

Financing Microbusiness While Revisiting the Concepts of the "Providence State" and the Essence of "Entrepreneurship"

An applied model on the UAE

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Abstract

This paper describes the economic choices and preference of UAE nationals Entrepreneurs and the correlation between the different needs, including the need for financial resources within the availability of different government programs and initiatives created to support business startup initiatives. Small business and entrepreneurship constitute an integral part of the UAE economy.

In several countries entrepreneurs are still not successful at getting financing facilities from the government, as well as from the Banks. In the UAE, banks are also not very much resistant to the high-risk loans which many small businesses represent. Moreover, several Institutions have been created in the UAE in order to provide an easy access to capital for Emirati small business owners. Also, the Federal "SMEs Law" came into force in June 2014 in the UAE (Law No. 2 of 2014). We have participated in reviewing and revising this law before promulgation. It offer more ease to finance. However, financing microbusiness is not a key constraint to small business expansion and it faces several challenges.

Between 2013 and 2016, we surveyed more than 300 entrepreneurs. We have asked about their small business products, their risk assessment methodologies, and their internal capacity, staff resources and management options. We also examined their motivations, obstacles, and success factors for getting microfinance.

The paper has found that most of the entrepreneurs in the UAE do not have lacks to define their business needs, to articulate what they need in terms of business terminology and/or do not fail to present a well-thought out long-range financial plans to cover their needs. In that respect, we examine the relation between financial institutions and microbusiness and why entrepreneurs are reluctant to obtain financial facilities despite the numbers of institutions available in the country and facilities offered for local entrepreneurs.

This paper examines and presents the particularities of the relation between the entrepreneurs, the MB in the UAE and their financial needs and economic choices.

Introduction

The economy of the United Arab Emirates (UAE) is considered to be on the most competitiveness and attractive economies. The IMD ranks the UAE's economy among the world's top 10 most competitive [31]. At the time the Middle East suffers from conflicts and

economic structural problems, the UAE is the only Arab country to find a place among the most top 10 competitiveness economies in the world. Also, The World Economic Forum's Global Competitiveness Report 2016-2017 also has ranked the UAE as the top in the Arab world in competitiveness because of its achievements in terms of productivity (Economic Pillar) and prosperity (Social Pillar).

The government of the UAE is leading the region's digital transformation. The UAE has reached remarkable stages in terms of government and business efficiency as well as productivity. It invests a lot in developing generating innovation and business opportunities and facilitates the adoption of new initiatives. The country holds a number of competitive resources with an outstanding infrastructure, networked readiness in addition to a notable and efficient open-mindedness in doing business. The UAE is an example of the *Laissez faire* and its economy can be compared to the rhetorical work of authors such as Spencer J. Pack [23]. It also provides a remarkable example in term of supporting social initiatives and investments in social and cultural domains. The support of the government given to microbusiness, and especially in term of finance, should lead to a big market. The support given by the government to the entrepreneurs led to an expansion of Emirati microbusiness, in terms of number of licenses (annual rate of growth of 57% in some areas), and in terms of types of licenses (different types in different Emirates such as Eitimid or Entelak that can be reviewed from their respective economic departments in the UAE).

Problem Statement

The United Arab Emirates is a country that allocates a large part of its budget to citizens. The level of well-being and quality of life is high. The UAE is one of the best countries in the world in competitiveness. The level of government performance is the best in the world. Services are characterized by institutional competence. The market operates under the principle of free trade. The state monitors the markets accurately and periodically. There is a striking correlation between economic aspirations and social commitments. The State guarantees great care to residents on its territory and also takes great care of its citizens' economic and social obligations. Consequently financial institutions in the UAE have offered years ago, and with the economic growth in the last 15 years, personal loans up to millions of Dirhams for UAE Nationals with flexible repayment terms and competitive interest rates. Some local government entities provide an array of housing services including several types of facilitated loans to Emiratis against preferential conditions from a number of banks. Some companies also provide Emiratis housing finance of up to AED 5 million with settlement period spanning up to 25 years [Dubai portal]. The UAE Government allocates land or provides free housing or housing loan, residential facilities and maintenance to deserving Nationals. At the federal level, the Sheikh Zayed Housing Programme (SZHP), established in 1999, provides interest-free loans repayable over a 25-year period to UAE. In 2015, More than a thousand Emiratis in Abu Dhabi benefited from 2.4 billion Dirhams in new housing loans approved by the Executive Council of the Emirate [Ministry of ID portal].

