social entrepreneurial activity by phase in the UAE. The nascent social entrepreneurship measure is 2.93% and is the equivalent of the measure of regular GEM nascent entrepreneurial activity. Although this rate may seem as low, it is similar to the average rate (3.2%) of nascent social entrepreneurship across all GEM economies as measured in 2015. While care must be taken in interpreting this comparison due to the 5-year gap in measurement, the similarly low rates suggest that social entrepreneurship is a rare phenomenon.

Figure 1: Prevalence of Social Entrepreneurial Activity per Phase

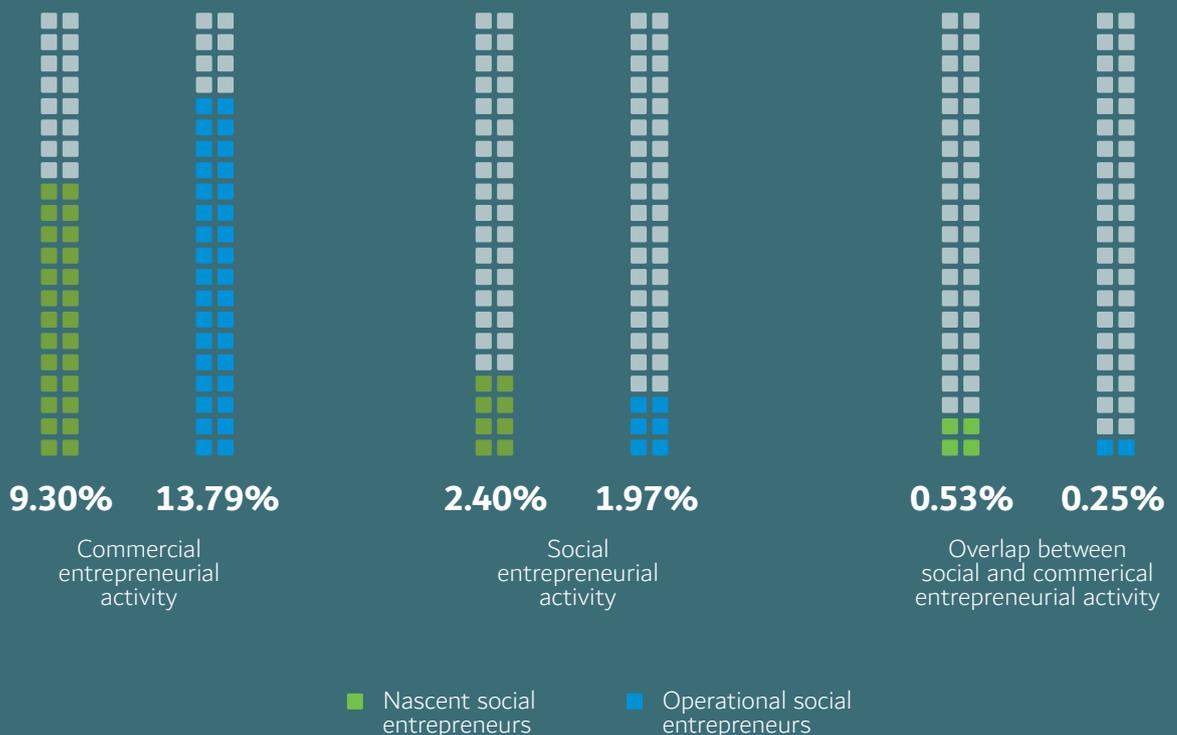


We can further identify social entrepreneurship activity that is currently operational, rather than in the start-up phase. This is 2.2% in the UAE, a lower level, but still quite close, to nascent social entrepreneurship. This suggests that for social enterprises, most start-ups convert into operational enterprises, possibly as a result of institutional support mechanisms, such as dedicated facilities to support entrepreneurs. Given that some social entrepreneurs in the UAE are both the leaders of operational social enterprises and owner-managers of nascent social enterprises, we find a total 4.28% of entrepreneurs engaged in social activities overall.

