Social entrepreneurship in the UAE: challenges and recommendations

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Abstract: The purpose of this study is to explore current challenges facing social entrepreneurs in the UAE, and provide recommendations that can contribute to the development of the growing and vibrant community of social entrepreneurs in the UAE. The UAE is a recognised regional and global leader in supporting innovation and entrepreneurship. Recognising this, this study seeks to contribute thoughtful insights that can help the UAE embrace social entrepreneurship and further act as a catalyst to push social entrepreneurship forward within the wider region. Based on primary interviews with key informants, several key challenges were identified related to a lack of institutional support a lack of social and cultural awareness regarding social entrepreneurship within the UAE. Further challenges include a lack of clear benchmarks related to monitoring and measuring social impact. Overall, the challenges identified highlighting the need for more government and institutional support, as well as a stronger link between the corporate sector, academia, and the social enterprise sector.

Keywords: sustainable development; non-profits; GCC; corporate social responsibility; CSR; social investing; innovation; third sector; competitiveness; sustainability; UAE.

Introduction

In 2015, the UAE Government announced a new National Innovation Strategy which aims for the UAE to become one of the most innovative nations in the world within the next seven years (The National, 2014). Within this effort is the general stimulation and facilitation of innovation and innovative entrepreneurship by Emiratis and expatriate residents of the UAE. Research shows that within the Arab world, people in the Gulf region, specifically the UAE, have a high level of awareness of entrepreneurship (Beges et al., 2012). This is likely due to the fact that the Government of the UAE has placed a strong emphasis on diversifying the economy beyond oil-dependency (Erogul and Gobu, 2012; Al Awad et al., 2013). The UAE provides a strong institutional, regulatory, and normative environment for entrepreneurship that is conducive to the creation and management of new businesses (Farid et al., 2011).

As a result, entrepreneurship is highly encouraged by the government, so much so that small and medium enterprises contribute 30% of the GDP of the UAE and employ 42% of the populations (WEF, 2011). Thus, the economic model of the UAE is unique, and businesses thrive due to the fact that competition is highly encouraged. Additionally, with the upcoming innovation-based theme of Expo 2020, further initiatives in the UAE will likely to continue to spur entrepreneurial activity and programs supported by both public and private sector initiatives.

Consequently, the UAE is arguably the ideal setting and environment for social entrepreneurship to thrive. Although the UAE is an affluent country boasting of a GDP
per capita that exceeds $40,000, and ranking 41st on the Human Development Index, classed as having a ‘very high human development’, there are still social, cultural, economic and environmental challenges to be addressed (Erogul et al., 2012; UNDP, 2013). Furthermore, the UAE holds the potential to act as a hub for social entrepreneurship from which wider development challenges within the region can be addressed. Already, there are social enterprises operating in the UAE that do just this. One example is Dubai-based luxury fashion brand Palestyle which designs and sells handbags and accessories to high end fashion department stores; Palestyle empowers Palestinian refugee women in refugee camps of Lebanon and Jordan by utilising their embroidery skills, thus creating job opportunities for the women and allowing them to generate their own income (King, 2014). Furthermore, a percentage of the profit made is then reinvested back into social development projects that support the refugee women and their families (King, 2014).

Social entrepreneurship is often cited as a new development tool, particularly able to deal with current regional issues, such as youth employment (Abdou et al., 2010). This is particularly pertinent for the UAE, whereby youth unemployment is currently a major issue, with 23.9% of Emiratis between the ages 20–24 facing unemployment (Erogul et al., 2012).

Social entrepreneurship can be considered a nascent field in the UAE and wider Middle East region, and the field is arguably more advanced in other parts of the world (Abdou et al., 2010). Social entrepreneurs in the Middle East face challenges that can be placed in three main categories: challenges related to policymaking and governance, the need for greater institutional and operational support, and a lack of social and cultural awareness and recognition of their work (Abdou et al., 2010). However, the Middle East is not a homogenous bloc and therefore it is unknown whether these challenges correlate with the UAE. For the past several years, Dubai has hosted the annual event of Social Enterprise Week (2014), which is the first week-long event of its kind solely aimed at social enterprise within the Arab region. Similarly, organisations such as Consult and Coach for a Cause (2014), based in Dubai, aim to provide support to aspiring social entrepreneurs, as well as educate the community on the fundamental aspects of social enterprise. Thus, an examination of the challenges faced by social entrepreneurs in the UAE, as well as the opportunities that they have, is considered to be timely as well as imperative in order to push social entrepreneurship within the country further.

Through the four objectives below, this study will address the research question: what are the challenges faced by social enterprises/social entrepreneurs in the United Arab Emirates?