Local governments regularly cover the debts of citizens to prevent them from being jailed or subject to legal liability in the event of non-payment of financial obligations or bank loans. There is a committee or body to deal with the debts of citizens in each emirate. His Highness the President of the State regularly undertakes to pay the citizens 'obligations to the banks what is called "Makramah", or a "generous gift". In 2012, the government of the UAE settled 2 billion Dirhams, a value of (\$544.5m) of debt for more than 6,830 Emiratis to benefit from move to pay

off all loans valued at under 1 million Dirhams. Also most of the banks are providing extremely loans such as Standard Chartered Bank, Emirates NBD, Dubai Islamic Bank and most of the commercial banks that provide competitive personal loans to UAE locals.

Consequently, the access of the UAE locals to consumption and housing loans has been facilitated. This has also resulted in an economic preference for citizens to obtain loans in general. A portion was unable to pay the debts. But the existence of the state behind the citizen instituted the concept of the Providence State that sponsors. It has also created a preference for the citizen in the financing of some of its needs through bank loans. It also created an assumption that the entrepreneurs in the UAE will follow the same model and turn to bank loans to finance their small projects. If household turn to financial sector to reward its needs, why this is not going to be the case for UAE entrepreneurs to finance their projects?

This paper have tried to verify the behavior of the young UAE entrepreneurs and lies in understand the economic choices of the entrepreneurs that will act in the same way as the households who benefit from the state sponsor Providence state. This was one of the research hypotheses, which are summarized in the following section.

Hypothesis

The largest part of the literature on microbusiness makes the assumption that financial support is a major tool for business growth and that this is a thing that many small businesses are hunting for. Microfinance has emerged in lots of countries as a tool for poverty alleviation, such as in India. Nevertheless, MF is used as a tool to create more jobs such as in Europe that has made its own framework as mentioned in Macchiavello works. Largely, studies have focused on determining the link between success of microbusiness and financial support. Most of the donors and international organizations especially the UN capacities and the World Bank describe Microfinance as “a critical tool in fighting poverty” [IFC portal]. We have reviewed numerous articles and published literature that will be introduced below.

The United Arab Emirates is a different model. It's one of the best Providence State models with an extraordinary public performance and social commitment orientations. As mentioned earlier, and because of the great attention given to the local citizens of the country, the State provides enormous consideration to the economic and social obligations, including financial support and banking facilities given to them. Also as indicated, local governments might regularly cover the non-refunded loans. As a result, an ease access to loans has been created. Consequently, an economic preference for citizens to obtain loans has appeared in the last 15 years with the high economic growth that country has witnessed. It also created a preference for some citizen to finance certain consumption needs through bank loans. Getting loans became a social and economic phenomenon.

Therefore, the problem lies in this paper in understanding the economic nature of the perception and behavior of the local entrepreneur, and if he will act in the same way as the major portion of the household population. This was one of the research hypotheses, which is summarized as follows:

- 1- There is a preference for the owner of the small project to go to the banks to finance his microbusiness.
2. The project owner is more interested in financial aspects during the life cycle of the project, rather than investing in innovation and of human capital

Definitions and Context: *Microbusinesses in the UAE (MBs):*

The Federal Law No. 2 of 2014 on SMEs, which is recognized as “The SMEs Law” came into force in June 2014 in the UAE. It offers many incentives to the development of locally-owned SMEs in the UAE. It has also brought the establishment of a "SMEs Council" to promote and support SMEs, as well as National Programs for SMEs in the UAE. The Government of the UAE and different entities at the federal and local level are extremely supporting SMEs. Entrepreneurs registered with such programs are entitled to various benefits, such as reduced licensing fees and simpler business procedures. Some Federal government entities are committed to finance part of the requirements of the SMEs and microbusiness.

The United Arab Emirates has become a powerhouse for small and micro enterprises with 95.6% of all businesses in the U.A.E being classified as SMEs (around 300,000 in number) with its contribution of 60% to the overall GDP [Dubai portal]. In a study made by the OECD in Abu Dhabi, SME development trends in the U.A.E have been outlined [235] The estimates by OECD suggest that Dubai accounts for 45% of the total SME population in the UAE, Abu Dhabi accounts for around 32%, and Sharjah only 16%.