Figure 2 presents the nascent and operational phases of entrepreneurship, where we examine the prevalence of commercial entrepreneurs, social entrepreneurs, or both—that is, individuals who are involved in ventures that fulfil the criteria for both social and commercial entrepreneurship. For both nascent and operational entrepreneurs, the UAE shows a higher rate of commercial entrepreneurial activity than social activity, with **9.30%** in the nascent phase and **13.79%** in the operational phase. In comparison, **2.40%** of nascent and **1.97%** of operational entrepreneurial activity is considered social. Given that the overlap between commercial and social entrepreneurship activities is only **0.53%** for nascent and **0.25%** for operational entrepreneurial activity, we can conclude that in the UAE, social entrepreneurs’ goals are well distinguished from the commercial ones. This finding is not surprising as the level of necessity-driven entrepreneurial activities are quite low in the UAE (making up less than **20%** of the overall entrepreneurial activity). In contrast, high levels of overlap between these two entrepreneurial activities is mainly found in less developed countries, where the motivation behind the social initiatives may be the needs that emerge from unfulfilled social needs.

The UAE shows a higher rate of commercial entrepreneurial activity than social activity.

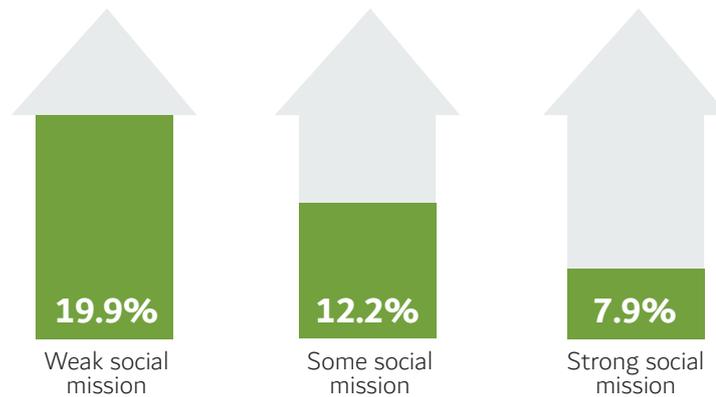
Figure 2: Prevalence of Commercial and Social Entrepreneurial Activity per Phase





A precise definition of social entrepreneurship is hard to formulate, so in this section we look more in detail to some specific characteristics that are often associated with social entrepreneurship.

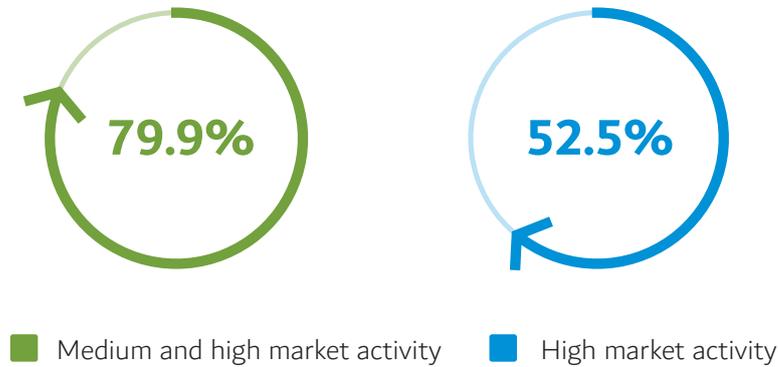
Figure 3: Social Mission Dominance



Social entrepreneurs, by definition, have a social mission. However, in order to achieve the social mission, the entrepreneurial activity needs to attain a financial gain. The dilemma that is faced by many social entrepreneurs is the trade-off between the financial impact (value capture) and the social impact (value creation). Indeed, it is not always a trade-off, as financial returns may be needed to create long term social impact. As such, in **Figure 3** we present to what extent those social entrepreneurs prioritise social and environmental goals over financial goals.

Each entrepreneur's commitment to value creation has been assessed with a positive response to the statement:

'For my organisation, generating value to society and the environment is more important than generating financial value for the company'. In the UAE, only 7.9% of the social entrepreneurs have a strong social mission, with 12.2% having some social mission and 19.9% having a weak social mission. This finding shows that differentiating between social and commercial entrepreneurs is not an easy task, as most social entrepreneurs appear to be aiming for financial gain as much as (or more than) social gain. This is not necessarily an adverse result, as social entrepreneurs' focused financial goals may still generate considerable social and environmental impact for the society.