1 examine the key debates within the field of social entrepreneurship in terms of its definition and positioning within the market
2 outline the challenges highlighted in the literature facing social enterprises and social entrepreneurs in terms of their operations and measurement of their work
3 analyse the current environment and support mechanisms in place (or lack thereof) for social enterprises/social entrepreneurs in the UAE
4 propose the ways in which social enterprises in the UAE can be supported.
2 Literature review

The term ‘social entrepreneurship’ is said to have emerged in the late 1990s in the USA, whereby it was a fairly broad term that related to any type of activity that used entrepreneurial innovations to tackle social issues (Hockerts et al. 2006). It can be argued that the term remains fairly broad; thus one of the main debates within the field of social entrepreneurship relates to its definition and its role within society. Kerlin (2013) argues that the definition of social entrepreneurship largely pertains to a number of different factors. The theoretical framework for social enterprise is essentially said to relate to the socioeconomic conditions of a country. Thus, in order to contextualise social entrepreneurship, it is important to consider factors such as the type of government, the stage of economic development of a country, the role of civil society, etc., as visualised in Kerlin (2013).

The literature suggests that democracy is a prerequisite for a positive state-civil society relationship whereby social enterprise can flourish (Kerlin, 2013). However, the case of the UAE is unique in the sense that it the political structure is not a stereotypical Western democracy, in which the literature refers to as the ideal. The political and socioeconomic structure of the UAE is very distinct due to its political and economic stability with its alternative and somewhat distinctive style of government. The UAE is considered to be a federation of sheikhdoms characterised by absolute hereditary monarchies whereby there has been very little evolution regarding its political structure (Davidson, 2009). Despite this, the political and economic model of UAE has proven to be supportive of encouraging entrepreneurial activities as aforementioned. Additionally, the UAE has adopted a national agenda focused on achieving sustainability in its development plans (Ahmed, 2013). Thus, examining the case of social entrepreneurship within the context of the UAE makes this study more pertinent to the burgeoning volume of academic enquiry pertaining to the field of social entrepreneurship.

Since the emergence in the 1990s, social entrepreneurship has received increased attention in the academic literature, and has been put forth as a key component of the 21st century development agenda. Up to now, however, social entrepreneurship in the UAE has received little attention in this growing body of academic literature. Martin and Osberg (2007) argue that despite the increasing popularity and interest in the field of social entrepreneurship, there is no clear definition of a ‘social entrepreneur’ or of what constitutes a social enterprise. As a result, ‘social entrepreneurship’ has become a highly inclusive term and it is argued that it is imperative to have a clear definition in order to ensure that the correct support and resources are given to organisations that are truly operating as social enterprises in order to build and strengthen a concrete and identifiable field (Martin and Osberg, 2007). For the purpose of this study, a social enterprise is defined as “a social mission-driven organisation that trades in goods and services for a social purpose...sustained mostly on earned income and run business that itself accomplishes the social aim through its operations” [Bagnoli and Megali, (2009), p.150].

Social enterprises can take on several different organisational structures. Based on a review of the literature, four organisational structures have been identified as follows; leveraged non-profit, enterprising non-profit, hybrid model, and social business model (Schwab Foundation for Social Entrepreneurship, 2014). Leveraged non-profits capitalise on the interest of a number of different stakeholders to help operate and secure ongoing support from a diversified portfolio of funding (ibid). On the other hand, enterprising
non-profits have a self-financing component and revenue streams which allows the organisation to be sustainable (Abdou et al., 2010).

Hybrid models combine aspects of the for-profit and non-profit legal models, such as using a for-profit subsidiary to support the social activities of the non-profit (Yunus, 2009). Lastly, Muhammad Yunus is often cited as one of the leading pioneers in the social business model, and the father of microfinance. Yunus (2009) defines a social business as an organisation that functions like any other business in the sense that it employs staff and creates goods or services; however its underlying objective is to create social benefits. Thus, social businesses are cause-driven as opposed to profit-driven.

Furthermore, it is also important to define what is meant by the actual term social entrepreneurship. It is helpful to start with the word ‘entrepreneurship’ which essentially refers to the ability to identify and sense an opportunity, and have the determination to exploit that opportunity in an innovative way. The difference between entrepreneurship and social entrepreneurship is that the former is spurred on my money, whereas the latter is said to be driven by altruism (Martin and Osberg, 2007). One difficulty with the term entrepreneurship is that it is an ex post term, in the sense that a passage of time is required in order to measure its true impact (Martin and Osberg, 2007).

2.1 Entrepreneurship in the UAE

In order to gain a holistic understanding of the practice of social entrepreneurship in the UAE, it is imperative to firstly understand the required ecosystem for entrepreneurial activity in general. The optimum ecosystem for entrepreneurship to thrive consists of a number of enabling elements that support entrepreneurs: personal enablers, financial enablers, business enables, and environment enablers (WEF, 2011). These elements all contribute on a number of different levels and throughout stages of an entrepreneur’s journey. Personal enablers support the entrepreneur’s individual development, which is essential in order to minimise major risks. Financial enablers provide the required access to capital needed for entrepreneurs to execute their ideas. Business enablers ensure that entrepreneurs have access to the support networks and services, which can support expansion and scaling up of initial ideas. However, most important is the wider environment, which should ideally consist of a regulatory framework and institutions in place that can facilitate the other enablers.