In the UAE several entities, at the Federal or local level have adopted different definitions and classifications of a Microenterprise. Micro businesses were defined in terms of the number of employees, the annual turnover and/or the loan size [khalifa Fund portal]. The World Bank has defined a micro enterprise as any enterprise having between 0 to 9 employees and an annual turnover or assets less than \$100,000 (approx. AED 400,000). Different emirates within the United Arab Emirates such as Dubai and Abu Dhabi had developed their own definitions for micro, small and medium enterprises. But recently, the U.A.E has followed a unified definition of SMEs, which depends on the number of employees or annual revenues that differs across sectors. According to the Cabinet Resolution No. 22, published in 2016, by the U.A.E Ministry of Finance [MoF portal], SMEs in the U.A.E are defined as follows; and will be used for the scope of this research:

	Trading Sector	Manufacturing Sector	Services sector
Micro Enterprise	≤ 5 employees; or ≤ AED 3 million annual revenues	≤ 9 employees; or ≤ AED 3 million annual revenues	≤ 5 employees; or ≤ AED 2 million annual revenues
Small Enterprise	6 - 50 employees; or ≤ AED 50 million annual revenues	10 - 100 employees; or ≤ AED 50 million annual revenues	6 - 50 employees; or ≤ AED 20 million annual revenues
Medium Enterprise	51 – 200 employees; or ≤ AED 250 million annual revenues	101 – 250 employees; or ≤ AED 250 million annual revenues	51 – 200 employees; or ≤ AED 200 million annual revenues

Source: (Ministry of Finance, 2016, U.A.E)

Literature Review

When we explore various studies, especially those written in the MENA region such as in Ahmed paper [217-218], we understand how much Micro businesses, along with small and medium enterprises, are an extremely important tool for the country’s economy. Together, they bring about important changes such as: (1) innovation in technology and other business aspects,

(2) creating jobs and generating income and (3) increasing competitiveness. Therefore, it is extremely important for a country to encourage the development of micro enterprises and make sure that these firms have easy access to finance in order to start, develop or expand their business. Access to finance is especially a problem in the Middle Eastern and North African (MENA) region. The International Finance Corporation estimates that 63% of micro, small and medium enterprises do not have access to finance in the MENA region and that the financing gap is approximately between \$210 and \$240 billion [IFC portal]. Kushnir, Mirmulstein, and Ramalho from the World Bank [5] have made an overview of data on MSME (micro, small, and medium enterprise) with country Indicators for 132 economies including 125 million formal MSMEs in this set of economies, and 89 million people in emerging markets. Lack of finance and difficulties to access finance comes in second place. Then comes next, the lack of knowledge about the business by the managers/owners. There are other classic problems such as the inability of businesses to manage their financial records, the high interest rates charged by financial institutions on loans, high collateral requirement on loans, discrimination on the part of financial investors/institutions when investing or lending to entrepreneurs.

The lack of good managerial staff can lead to the downfall of the business and this is one of the most common problems faced by micro businesses around the world. The reason behind the inefficiency of these leaders is the absence of appropriate knowledge about: (1) financing options, (2) the business's risks and customers and (3) the upkeep of important documents of the company.

According to studies done in Saudi Arabia, Nigeria and South Africa, majority of the micro business owners finance their business with either their own savings or by borrowing capital from their family and friends [223]. However, the problem lies in the fact that many of these owners do not know enough about other financing options. In his study on micro, small and medium enterprises in Saudi Arabia, Ahmad [224] found that 60% of business owners took to family and friends for financial advice and *only* 18.65% consulted professional institutions or experts like banks, financial advisors, etc. meaning that many of them might not be aware of the best financial products in the market. Meanwhile, similar results were found in Hassan et al, work [167] done on micro entrepreneurs in Malaysia, many of whom were not even aware of the various financing schemes available in the country.

Further adding to the problem is the inability of micro entrepreneurs to fully understand their own business such as in Nigeria and South Africa who failed to understand their own target customers along with the risks associated with their business. Also, Rogerson [63] have found that various company owners in Nigeria, Saudi Arabia and Malaysia failed to keep or maintain the financial records of their company. Osotimehin et al [176] mention that financial records are especially important since they reflect the financial integrity of the company to a large extent. Moreover, banks and investors usually require such important documents along with a stable business plan before they decided to lend or invest in any company and therefore, the lack of these records would definitely not help in gaining the confidence of investors and lenders.