Figure 4: Social Entrepreneurship Market Activity

A second characteristic we analysed is the scale of market activity of social entrepreneurs. Scale of the market activity is interesting as many academics and transnational institutions (such as the European Commission and OECD) consider that social entrepreneurs should, to a great extent, be active in the market, given that social entrepreneurs are also engaged in delivering a social mission, understanding the scale of that market activity is of interest. As such, we assessed the market participation of entrepreneurs generally in the UAE by seeking their response to the following statement: 'My organisation operates in the market by producing goods and services' on a Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5). We present these results in **Figure 4**, distinguishing between medium market activity as those who scored 3 and above, and high market activity those who scored 5. Figure 4 shows that 79.9% of the social entrepreneurs in the UAE have both medium and high market activity, while 52.5% have a high market activity. Thus, social entrepreneurs in the UAE are highly and actively engaged in delivering their products and services in the commercial marketplace.

Social entrepreneurs in the UAE are highly and actively engaged in delivering their products and services in the commercial marketplace.

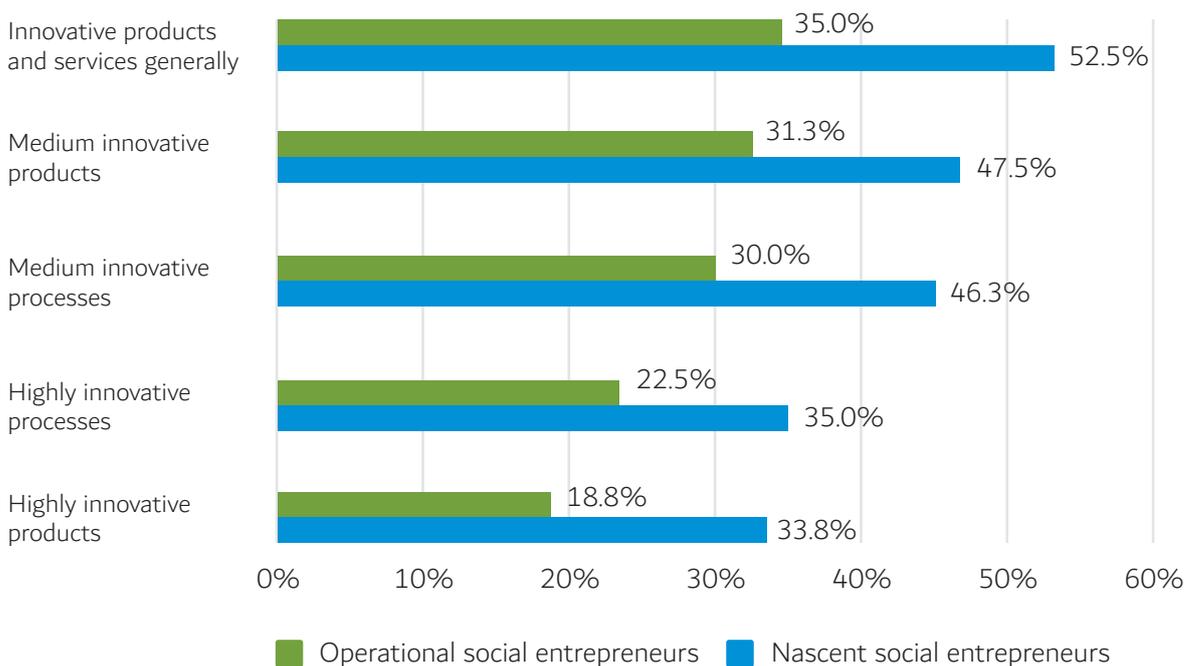


While market activity is a useful measure, it does not capture how innovative those market products are, given that customers are known to increasingly ask for innovative product and services, regardless of whether the provider is commercial or social. We measured the innovativeness of the social entrepreneur by asking for a positive response (i.e. somewhat or strongly agree) to either of the following statements: 'My organisation offers a new product or service'; and 'My organisation offers a new way of producing a product or service.'

Figure 5 shows that 52.5% of nascent social entrepreneurs and 35.0% of the operational social entrepreneurs in the UAE offer innovative product and services. Given that the overall rate of innovation in the UAE entrepreneurship