According to a report by the WFE (2011), the entrepreneurship ecosystem within the MENA region, when compared to their optimum ecosystem of enablers, has several areas where entrepreneurs face challenges. Environmental enablers are identified as being significantly insufficient; this is extremely problematic as previously mentioned, environmental enablers are a crucial factor to entrepreneurial success. According to Namaki (2008), the investment laws and the regulatory framework for businesses in the UAE is still evolving, as evident by the reforms and initiatives mean to support an economic diversification strategy. As a result, entrepreneurship is highly encouraged within the country; the government has played a key role in this, particularly in encouraging the Emirati youth to start their own entrepreneurial ventures (Erogul et al., 2012). This clearly correlates with the fact that the UAE has been ranked as the easiest country in the Arab world to do business in, according to the World Bank (2013), Doing Business report. The report highlights that the process of starting up a business has been eased significantly due to abolishing the minimum capital requirement as well as
removing requirements such as showing proof of deposit of capital in order to register (World Bank, 2013). The documentation process necessary for registration has also been made easier with the introduction of e-services and e-filing (World Bank, 2013).

This paper will examine if entrepreneurship ecosystem of the MENA region correlates with the findings of the social enterprise community in the UAE, as it is possible that they face additional challenges due to the distinct nature of their work. As indicated within the framework for entrepreneurship, it is imperative that start-ups have a sufficient amount of funding and investment in order for them to be sustainable and scale up (WEF, 2011). This is particularly important for social enterprises, whereby there are several different routes to be taken to gain funding.

2.2 Challenges faced by social entrepreneurs in the Middle East

Although some of the fundamental aspects of social entrepreneurship have arguably existed within the region of the Middle East for a significant amount of time, it has been suggested that social entrepreneurs in the region face a number of different challenges (Abdou et al., 2010). A major concern highlighted is that ‘social entrepreneurship’ as it has been roughly defined within academia, is still a fairly new concept within the region. As a result, many social entrepreneurs face difficulty in gaining support, particularly financial support, and often rely on funding from international donors (Abdou et al., 2010). Further, a lack of understanding by investors on the concept and purpose behind social enterprise means that social entrepreneurs can face difficulty in explaining their business plans to investors in a way that would allow them to gain funding on the footing as ‘normal’ entrepreneurs. It has been highlighted that as well as a gap in access to finance and investment, any kind of funding tends to focus on short-term project financing (Abdou et al., 2010). This is particularly problematic for social enterprises, because any type of investment within the sector requires a sufficient amount of patient capital, geared towards long-term planning (Novogratz, 2009).

As aforementioned, there is currently no definitive word for ‘social entrepreneurship’ in the Arabic language, and this has also been recognised as a major setback. Although the term ‘riyadajitima’iyya’ has been identified as a potential term, there is currently no definitive term that is understood by all Arabic-speakers (Abdou et al., 2010). A lack of a word in Arabic is arguably a setback as it demonstrates that the concept of social entrepreneurship is not entirely understood by the majority. Challenges faced by social entrepreneurs in the Middle East are compounded by the fact that academia has not contributed enough to conducting research and raising awareness to governments and policy makers (Abdou et al., 2010). Kuepfer and Papula (2010) argue that there is a responsibility of educational institutions to incorporate ‘corporate social responsibility (CSR)’ and other related subjects into curriculum. Moreover, by failing to capitalise on this growing field, there is a gap within the education system whereby students are unaware of social entrepreneurship and dissuaded from tackling social problems in a way that is creative and assertive. With a high level of youth unemployment in the region, this can prove to be problematic in the long-term. Nonetheless, despite the lack of focus on social entrepreneurship, entrepreneurial activities are encouraged in the UAE, arguably providing a strong foundation for social entrepreneurial activities (Erogul et al., 2012). However, there are still some gaps to be addressed in developing entrepreneurial capacity
among youth in the UAE, including the integration of entrepreneurship into school and university curriculum (Youth & Entrepreneurship in UAE, 2013) The next sections each briefly explore key areas that pose challenges to social entrepreneurs in general, and specifically in the context of the UAE.

2.3 Impact investing/funding

Amidst the increasing entrepreneurial trends, there has recently been an increased level of interest in the concept of ‘impact investing’, which essentially refers to a type of investment that seeks to achieve a social impact, as well as a financial return (Center for Global Development, 2010). Although the concepts of impact investing and social enterprise are not entirely interchangeable or mutually exclusive, the former has been identified as having the capacity to support the latter. Furthermore, surrounding the topic of investing into social enterprise, there has recently been a heightened sense of awareness of the importance of patient capital for social enterprises. The patient capital model was originally formulated by Novogratz (2009) founder of Acumen Fund, who defines it essentially as a long-term investment given to social enterprises and entrepreneurs. Despite the high risk, patient capital allows entrepreneurs to examine and experiment with the best methods to achieve their social mission, whereby investors should expect below-market returns, but a significant social impact (Novogratz, 2009).

Currently, it is unknown as to whether social enterprises operating in the UAE are able to receive such assistance from social investors, hence the need for this research. Nonetheless, a review of the literature has identified a huge potential market for investing from the obligatory annual payment of zakat made by Muslims each year. Zakat is one of the five pillars of Islam, and can be considered to be an annual tax whereby Muslims are required to pay 2.5% of their wealth to contribute to some sort of social cause (AbdRahman et al., 2012). Zakat is payable on business revenues, gold, silver, and a person’s savings. Those considered eligible to receive said money include “the poor, the needy, the wayfarer, the heavily indebted, freedom of slaves, new converts to Islam, and the cause of Allah” [AbdRahman et al., (2012), p.62].