Therefore, insufficient knowledge about crucial business areas such as the company's workings and the financial products in the market and the inability to manage financial records can lead to significant constraints while obtaining financing. There are also Technical Restrictions commonly experienced: (1) high interest rates, (2) high collateral requirements, (3) waiting for long durations to actually receive the loan and (4) the extra fees charged on loans. In fact, the first three problems are so recurrent that the studies of almost all the five countries (i.e., Saudi Arabia, Nigeria, South Africa, India and Malaysia) report these issues to be some of the

major constraints for financing micro businesses. In terms of the fourth issue, the previous studies in countries like Nigeria and Malaysia report the extra charges imposed on loans such as legal fees, documentation fees, etc. are significant and thus, also become a financial burden on any micro business that already has very few financial resources.

We have also found Psychological Constraints such as the discrimination done by various financial institutions. Studies done in countries like South Africa, Nigeria and Malaysia show that woman entrepreneurs usually have lesser access to financial instruments than their male counterparts and are often denied loans mentioned in Wendy and Siong-Choy, [33], Adesua-Lincoln [349]; Saleem [7] analysis.

Economic Downturn is always a common reason. Historically, numerous economic challenges have engulfed the world from time to time causing significant problems in the financial sector. The UAE may not face a serious financial or economic crisis because of the recent drop in oil prices due to its economic diversification strategy. Hence, it is evident that most economic downturns, whether it is the financial crisis of 2008 or the global fall in oil prices, hamper the ability of micro businesses to secure financing.

Theoretical Approach and surveying

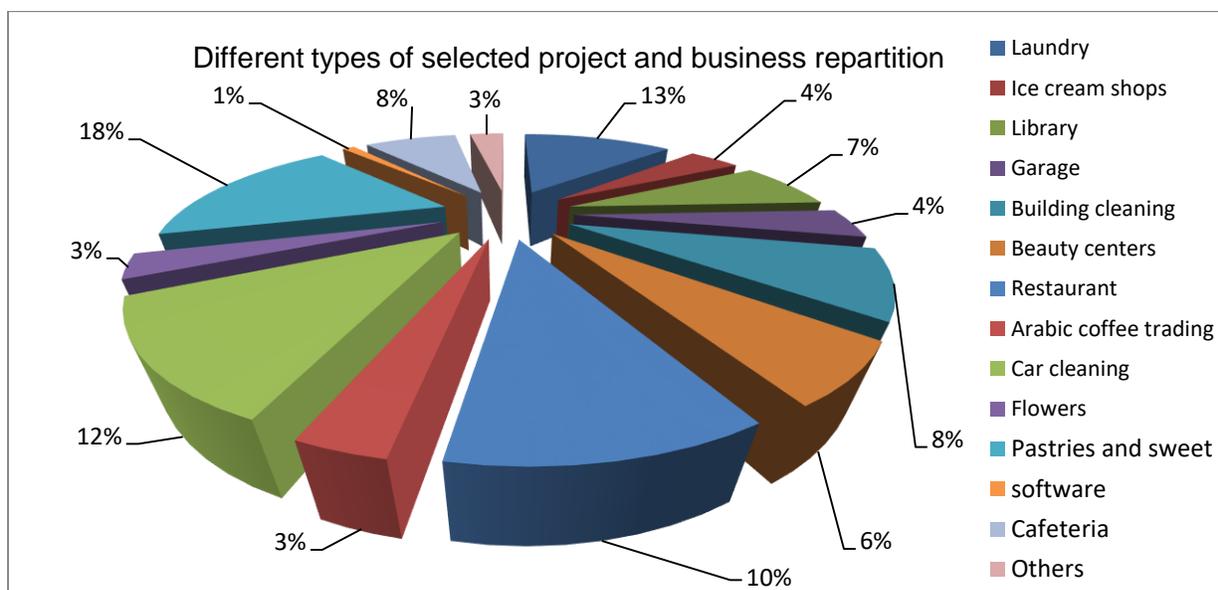
We have reviewed a wide range of financial scheme in different parts of the world, and reviewed the expectations of the entrepreneurs and the needs of the microbusinesses. In order to analyze and evaluate the role of the governments in financing MB, we have examined and reviewed different models such as The Grameen bank model, founded by Muhammad Yunus in Bangladesh and cited by Beatriz and Jonathan, the Kenya's K-REP Bank reported by Karugu, Winifred and Kanyagia with its three types of group loans, (*Juhudi*), (*Chikola*) and the level 3, Solidarity Loan (*Kati-Kati*), the agent banking model reported in the AFI Discussion Paper, and the Banking Correspondents (BC) in Brazil as a retail agents that work in partnership with commercial banks and that has provided loans to more than 77% of the micro enterprise population of Brazil, the Frequent Repayment Installment Model in Greg and Ghatak [28] work entails weekly repayment schedules on small sized loans and biweekly and monthly installments on larger loans, the Banco Sol Bank in Bolivia reported in the work of Vega, Claudio, Schreiner, Rodriguez, and Navajas [43], the Digital/Mobile Money Model explained in the IFC publication and written by Vizcarra, Vanessa, and Minakshi Ramji [1-29], that provide transfers, a service that very few microfinance institutions provide. We have also reviewed the 'mBank' in the Philippines with a portfolio value of \$981,000 in 2013, as well as the *Musharakah* Model (Equity participant contract) as a popular Islamic mode of financing with mentioned in the work of Ali Nazim.