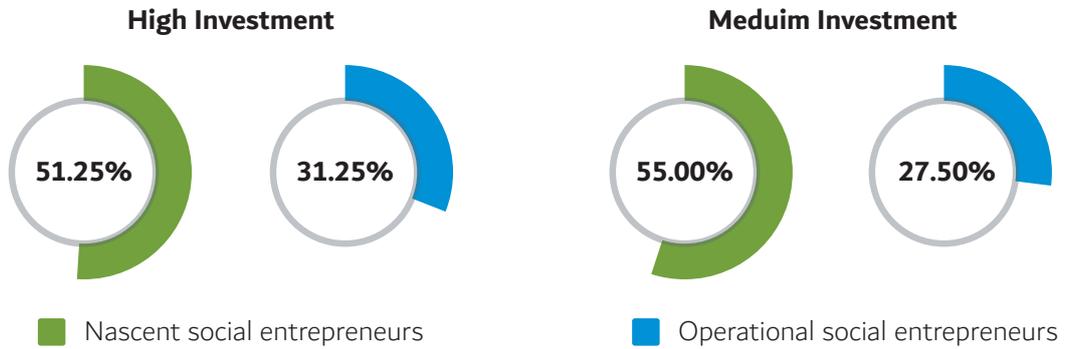
is 26.6% for nascent entrepreneurs and 16.9% for established businesses, this suggests that social entrepreneurs are more innovative than their commercial equivalents. Thus, besides the increasing demand, this provides support for the argument that innovation is even more crucial in the case of social entrepreneurs as the problems they are tackling are more intricate and complex in the first place.

Figure 5: Innovative Levels for Nascent and Operational Social Entrepreneurs



Another characteristic of social enterprises concerns the way they reinvest profits. Given their social mission, some proportion of the profits need to be reinvested into the social mission. Indeed, some have argued that all profits should be reinvested into achieving the social goals set by the social entrepreneur(s), such as Nobel Laureate Muhammad Yunus (2006, 2007). In contrast some others, particularly those who consider that social entrepreneurs should be active in the market, have a more nuanced perspective. In order to measure the extent of profit reinvesting, we asked how much they agreed or strongly agreed with the statement: 'Profits will be reinvested to serve the social or environmental purpose of my organisation.' **Figure 6**, distinguishing between Medium Agreement as those who scored 3 and above and Strong Agreement for those who scored 5, shows that nascent social entrepreneurs are much more likely to agree in the reinvestment into their social mission. These figures are significantly higher than operational social entrepreneurs. These results suggest that either newer social enterprises are more socially aware and wish to invest more, or that as social enterprises mature, they begin to invest less in their social mission.

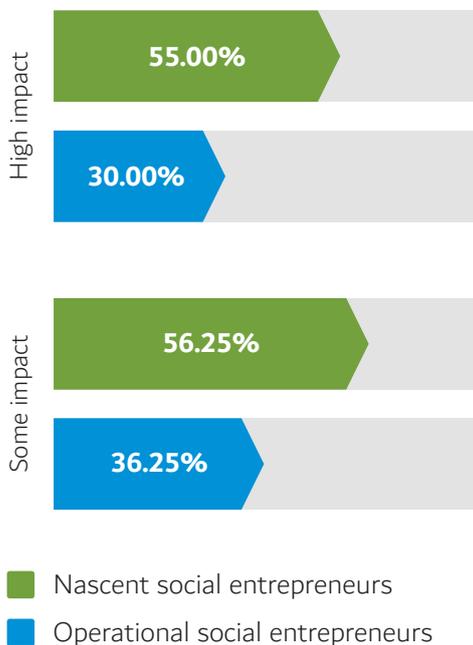
Figure 6: Investment in Social and Environmental purpose by Entrepreneurial Phase



Finally, as they pursue social and environmental goals, social entrepreneurs need to assess their impact. This is particularly important as stakeholders, particularly impact investors, are increasingly demanding integrated reporting of both financial and social accounting. Consequently, we asked whether social entrepreneurs agree or strongly agree with the statement that their organisation ‘puts substantial effort into measuring the social and environmental impact of its activities’. Here, presented in **Figure 7**, we find a similar pattern to Figure 6, again distinguishing between Medium Agreement as those who

scored 3 and above and Strong Agreement for those who scored 5, in that nascent entrepreneurs are much more likely to agree that they put effort into measuring their social and environmental impact. These results suggest that either newer social enterprises are more socially aware and wish to measure their impact more, or that as social enterprises mature, they begin to be less interested in their social mission.