Currently, there is a debate surrounding the permissibility to use the payment of zakat to invest in alleviating a social problem. It has been argued by some Muslim scholars that paying zakat to fulfil the immediate needs of those eligible for such assistance is not sufficient enough in order to truly fulfil the true purpose of zakat (Ahmad and Mohamad, 2012). Hence, it has been suggested that investing is permissible, so long as the financial returns are not excessive (Ahmad and Mohamad, 2012). As aforementioned, the returns on investing into social enterprise are not expected to be substantial, suggesting a potential synergy between zakat and impact investing. The Zakat Fund of the UAE generated 75.83 million dirhams in 2012, and it has been estimated that the zakat market of the GCC is worth billions of dollars (Gulf News, 2012; Malik, 2007). The analysis of this study will examine whether social entrepreneurs in the UAE have been able to gain access to such funds.

Juxtaposed to the potential avenues of investing, there is also the increasingly popular practice of CSR. Once again, although CSR and social enterprise are not explicitly exclusive, but the two have the potential to assist one another (Cornelius et al., 2008).
2.4 Licensing

Many social enterprises in the Middle East legally register as non-profit organisations, and subsequently face many restrictive barriers limiting their ability to become sustainable and scale up (Abdou et al., 2010). Hence, in order to have a set of revenue streams, social enterprises face no other option but to register as for-profit businesses. The Government of Dubai offers a set of e-services and allows business owners to register and license their business online. According to the Department of Economic Development (2014), there are three categories that business owners can register under: professional, commercial, or industrial. Within these three categories over 2000 activities are available and the website allows business owners to search for the type of business license they want to obtain; using the search engine function provided, an input of the words ‘social enterprise’ or ‘social business’ renders no results. This highlights that there is currently no specific social enterprise business license available in the UAE.

Furthermore, many social entrepreneurs lack a sufficient amount of knowledge of the legal system and requirements needed with regards to setting up a business (Abdou et al., 2010). This puts them at risk of licensing their business incorrectly. Thus, the analysis of this paper will examine the different licensing options available for social enterprises, as well as whether there is currently a specific legal framework for social enterprises to function in.

2.5 Monitoring and measuring impact

Measuring and monitoring the social impact achieved by social enterprises has universally been identified as a weak spot within the field (Meadows and Pike, 2010; Bornstein and Davis, 2010). One of the most recognisable ways for social enterprises to measure their social impact is through the social return on investment (SROI) model. The SROI model differs from the traditional ROI model in the sense that it seeks to estimate the direct cost of actions and predict future outcomes, directly linking the metrics to the social value created (Mulgan, 2010). An issue with this model is that there are often disagreements regarding numbers and conclusions, especially when predictions are made (Mulgan, 2010). Furthermore, there tends to be disagreements over what the social outcome should be.

Recent studies examined the use of the ‘balanced scorecard model’ to measure the impacts of social enterprises, however, results have indicated there are challenges in adapting this model to the social context due to the complexities of measuring ‘social’ impact as well as the smaller institutional capacity of most social enterprises (Meadows and Pike, 2010). Hence, a review of the literature demonstrates that there are no clear benchmarks or standardised methods that assist social enterprises in measuring their impact. Currently, there is no literature on the ways in which social enterprises measure their impact in the UAE. Social enterprises that have achieved SROI certification, such as UAE-based social enterprise Palestyle, were certified in the UK (Kontra, 2014). It appears that there is currently no governing body that assists social enterprises measure their social impact, or even recognises it. Hence, this research aims to examine the internal mechanisms social enterprises have in place to measure their social impact.

The aim of this research is to examine the challenges faced by social entrepreneurs in the UAE, and provide policy recommendations that will contribute to the development of the growing community of social entrepreneurs in the UAE. The topic of social
entrepreneurship was chosen based on the researchers’ own personal interest in the field. A review of the literature demonstrated that the UAE is largely underrepresented within the growing volume of research focusing on the field of social entrepreneurship. Furthermore, personal interactions with the social enterprise community highlighted that although there are a growing amount of opportunities targeted towards the community (such as a business competition organised by Dubai+ Acumen), there are also a number of challenges and barriers experienced by both established and aspiring social entrepreneurs in the UAE.

Consequently, it was decided that an examination of the challenges faced by the burgeoning social enterprise community was both timely and essential. Thus, based on observations and interactions with the social enterprise community in the UAE, as well as a review of the literature, the final research question was formulated as follows: “What challenges and barriers do social enterprises/social entrepreneurs face in the UAE?”

3 Methodology

The choice of research method chosen to answer this question was based on both epistemological and practical considerations; a qualitative research design was deemed necessary in order to study this field from an interpretivist perspective. Furthermore, a small sample size for this study is due to the strict definition chosen for what constitutes as a social enterprise. Thus, the research question was examined by collecting primary data in the form of ten semi-structured interviews, and secondary materials such as peer-reviewed journal articles, policy papers, books, etc. Secondary materials were used to guide the interview structure, providing several a priori themes to be explored with participants.