Practically, most of the theoretical analysis and explanations mentioned by Aldrich and Reuf, or by Schoonhoven and Romanelli or by Davidsson, 1989 and Davidsson, 1991, and related to the startup, growth and lifecycle of microbusiness are driven by the assumption that the small entrepreneurs are primarily and explicitly profit oriented, but without mentioning the role of the personal motivation and the desire to create a success story that we have seen in the UAE. International organizations have given a high priority to financial tools and for designing appropriate schemes in order to boost startup initiatives and help business to grow. The IFC of the World Bank, that works to extend financial support to business, describes Microfinance as "a critical tool in fighting poverty". This is not the case in the UAE. Most of the entrepreneurs have liquidity as verified in this work. Also the purpose of the financial programs is not poverty

alleviation. UAE is among the most competitive countries. The role of the State in the UAE is unique. And the needs of the entrepreneurs are very much particular as this paper will show

A 12-question survey instrument was developed to assess the hypothesis, provide data for testing and present the following rational analysis. Because survey research remains most used in applied social works, a survey was designed and took its roots from social and economic variables in the UAE to collect information on rational choices and economic preferences. The survey was designed with same questions were used between 2013 and 2016, to interview around 300 young UAE national entrepreneurs in different parts of the UAE, mainly from Sharjah, Dubai and Ras Al Khaimah. We have retained 238 questionnaires which is a very much convenient sample and representative of the entrepreneurs with a representative distribution in term of age, sex, type of business but also business history and license maturity. The retained number represents indeed the wider population in whom the researcher is interested. It also represents, through credibility indicators and testing double questions, the population that is interested in the researcher.

A wide range of business was taken into consideration. The study incorporated a sample of Entrepreneurs in different fields from different projects such as laundry, restaurant, library, cafeteria, building cleaning, beauty centers, ice cream shops, pastries and sweet projects, car cleaning, flowers, Arabic coffee trading and roast house and others projects.



The population of the study comprises Emirati entrepreneurs that received a startup license such as Eitemad or Entelak, or those who have created their MB without the startup license facilities. 32% of the sample said they have a previous experience in getting into the market and have opened before a business. This is not their first experience.

The UAE Model: A Providence State and an essence of real Entrepreneurship

1. The Role of a considerate State

SMEs that are able to obtain bank loans are provided with secured and partially secured lending options of financial schemes in the UAE. Moreover, the UAE government has adopted

several measures and decisions to boost financial and technical support to UAE entrepreneurs. In 2015, the UAE Ministry of Economy, included members from different economic development organizations across the Emirates, such as Sharjah Chamber of Commerce and Industry, the former UAE Ministry of Labor, the Ministry of Higher Education and Scientific Research, the Central Bank, and some commercial banks such as the Emirates Development Bank to form a new council that promotes SME development in the U.A.E.

On the federal level, each Emirate has got its own organization that support UAE national and young entrepreneurs such as Khalifa Fund in Abu Dhabi, Dubai SMEs for Dubai, the Ruwad (Pioneers) Establishment of Sharjah, Ras Al Khaimah’s Saud bin Saqr program in RAK, Ajman Chamber of Commerce and Industry, and the Fujairah Chamber of Commerce and Industry.