Figure 7: Impact measurement levels for SEA by entrepreneurial stages



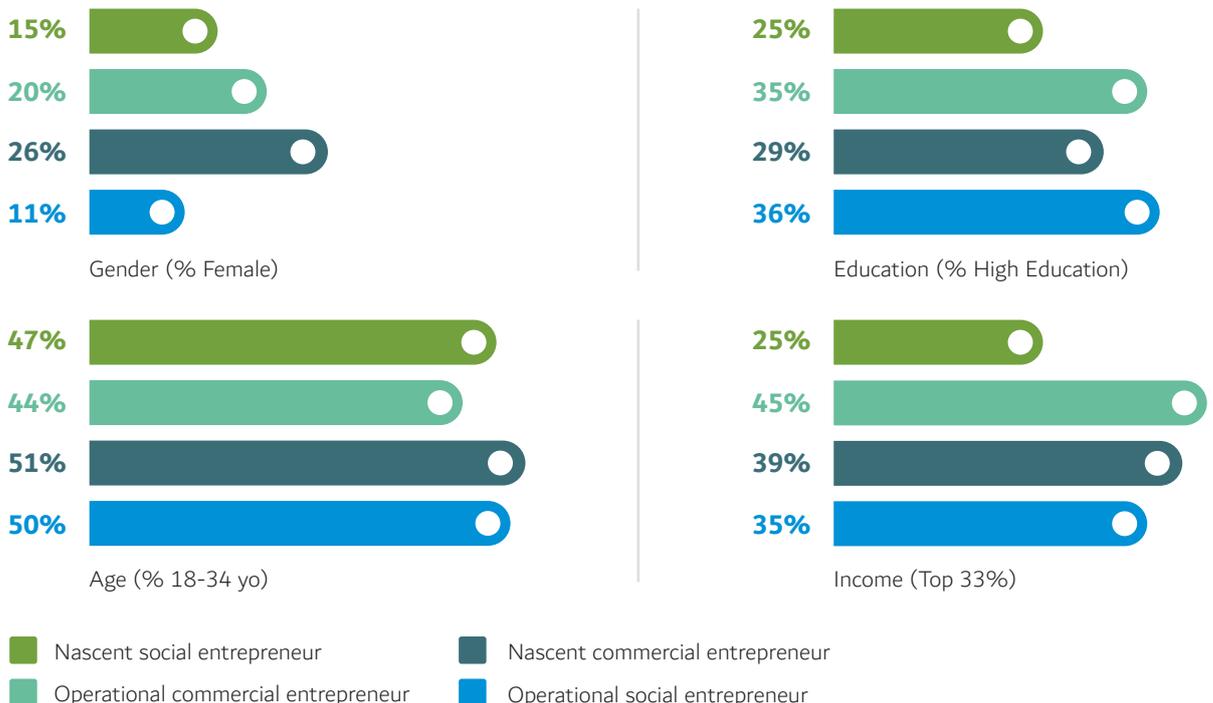
DEMOGRAPHIC PROFILES



As the GEM methodology focuses on individual-level participation, we can identify several characteristics of social and commercial entrepreneurs. This analysis sheds light on which individual demographics and characteristics are more likely to be associated with different types of entrepreneurial activities. For this purpose, we use the broad definition of social entrepreneurship, namely individuals who are starting or currently leading any kind of activity, organisation or initiative that has a particularly social, environmental or community objective.

Previous GEM reports on the UAE have analysed the characteristics of UAE entrepreneurs. In general, entrepreneurs in the UAE remain mostly in their 30s, come from large families, are well educated and mostly the highest income earners. **Figure 8** presents the demographic profiles for social entrepreneurs in the UAE.

Figure 8: Demographics Profiles for Social Entrepreneurs in the UAE



There are various accounts of the under-representation of women when it comes to entrepreneurship, and the previous **2015** report confirmed that in many economies, male entrepreneurs outnumber female entrepreneurs. **Figure 8** shows that this is indeed also the case for the UAE, where male entrepreneurs are the majority both for social and commercial businesses. However, we found an interesting difference in terms of gender between nascent and operational businesses. When comparing between nascent social and commercial businesses, we see that only **15%** of the nascent social entrepreneurs are female, whereas the same ratio is almost double (**26%**) for the nascent commercial entrepreneurs. On the other hand, when we look at the operational businesses, the share of female social entrepreneurs is double of female commercial entrepreneurs (**20% versus 11%**). This finding would suggest that the female entrepreneurs are more active in the operational phase in social businesses, compared to the nascent phase. The GEM Report **2019** for the UAE reports that females are slightly less likely to think they have the 'knowledge, skill and experience required to start a business' and are more fearful of failure. This risk-averse behaviour may explain the low level of female social entrepreneurs in the nascent phase.