A purposive sampling method was employed with participants were selected strategically with the research aims in mind to ensure that those sampled were in a position to provide key insights for the research question [Bryman (2012), p.418). A snowballing technique was employed, whereby an initial group of three participants were initially invited to participate, all of who were personal contacts of one of the researchers. Sampled participants then recommended additional potential participants with the requisite experience and knowledge to contribute to the research. In total, the initial sample proposed a further three participants who were either aspiring social entrepreneurs or key informants. The remaining four participants were selected and approached during Social Enterprise Week in Dubai. The sample was fairly heterogeneous, in the sense that participants purposely differed from each other slightly in order to gain an insight from both insiders and outsiders of the social enterprise community within the UAE. Hence, the sample included a mixture of both aspiring and established social entrepreneurs, as well as key informants that possess a critical understanding of the social enterprise community in the UAE. Key informants were chosen due to having a significant amount of interaction with social entrepreneurs as consultants for social enterprises in the UAE. Although key informants were not operating social enterprises in the UAE themselves, they possessed experience in starting up social enterprises elsewhere in France and the UK; thus they were able to provide an interesting perspective by comparing and contrasting the different social enterprise
communities, as well as the best practices. Table 1 provides profile information of each participant.

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The semi-structured interviews took place in March and April 2014. All the interviews took place purposely after Social Enterprise Week in March 2014, so that participants could discuss and reflect upon their experiences during the week of events. The length of each interview varied depending on each participant’s availability, however on average each interview ranged from 30 minutes to one hour. The interviews were structured around several pre-set themes developed based on the review of literature of challenges facing social entrepreneurs, including issues with licensing, gaining seed capital, impact investing, etc. Established social entrepreneurs were also asked about the mechanisms they use to measure and monitor their social impact. The second part of the interview examined issues related to social and cultural awareness, such as the lack of a term for social entrepreneurship in the Arabic language, and whether participants felt that the concept of social entrepreneurship is understood in the UAE. Lastly, participants were asked about their projection of the social enterprise community in the UAE within the coming years.

Each interview was transcribed shortly after collection of the data took place. Once interviews were fully transcribed, the transcripts underwent a multi-stage coding process, whereby key themes and subthemes were identified and subsequently analysed [Bryman (2012), p.579]. The pre-set themes based upon the literature were used as a basis for coding. Additionally, further coding was used to identify additional emergent themes. Each transcripts went through three rounds of coding, using a mixture of descriptive coding and in vivo coding [Saldana (2008), p.3]. Whilst coding and highlighting key statements made throughout the interviews, memos were simultaneously noted down in order to aid the analysis. The initial coding was conducted by one of the researchers. Once it was complete, the codes and themes were first reviewed the second researcher who made notes and comments, which were discussed between the two researchers. Following this post-coding review, five main themes were agreed upon. The following discussion is organised around these themes.
4 Discussion of the findings

The following section provides an analysis of the primary data collected in relation to the research question. As previously mentioned, the interviews were structured around a number of pre-set themes based on a review of the literature, however new themes that arose during data analysis will also be discussed further and supported by secondary materials. A comparative analysis of the primary data collected and the general literature reviewed surrounding the field of social entrepreneurship suggests that some of the challenges faced by social entrepreneurs in the region are universal challenges; such as issues pertaining to monitoring and measuring social impact. However, several challenges appear to be more specific to the UAE, mainly stemming from a lack of awareness of social entrepreneurship, as well as a lack of a social enterprise business licence which arguably hinders the activities of social entrepreneurs in the UAE. Interestingly, some of the challenges identified also appear to be generic barriers that possibly relate to commercial entrepreneurs as well as social entrepreneurs with regards to starting up.

Although the experiences of each participant varied, there appeared to be common themes that remain consistent throughout each interview conducted. On the other hand, there is a slight difference in opinion regarding the solutions posed towards the challenges identified, possibly due to participant’s different professional backgrounds and experiences. Hence, the recommendations provided within the conclusion of this study will be based on the following data analysis as well as the literature reviewed.

4.1 Main challenges and barriers

Several participants argued that there is a lack of investment into the field of social entrepreneurship from angel investors and venture capitalists. However, others argued that there are funds available, but social entrepreneurs lack the skills and knowledge of conveying their business model in a way that is understandable to investors. Furthermore, several social entrepreneurs expressed difficulty in recruiting staff with the necessary skill-set to help operate their social enterprise. Further challenges related to recruiting pertained to the inability of a lot of social enterprises to pay attractive salaries. Financial and human resource mobilisation has been identified as a major barrier that social enterprises face worldwide (Austin et al., 2006). As a result, a lot of social enterprises endure periods whereby they depend largely on volunteers to help run operations (Austin et al., 2006). Thus, it appears that this challenge faced by social entrepreneurs in the UAE pertains to the wider social enterprise community worldwide. This is unsurprising as it has been suggested that commercial enterprises and social enterprises face similar challenges (Austin et al., 2006).