The Sharjah Chamber of Commerce & Industry has allocated 50 new offices in an inspiring environment for microbusiness entrepreneurs with creative ideas and innovative projects to be executed in the UAE within the chamber’s Incubate Business Program, launched by the Sharjah Economic Excellence Network `shjseen [SCCI, portal]. Government funding agencies such as the Ruwad Establishment in Sharjah and Al Tomooh Finance Scheme in Ras Al Khaimah have also contributed to SME finance. Al Tomooh Finance Scheme is considered the first program of its kind in the UAE and was established as an Emirates NBD Bank initiative with the aim of financing projects set up by UAE nationals [U.A.E Bank Loans, portal]. The Mohammed Bin Rashid Establishment for SME Development (MBRE) run by the Dubai Department of Economic Development is a model. It has launched an Equity Investment Initiative in 2014 to provide financial support to SMEs and entrepreneurial projects. The objective of this Fund is to support and finance projects of young entrepreneurs and a hundred projects are being financed every year to help Dubai achieve its Dubai SME 2021 Strategic Plan. The Abu Dhabi-based Khalifa Fund is more primarily focused on providing attractive financing options for Emirati small business owners. It offers loans up to 100,000 Dirhams and flexible repayment periods of up to 24 months.

Start-up Financial Stakeholder Mapping in the UAE

GOVERNMENT	Federal Entities	Ministry of Economy	Central Bank		
	U.A.E-wide SME entities	Khalifa Fund	Ruwad Establishment	Saud Bin Rashid Al-Mualla Program	
Emirate level entities	Chambers (Sharjah, Dubai, Ajman, Fujairah, Um Al-Quwain, Abu Dhabi)	Dubai SME	Emirate wise Department of economic development		
PRIVATE SECTOR	Banks with SME products	Noor Islamic Bank, AD Commercial Bank, AD Islamic Bank, NBAD, RAK Bank,	Standard Chartered, HSBC, Mashreq Bank, First Gulf Bank, National Bank of Fujairah	Union National Bank, Citi Bank, Commercial Bank, Bank of Baroda, Emirates NBD	

Source: (U.A.E Chambers of commerce, 2012) and (OECD, 2016).

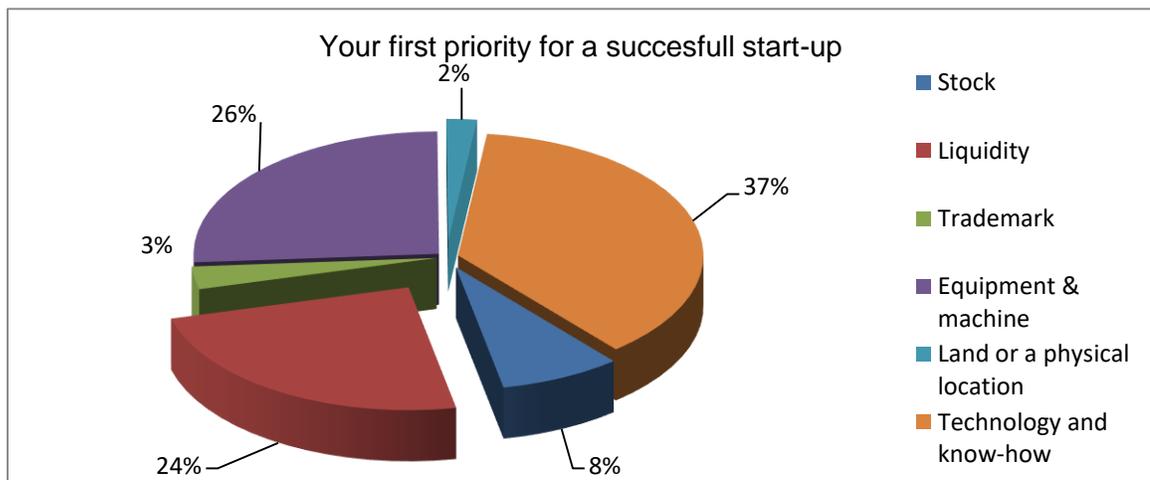
Commercial banks have been involved in microfinance lending in the U.A.E on a wide scale. Banks such as RAKBANK, Emirates NBD, and HSBC have created special banking platforms for SMEs that cater exclusively to their needs and extend significant support. This demonstrates the ongoing success of SME programs and the Bank's positive outlook on the UAE