We also investigated the age range of entrepreneurs; **Figure 8** reports the percentage of **18 to 34** year olds within the different groups of entrepreneurs. Although the shares are similar, there are more entrepreneurs in the operational phase in this age range both for social and commercial businesses, with respectively **50%** and **51%**, compared to **47%** and **44%** for the nascent phase. While drawing comparisons with the **2015** report must be done with care, we can suggest that this age distribution is slightly different from the rest of the world where the younger generations were found to be more interested in making positive changes in their world through social entrepreneurship.

We found an interesting difference in terms of gender between nascent and operational businesses.

DEMOGRAPHIC PROFILES

We also measured the educational level of different groups of entrepreneurs.³ Here we look at the proportion of highly educated individuals among social entrepreneurs, commercial entrepreneurs and the adult population, and find in Figure 8 that the share of highly educated entrepreneurs increases with the operational phase of the businesses. We also found that the share of highly educated entrepreneurs is the lowest in the social businesses in the nascent phase; 25% versus the adult average of 28% and the commercial business of 29%. The difference is much less striking in the operational phase, where the share of highly educated entrepreneurs is 35% in social businesses and 36% in commercial businesses. Interestingly, this is in distinction to the previous 2015 findings which reported that from a global perspective, social entrepreneurs tend to

have high education levels more often than both commercial entrepreneurs and the adult population.

We also investigated the income of social entrepreneurs in the UAE. We find that far fewer nascent social entrepreneurs (25%) come from the top third of the income bracket than operational entrepreneurs (45%) and are less likely to come from this income bracket than both nascent (39%) and operational (35%) commercial entrepreneurs. Interestingly, while the result for operational social entrepreneurs aligns with the previous 2015 findings which reported that from a global perspective, social entrepreneurs tend to have high income levels more often than both commercial entrepreneurs and the adult population, the lower figure for nascent entrepreneurs is somewhat surprising.

Social entrepreneurs tend to have higher education levels than both commercial entrepreneurs and the general adult population.

³ Education levels were coded in accordance with the United Nations classification scheme. Low education level denotes pre-primary education, primary education and lower secondary education; middle education level captures upper secondary education and post-secondary non-tertiary education; and high level of education refers to post-secondary tertiary education.



Entrepreneurs typically require funding to start commercial ventures. In general, new entrepreneurs generally rely on personal funding, as well as funding from family and friends, and pursue bank and investor funding at more advanced stages of the nascent process. The typical funding challenge for social entrepreneurs lies in their focus on social goals rather than financial ones, which does not align with the interests of traditional forms of finance. In recent years, however, different types of finance, including impact investing and crowdfunding, have emerged that seem to cater to the needs of social entrepreneurs.

Figure 9: Required for Nascent Social Entrepreneurs

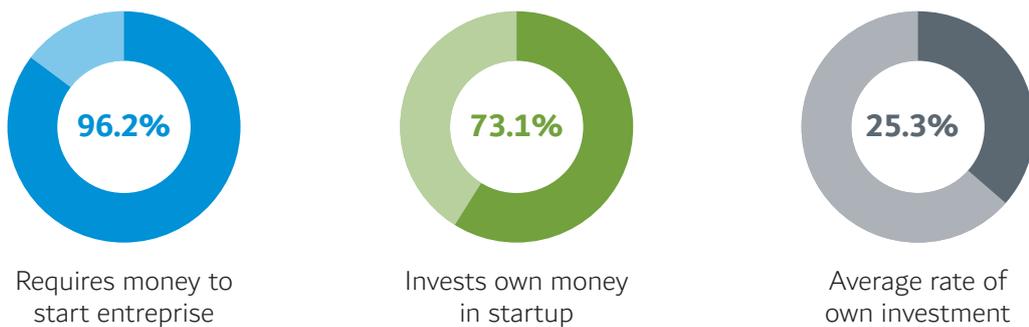


Figure 9 presents insights into the initial funding requirements for social enterprises, providing the results to the questions: “How much money, in total, is required to start this activity, organisation or initiative? Please include both loans and equity/ownership investments.” and “How much of your own money, in total, will you provide to this activity, organisation or initiative? Please include both loans and equity/ownership investments.” The first major finding is that 96.2% of social entrepreneurs require some money to start their enterprise. And when we look at the social entrepreneurs’ personal

investments in their new social enterprises, we find that more than 70% have used personal funds to start their enterprises. While this finding shows that there are not enough sources of available finance for entrepreneurs in the UAE, this is offset somewhat by the complementary finding that personal funding only makes up 25.3% of the overall funding of social enterprises. This suggests that for those social entrepreneurs that do invest their own money, this is eventually complemented by other external funding.