4.2 Participants background and motivations

The majority of participants had previous experience working within the corporate sector, highlighting varying degrees of dissatisfaction throughout their experience. Similarly, the majority of participants that identified themselves as social entrepreneurs were extremely passionate about their causes and claimed to relate to the experiences of their beneficiaries in some way. However, the majority expressed a sense of apprehension
towards the NGO sector, as well as taking the non-profit route. As expressed by participant 5 who explained:

“The Western non-profit model is very reactive, it’s these people who sit in their ivory towers and kind of just wait for people to beg them for a grant…It’s a very long process, and it’s a very costly process. So that’s why very few of the grant applications that they receive actually get looked at, and actually then materialise. And so the impact is greatly reduced by this model.”

This finding largely correlates with the literature, which suggests that the non-profit model is no longer sustainable in today’s world; whereby it is argued that initiatives that target social problems must use business tools in order to be sustainable (Yunus, 2009). Interestingly, the majority of participants were female; although this was initially considered to be a limitation to the study, a review of the literature demonstrates that women are more likely to enter the field of social entrepreneurship (Harding, 2004). It would be interesting for future research to further examine this and the motivations behind female social entrepreneurs, particularly in the UAE where there has been a strong focus on educating and empowering women to enter the field of entrepreneurship since the formation of the country in 1971 (Erogul and Goby, 2011).

Additionally, three of the female participants interviewed started their social enterprise alongside family members (participants 1, 2, and 8). This also aligns with research that examines personality traits of entrepreneurs in the UAE, which suggests that entrepreneurs are more inclined to have collectivist personality traits (Zeffane, 2014). It is suggested that this is due to Middle Eastern countries historically falling under ‘collectivist’ societies, whereby people generally have an extremely close long-term commitment to family and extended family members. Once again, it would be interesting for future research to examine these phenomena within the context of social entrepreneurship, as opposed to entrepreneurship in general. As previously mentioned, all of the social entrepreneurs interviewed were extremely passionate about their causes and related to the experiences of their beneficiaries in some way, hence, it is likely that their family and extended family also relate.

4.3 Difficulty in starting up and accessing capital

Several participants highlighted that they used their own money in order to start their social enterprise. Their reasons varied; several simply had the means to use their own money due to savings that they already had. Others were reluctant to approach investors due to a desire to reinvest the majority of their profits into a social cause, and therefore did not want any interference. On the other hand, several social entrepreneurs highlighted that approaching investors was necessary for them. This appeared to be problematic, with several participants expressing a sense of frustration at the lack of awareness surrounding the concept of social entrepreneurship amongst angel investors and venture capitalists. Thus, several participants highlighted that the challenge of approaching potential investors is twofold; firstly in explaining their business model, and secondly having to explain what is meant by ‘social entrepreneurship’ and the fact that the return on investment will not be very big. Participant 10, who is an aspiring social entrepreneur, explained this difficulty in gaining seed capital.
“Not everybody has access to that kind of capital. The only other way to really get investment is going to an angel investor or a VC. There are a few angels that might work, and I think getting involved with VCs, there are a lot that are uneducated about social enterprise here, they expect very high returns on investment.”

Thus, it appears that the entrepreneurship ecosystem of the MENA region (WEF, 2011) is evident here, whereby it is highlighted that there is a severe lack of equity investors. An additional problem for social entrepreneurs is a lack of patient capital within the region which was mentioned by several participants. As aforementioned, a review of the literature demonstrated that patient capital is imperative for social enterprises (Novogratz, 2009). Additionally, it was identified that CSR initiatives are generally short-term, severely hindering their impact. Nonetheless, it has also been identified that the Muslim region, and specifically the UAE, has a potentially very large market for investment due to the annual payment of zakat. However, participant 5 explained that tapping into this market was extremely difficult.

“A lot of Muslim philanthropists here believe and interpret that in order for their philanthropy to count as zakat it has to go towards the alleviation of some sort of suffering. Just kind of towards humanitarian or disaster relief or helping the poor and in a way that was very direct and gave them fish, and sustained them for a day. And it was difficult to kind to get them into the mind-set that it would be accepted for them as charity, religiously, if they taught a person how to fish, and then fed him for life with the same amount of money.”

In terms of the process of starting up, several participants highlighted that the process was extremely confusing and not clear. It can be argued that this challenge is potentially a generic one, in the sense that it possibly relates to commercial entrepreneurs as well. This finding is quite surprising considering that the UAE has been identified as the easiest country to do business in the Arab world according to the World Bank (2013). This suggests that there is room for more modifications and support, as explained by participant 2.

“There’s just no clear information, it’s not straightforward … And there’s basically no source of information to go to get your questions answered. So the difficult side is how to set up your business and what is the right way to do it.”

Interestingly, participant 3 mentioned using ‘Creative Zone’; a free zone company that assists entrepreneurs start their own business. The participant explained that Creative Zone provided assistance in obtaining a business license, and connecting them to a bank in order to open up a business account. It appears that this service is available generically for commercial business owners and entrepreneurs; no such service exists directly aimed at social entrepreneurs.