economy. HSBC U.A.E SME Fund is one such initiative that represents a commitment of USD 100m to small and medium sized enterprises in the UAE. (HSBC News room 2016). The National Bank of Abu Dhabi (NBAD) offers a turnover of up to AED 150,000,000. It has designed a set of products & services specifically designed to address business objectives like their SME tool kit that helps them make a proper documented loan application across major U.A.E banks (NBAD 2016). The Business Banking Division of Emirates NBD offers SME financing including funding for ‘micro’ organizations. It has 9 dedicated SME Centers around the UAE (wamda capital 2012). The Shuaa Capital is Dubai’s oldest investment bank, secures a Dh500 million syndicated loan to fund lending to small and medium-sized enterprises (SMEs) through Gulf Finance. (The National, 2015).

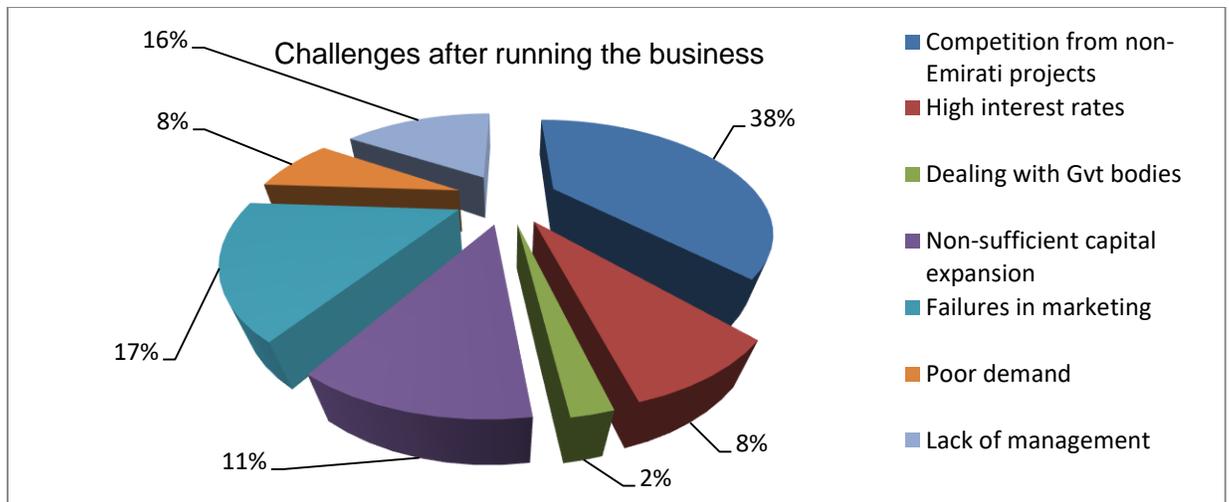
2. Entrepreneurial behavior in the UAE:

This part intends to understand the different orientations and choices, as well as the priorities of the Entrepreneurs in the UAE based on their perceptions and experiences, within an ease access to finance offered by the government entities and also by the financial system. We do not intend here to study how UAE nationals allocate their limited resources within their unlimited hopes, but to understand their main wants. The main findings of the study were as follows:

The study has tried to assess the needs related to the start-up of the projects from the point of view of the entrepreneurs. 24% have said that liquidity is a primary need for a successful start-up, while 26% said that providing equipment and machine is a primary need. Only 3%, 8% and 2% respectively have said that having a trademark, stock and land or a physical location represents a primary need for the start-up of the project. 37% of said that technology and know-how is a primary need.

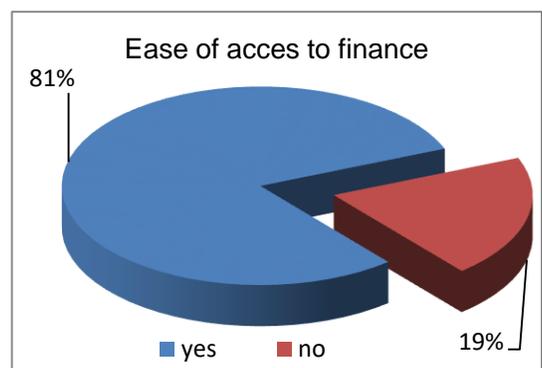


A recent report by the Department of Economic Development (DED) corroborates the fact that eight out of 10 SMEs in the UAE rely on self-financing for growth and development.