We investigated further the sources of these external funds, asking: “Have you received, or do you expect to receive money – loans or ownership investments – from any of the following to start this activity, organisation or initiative: family members? Friends or neighbours? Employer or work colleagues? Banks or other financial institutions? Private investors or venture capital? Government programmes, donations or grants? Online crowdfunding?” **Figure 10** shows that although the most used source of funding is banks or other financial institutions (58%), 42% of the UAE social entrepreneurs report the use of private investors or venture capital, and 37%, the government programs, donations or grants, while

family and friends or neighbours count for around 30%. However, there is clearly a need for more innovative methods of tapping the broader UAE funding environment, such as crowdfunding which has minimal use in the UAE.

Figure 10: Other Sources of Funding by Nascent SEA

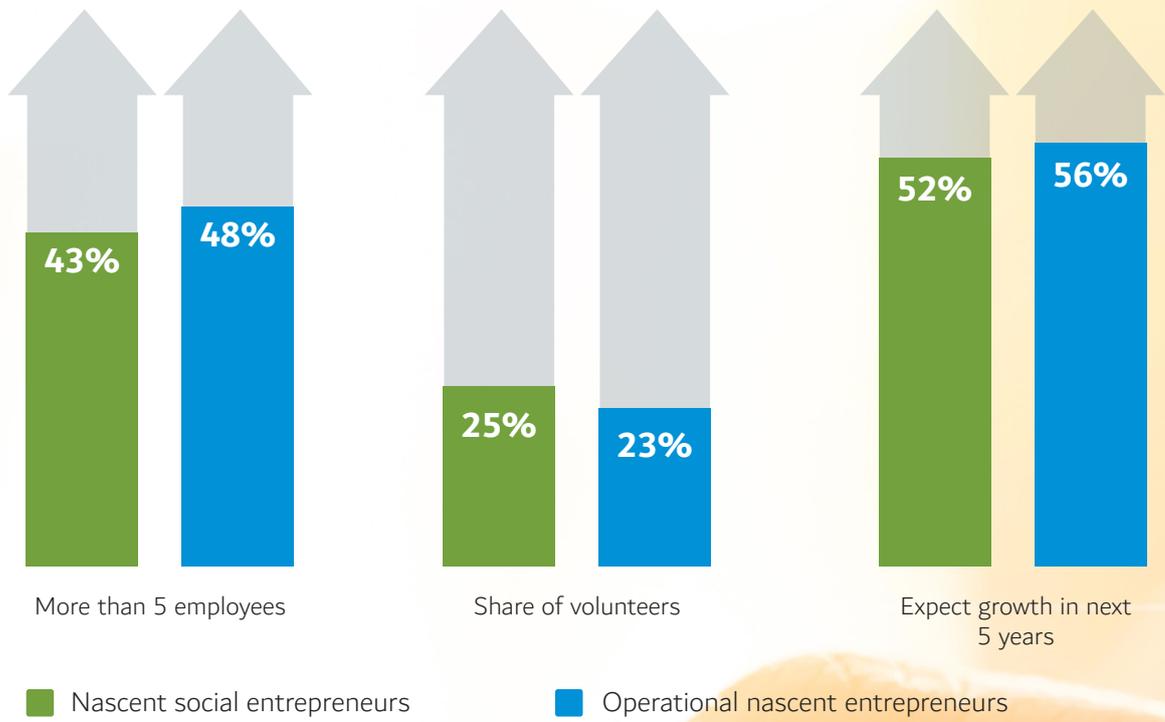


Finally, we also investigated the size of social enterprises and their expectation of growth, asking: “Including the owners, how many people are currently working for this activity, organisation or initiative? Please include all subcontractors, part-time workers and volunteers;” and “How many of the people working for the activity, organisation or initiative were volunteers, as this is a well-known feature of social entrepreneurship; and “Not counting owners, how many people, including both present and future employees, will be working for this activity, organisation or initiative five years from now? Please include all subcontractors, part-time workers and volunteers.” **Figure 11** presents these results, showing that **43%** of nascent and **48%** of operational social organisations have five or more employees. This suggests that social enterprises in the UAE tend to scale up quickly. Further, we found that the share of volunteers is **25%** for nascent enterprises and **23%** for operational social enterprises. While this appears to be lower than other countries as reported by the **2015** report, it is encouraging that these social enterprises do not seem to lose their volunteers as they mature. Finally, early stage and operational social entrepreneurs in the UAE tend to be quite optimistic, with **56%** of operational and **52%** of nascent entrepreneurs expecting to grow in the next **5** years.