The majority of social entrepreneurs highlighted that obtaining a suitable business license for their social enterprise was extremely difficult, particularly participants whose social enterprise fell under the hybrid model, whereby there is for profit as well as a non-profit element to the business model. Participant 3 highlighted the difficulty and legality of obtaining a non-profit license:
“The reality is that here in the UAE it’s a federal crime to start a non-profit, and we didn’t know that, but we hit it and then we realised that it’s there. There’s a law against starting a non-profit and a law against fundraising for a good cause and you can’t do that unless you’re part of the officially instituted charities that are part of the ministry of Islamic Affairs, or Red Crescent Society for example.”

Thus, it appears that a lack of a distinct business license hinders the activities of several social entrepreneurs, whereby they risk pushing legal boundaries, as suggested in the literature (Abdou et al., 2010). Interestingly, not all participants agreed that a social enterprise business license should be introduced, and it was suggested that social entrepreneurship as a field should first be contextualised in the UAE before a business license is introduced in order to prevent confusion. However, it can be argued that contextualisation of social entrepreneurship in the UAE and the creation of a business license could happen simultaneously.

In terms of the benefits that a social enterprise business license could bring, several participants suggested that the price of the license should be cheaper; however it was also argued that giving social entrepreneurs such benefits is counterproductive as they should be encouraged to be competitive and sustainable. Nonetheless, the main legal issues appear to relate to the ways in which social enterprises generate revenue and simultaneously fulfil their social cause by reinvesting. Thus, one possibility suggested is for social enterprises to have the ability to have revenue streams as well as independently receive donations.

### 4.4 Lack of benchmarks for measuring and monitoring social impact

The majority of social entrepreneurs interviewed showed a lack of clarity regarding their monitoring and measuring mechanisms; the methods used to measure social impact were extremely vague with little or no metrics. Participants 1 and 2 mentioned the use of the SROI model, in which they were certified abroad in the UK. However, other participants either stated that they currently do not measure their social impact due to a lack of knowledge. As identified during a review of the literature, monitoring and measuring has been identified as a weak spot for social enterprises universally, and it appears that the UAE is no exception (Meadows and Pike, 2010; Bornstein and Davis, 2010).

Social enterprises not measuring their social impact is a major setback, and will not help towards establishing and contextualising social enterprise in the UAE. Not being able to demonstrate the social impact created by a social enterprise arguably hinders them from showcasing the entirety of their enterprise. The ability to show a clear social return on the enterprises activities is a fundamental step in the wider understanding of social enterprises and social entrepreneurial activities. This particularly relates to investors. Hence, it is imperative for social enterprises to monetise their social impact in a way that investors will understand.

### 4.5 Opportunities and projection of the social enterprise community

Amidst the challenges, several opportunities for the social enterprise community were identified and discussed. One of the main events included Social Enterprise Week, which has been identified as a successful way for the social enterprise community to mobilise and network. Although several participants mentioned that a setback in many events
aimed at the social enterprise community is that they consistently attract the same people; there is very little differentiation and no link between different agencies of people. However, it was also identified that more students participated in the event this year, suggesting an increased level of awareness of social entrepreneurship amongst the youth.

Additionally, several participants mentioned the social business competition run by Dubai+ Acumen as an excellent opportunity, whereby aspiring social entrepreneurs were given the chance to pitch their social business plans to a group of judges and experts. Winners of the competition received mentorship from experts as well as seed capital to start their social business. In terms of the entrepreneurship ecosystem, it appears that social enterprise community of the UAE correlates with the ecosystem that pertains to the MENA region at large (WEF, 2011).

All participants agreed that there was no government support given to the social enterprise community, and many felt that they were not recognised at all. Additionally, no focus on social entrepreneurship within formal education was highlighted as a major setback. Nonetheless, social entrepreneurs appeared to have a number of personal and business enablers at their disposal, namely Consult and Coach for a Cause, an organisation that assists aspiring social entrepreneurs, as well as Impact Hub, which was identified as a globally recognised incubator specifically targeted towards social entrepreneurs. Other events included Social Business Day at International Humanitarian City, which aimed to celebrate social businesses within the UAE; however several drawbacks were identified such as a lack of linkages between the different Emirates of the UAE, particularly the Northern Emirates.

Nonetheless, participants all agreed that there is undeniably a buzz for social entrepreneurship currently in the UAE and the community is expected to grow. Although participants claimed that social entrepreneurship is most definitely not a trend, several participants suggested that the term ‘social entrepreneurship’ might eventually become saturated and all businesses will eventually be social businesses and all non-profits will use business methods in order to stay sustainable.