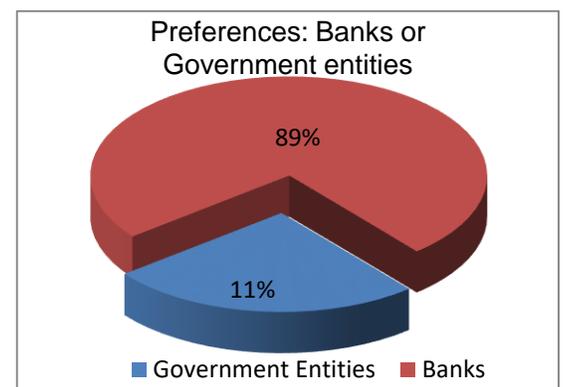


The fact related to financial needs, priorities and sources for the local entrepreneurs owners of MB in the UAE and mentioned above by the report prepared in Dubai, is also here verified in this study. 24% have said earlier that liquidity is a primary need for a successful start-up. Here also non-sufficient capital needed for expansion doesn't come at the first place, or the high interest rates offered for MB projects. The main challenges and challenges faced by the entrepreneurs after their start-up were mainly competition from non-Emirati projects with 38%. The next challenges were then failures in marketing, Lack of management, Non-sufficient capital need for expansion, high interest rates, poor demand on the product or the service, and finally problems in dealing with Gvt bodies and they came with respectively a share of 17%, 16%, 11%, 8%, 8% and 2%.

The study reveals that 80% of the entrepreneurs had their own capital before a startup. 19% experiences getting loans before a startup and 11% got loan after startup to expand their business. From the total of this population 80% have said that there is an ease access to finance from financial institutions and organizations, banks and/or government entities.



The study shows that 81% of the population has said that it is easy to get a loan. They admit that the government have made enormous effort in terms of simplification Procedures (SP) and Simplification of Business Start-up by providing to the entrepreneurs more information, and undertaking form renovation, information technology application, customer facilities and monitoring and evaluating their projects life cycle. Efforts are also made in terms of lowering the business conditions and giving more financial facilities to the local entrepreneurs in the UAE. Government entities have been created to finance micro business and support local entrepreneurs.



As mentioned before, the budget of some local entities are higher than entities on the federal level.

However, the government has also brought financial institutions and commercial banks to be a part of several programs. Banks have increased their portfolios to support Microbusiness and projects established by UAE local. Banks have been very active during the last 10 years. However this study shows that only 11% of the entrepreneurs agree to deal with banks to get loans for their business. Despite the increase of The Banking portfolios, UAE local entrepreneurs prefers government entities and for several reasons including cultural as well as religious reasons due to the feeling that loans offered by commercial banks might not be conform to some religious beliefs.

Discussions and Conclusions

Studies on microfinance and microbusiness tend to approve that microfinance represents only one of the instruments to improve financial inclusion; regulators should consider implementing more comprehensive re-forms addressing, more generally, financial services to low-in-come people that are tailored to the specific causes of financial exclusion in each country. But, this is not totally true. Financing MB is not only a tool for poverty alleviation nor for job creation. It is a tool for innovation and more participation of young people in the growth and development processes.

The UAE have made impressive efforts to institutionalize financial support to micro-businesses. Institutions have been created on both local and federal levels. However, there is a preference for the UAE entrepreneurs to deal with government rather than banks. Moreover, a big portion of the entrepreneurs might not be willing to deal even with financial institutions nor with government entities as they consider that auto-finance is the best solution. This scheme is normal in a country that has one of the highest quality of life in the world and is considered to be one of the most competitive economies. As a result, local entrepreneurs will depend on their own resources or through family support. It's surprising that financing a project is not the primary concern. This has to be in this country and correlations should be made because of the strategic vision and actions of the UAE government to give more importance to the transformation of ideas into projects and to innovation by the entrepreneurs for the entrepreneurs. Several programs supported by the government, even in high school have been initiated for that purpose. It is also worth mention that it had been noticed in the study that an important portion of the UAE entrepreneurs have had before more than one or two business experiences before getting for real into the market. Private initiatives as a concept and practices have registered very positive and effectives steps in this part of the world.

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