We found that the share of volunteers is **25%** for **nascent enterprises** and **23%** for **operational social enterprises**.



Figure 11: Size, use of volunteers and jobs expectations of social entrepreneurs



CONCLUSION

This report into Social Entrepreneurship in the UAE derives several key results from the large-scale data collection conducted by the GEM in 2018. The definition of social entrepreneurship adopted in this report includes individuals who are starting or currently leading any kind of activity, organization or initiative that has a particularly social, environmental or community objective. We find that social entrepreneurship activity in the UAE is like the rates seen across all GEM economies as measured in 2015. Also, like the 2015 report, social entrepreneurs in the UAE tend to be male, young, well-educated and from higher income brackets. These social entrepreneurs are rather optimistic, with the majority expecting to grow over the next five years.

In the UAE the overlap between commercial and social entrepreneurship activities is low, meaning that social entrepreneurs' goals are well distinguished from the commercial ones. That said, social entrepreneurs in the UAE are highly and actively engaged in delivering their products and services in the commercial marketplace. Social entrepreneurs are also rather more innovative than their commercial equivalents, providing support for the argument that innovation is even more crucial in the case of social entrepreneurs as the problems they are tackling are more intricate and complex in the first place.

While social entrepreneurs acknowledge a social mission, most social entrepreneurs appear to be aiming for financial gain as much as (or more than) social gain. This is not necessarily an adverse result, as social entrepreneurs focused financial goals may still generate considerable social and environmental impact for the society. It appears that nascent social entrepreneurs are much more likely to agree in the reinvestment into their social mission. These figures are significantly higher than operational social entrepreneurs. These results suggest that either newer social enterprises are more socially aware and wish to invest more, or that as social enterprises mature, they begin to invest less in their social mission.

That said, social enterprises in the UAE do not seem to lose their volunteers as they mature.

There is pressure on social entrepreneurs to measure their financial impact. To some extent, this pressure comes from the entrepreneurs themselves: by measuring their impact on society, social entrepreneurs can monitor if they are on track in fulfilling their social goals. Interestingly, in the UAE nascent social entrepreneurs are much more likely to put effort into measuring their social and environmental impact, suggesting that either newer social enterprises are more socially aware and wish to measure their impact more, or that as social enterprises mature, they begin to be less interested in their social mission.

The financing environment for social entrepreneurs is not ideal. While formal funding sources, such as financial institutions, private investors, venture capital, and government programs, donations or grants, are available and utilized, social entrepreneurs appear to self-fund and rely significantly on friends, family and neighbours. Given the social nature of this type of entrepreneurship, there is clearly a need for more innovative methods of tapping the broader UAE funding environment, such as crowdfunding. However, the good news is that for those social entrepreneurs that do invest their own money, this is eventually complemented by other external funding.

In 2018, 26.7% of UAE residents between the ages of 18 to 64 years old thought that they often see businesses that primarily aim to solve social problems. Given these results, there is still room to grow the visibility of social businesses in the hope that role model and peer effects will inspire others to get involved in social entrepreneurship.

DEFINITIONS

Entrepreneurship: any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business, by an individual, a team of individuals, or an established business.

Global Entrepreneurship Monitor (GEM): an annual worldwide study of entrepreneurship.

Nascent entrepreneurs: working-age individuals who are in the process of starting a business.

Nascent social entrepreneurs: individuals who are, alone or with others, currently involved in social entrepreneurial activity and have taken concrete actions in the past 12 months to help start this venture.

Operational social entrepreneurs: individuals who are starting or currently leading any kind of activity, organisation, or initiative that has a particularly social, environmental or community objective.

Social entrepreneur: an individual who is starting or currently leading any kind of activity, organisation or initiative that has a particularly social, environmental or community objective.

Social entrepreneurial activity (SEA): any kind of activity, organisation or initiative that has a particularly social, environmental or community objective.

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