5 Conclusions and recommendations

The aim of this study was to identify the challenges and barriers that are faced by social entrepreneurs in the UAE and subsequently provide policy recommendations. Based on a review of the current literature, as well as an analysis of primary data collected, it appears that the challenges faced by social entrepreneurs in the UAE are generic challenges that are faced by those working within the sector universally. However, it appears that social entrepreneurs in the UAE also face an additional set of challenges, mainly related to a lack of any kind of legal framework for social enterprises as well as a lack of awareness and understanding of social entrepreneurship. Additionally, based on an examination of some of the best practices of social entrepreneurship abroad, namely the UK, there appears to be a need to for more collaboration between the corporate sector, academia, government, and the social enterprise sector. Essentially, in order for this to happen, it is imperative to contextualise social entrepreneurship within the UAE and the wider region. Thus, based on the findings, the following recommendations are offered:
1 Establish a social enterprise business license.
   - The lack of a social enterprise business license hinders the activities of social entrepreneurs in the UAE, thus the establishment of a clear legal framework or social enterprises is imperative. The introduction of a business license and category specifically for social enterprises, which allows them to simultaneously have revenue streams and receive donates will enhance the functionality of social enterprises in the UAE and give them a clear space to legally operate within. Similarly, the creation of a business license will help to contextualise social entrepreneurship in the UAE, and determine a definition.

2 Define and establish a term for ‘social entrepreneurship’ in the Arabic language.
   - To echo the recommendation put forward by Abdou et al. (2010), the term ‘riyadajtima’iyya’ appears to be the most fitting. Although establishing a new word within the Arabic language is likely to take several years, linguistics arguably play a very important role in raising awareness, and it is important to take steps towards this.

3 Introduce the study of social entrepreneurship into the formal education system.
   - In order to push social entrepreneurship forward in the UAE, particularly in order to tackle the issue of youth unemployment, there should be more focus on social entrepreneurship within the education system. The Ministry of Education should also form partnerships with schools and universities to not only raise awareness about social entrepreneurship to the youth, but perhaps initiate social business competitions whereby students are encouraged to devise business models that address a social problem within their community. Competitions should be on a national level whereby students will not only gain recognition for their social business plans, but also seed capital in order to execute their business and encourage their entrepreneurial pursuits.

4 Have a stronger focus on social entrepreneurship within academia.
   - There needs to be more focus on social entrepreneurship within academia and it is imperative that research is conducted in both English and Arabic, in order to ensure that the concept of social entrepreneurship reaches the relevant people without excluding Arabic speakers.

5 Create stronger linkages between the different Emirates and incorporate more events for Arabic speakers.
   - Currently, the majority of events are targeted towards English speakers, directly excluding a portion of the country and their potential. More events aimed at the social enterprise community to help them mobilise and network throughout the year. There should also be more focus on creating more linkages between the different Emirates, particularly the northern Emirates, because there is currently a major disconnect and the majority of focus is concentrated in Dubai and Abu Dhabi.
6 Create more linkages with other Arab countries.
   • There should be a stronger focus on creating more linkages with other Arab countries considering that the UAE has been identified as a hub of entrepreneurial activity and innovation that can act as a catalyst to push social entrepreneurship forward within the region. One suggestion is to make Social Enterprise Week a pan-Arab event, whereby the week’s event is spread out across the region and live-streamed to different locations.

7 Establish an organisation such as Creative Zone, specifically targeted at the social enterprise community
   • As well as helping social enterprises to start up, such an organisation could assist with helping social enterprises to monitor and measure their impact, thereby establishing benchmarks.

8 Establish better alignment with CSR initiatives and social enterprises.
   • The majority of funding within social enterprises is short-term, particularly those that are part of CSR initiatives. One-off short-term investments do not suffice and prevent social enterprises from becoming truly sustainable. Hence, it is imperative for there to be more focus on longer term projects.

9 Raise more awareness to Muslim philanthropists that paying zakat towards assisting social enterprises is permissible.
   • More research on the permissibility and possible implications of zakat and investment is needed; however this provides an excellent opportunity for social entrepreneurs.

10 Engage the social enterprise community with national events that directly impact the economy.
   • For example, with the theme of ‘Opportunity, Mobility and Sustainability’, Expo 2020 and the events and initiatives leading up to it provide a great opportunity for engaging with the emerging social enterprise community in the UAE.

Thus, the findings of this study suggest that although the burgeoning social enterprise community of the UAE face a number of different barriers and challenges, there are also a growing number of opportunities and resources at their disposal. Although the study of social entrepreneurship is still relatively new into the field of academic inquiry, it has been identified as a key tool for development. As a means of necessity, non-profits must find ways to become more sustainable, and businesses need to find ways to become more aware of their social and environmental impact. Social entrepreneurship and social enterprises offers a feasible solution to these concerns, thus it is imperative for the UAE to capitalise on the growing social enterprise community present within the country by recognising their work and providing support as highlighted above, in order to act as a catalyst within the region for sustainable development. Further research on social entrepreneurship in the UAE is needed, in particular with research that focuses on supporting the development of the sector. The findings and recommendations of this study can provide the foundation for those further studies by providing the initial exploration into the challenges and opportunities, as well as general recommendations explore further.
This study provided additional insight for the wider understanding of social entrepreneurship in different countries and political-economic systems. Hence, it is imperative to examine the challenges faced by social entrepreneurs in other countries, and more importantly, the solutions posed to said challenges. This is particularly important as social enterprises embrace tides of globalisation and operate across international borders. Understanding both the exogenous and endogenous challenges facing social enterprises, generally and in different countries around the world, will maximise the impacts of this ‘third sector’.

References


