Megalomania in Dubai?
Assessing a Large-scale Public Entrepreneurship

Master Thesis within Business Administration

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Abstract

Purpose—we explore a contemporary phenomenon of large-scale public entrepreneurship, the case of Dubai. Entrepreneurial cities can play crucial roles in economic development since they are important generators to the nation’s GDPs. Aiming to balance the global economy of rich and poor, world financial organizations try to disseminate entrepreneurship into the developing countries. Thus entrepreneurship—originating in the 18th century—has become a keyword for research in many fields, and a preferred strategy for wealth creation. In the business field, when the public sector increasingly imitates the business strategy for the wealth creation it is time for business researchers to recognize its importance and deliver explanations.

The case—Dubai is our case selected in order to explore the phenomenon of large-scale public entrepreneurship. In the world today, public individuals, institutes, and enterprises are acting as though they are running firms; taking high risks, innovating, creating their own opportunities, and unsurprisingly—competing. The facts that they are policy-makers, which have authorities to impose or even distort their own economies emerges a concern, what is the appropriate entrepreneurship level in the public sector? ‘Megalomania’ is a word that ‘means madness marked by delusions of wealth or power’. Is there megalomania in Dubai? In our investigation we observe that failing to recognize its resources and capacities on driving a too ambitious economic growth is chaos. The consequences are that it risks collapse its own economy, and most likely, under such a scenario, cause spillover effects to its stakeholders at large.

Findings—our research findings in the Dubai case suggests that aiming too high can cause a hard fall. Dubai has succeeded to diverse its economy from oil dependency but if it becomes too proud and too optimistic it can reverse its future—hence the ‘megalomania’ word. Good business entrepreneurship strategy is not only about aiming high and ambitious but it is also about flexibility with ability to renew strategies in time and in line with the global turbulences and trends. The exit phase in the business lifecycle may be applicable to public
entrepreneurs, particularly when they fail to retain their collective opulence and popularity. Such in the case of Dubai, its opulence from oil can be disappeared by its investment disorder. Thus, we compare the Dubai’s entrepreneurship with Singapore, Orange County, and Detroit since they have been in the decline phases before Dubai and they can illustrate feasible future consequences for the Dubai case. Ultimately, Dubai should learn from their mistakes.
Acknowledgement

We herewith would like to express our appreciation for the individuals as well the civil servants who directly and indirectly have suggested directions on how to acquire the accurate data for our analysis. We understand that our thesis’ concerns certain sensitive issues, thus some informants might not be willing to be identified. Therefore we will protect their privacy. However, we would especially like to thank Mr. Garth Mitchel of Dubai Government, who gave a quick and effective response through the internet communication. Our interviewees, Mr. Peter Backstrom, the director market development from Roxtec, who was willing to help us for any further information, Ms Alexandra Magnusson from Kinnarps for finding the right person to make an interview with in Dubai—Mr. Kristian Petersson, Mr. Per Hillstrom from Scania, who spent a lot of time answered our questions, and lastly, Ms. Kanittha Vitoonvitluck from Dusit Thani Group, who shared the organization’s information with us.

Ultimately, without the important suggestions concerning methodology and comments on the thesis draft from our supervisor assistant professor Veronica Gustafsson, and our peers we would still struggle to find the right path to our thesis. Hence we would like to take the opportunity in this acknowledgement to thank our supervisor, and our peers, Xu Han, Sarah Noller, and Jassim Sheikh. We would like to also thank professor Clas Walbin for his valued input. Without the kind contributions of these people, we would not be able to find the right directions and complete our thesis. All these helps we remember, and they will always be honored along with this thesis.

The remaining shortcomings rest, as always, with the authors.

Jönköping, 1/6 2009

Sinsupa Sagerklint & Patima Pornthepcharoen
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### Abbreviations

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<tbody>
<tr>
<td>BCI</td>
<td>Business Competitiveness Index</td>
</tr>
<tr>
<td>DFM</td>
<td>Dubai Financial Market</td>
</tr>
<tr>
<td>DIFC</td>
<td>Dubai International Financial Exchange</td>
</tr>
<tr>
<td>DSP 2015</td>
<td>Dubai Strategic Plan 2015</td>
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<tr>
<td>EIU</td>
<td>Economist Intelligence Unit</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>GCI</td>
<td>Global Competitiveness Index</td>
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<tr>
<td>GCR</td>
<td>Global Competitiveness Report</td>
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<td>GFCL</td>
<td>Global Financial Centre Index</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>ICD</td>
<td>Investment Corporation of Dubai</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>OCIP</td>
<td>Orange County Investment Pool</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PPIC</td>
<td>Public Policy Institute of California</td>
</tr>
<tr>
<td>SOE</td>
<td>State-owned Enterprise</td>
</tr>
<tr>
<td>SWF</td>
<td>Sovereign Wealth Fund</td>
</tr>
<tr>
<td>TNC</td>
<td>Transnational Corporation</td>
</tr>
<tr>
<td>UAE</td>
<td>United Arab Emirates</td>
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<tr>
<td>UNESCO</td>
<td>United Nations Education, Scientific, and Cultural Organization</td>
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<tr>
<td>UNWTO</td>
<td>United Nations World Tourism Organization</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
<tr>
<td>WCCI</td>
<td>World City of Commerce Index</td>
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<td>WEF</td>
<td>World Economic Forum</td>
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Intended Audiences

Our intended audiences namely are our examiners, student peers, and academic interested audiences in general.
1 Introduction

In this chapter, we introduce background, chosen case, purpose, and research problems of the thesis.

1.1 Evolution of Entrepreneurship in Public Sector

To these days, the term entrepreneurship seems to have been applied in a wide range of fields. It is obvious that it has been more or less employed in business, education, healthcare, and governmental entities. An example from an educational institution, INSEAD University, states their missions and visions as having ‘entrepreneurial spirit’ where they are willing to experiment and innovate, ready to take risks and manage the results of their actions (INSEAD University's Website). As an educational unit in collective form, why does INSEAD sound like a R&D department of a business entity, why they want to take risks, and to which degree of risks they plan to limit themselves on? This is an example of the emergence of entrepreneurship in the public sector, which we used to apply as strategy in the business area only (e.g. Meyer & Heppard, 2000). Several questions are emerging. For instance, can any institutions now neither private nor public, and for-profit nor not-for-profit, be viewed as being entrepreneurs? What are the distinctions? What will be the criteria to identify public entrepreneurs, and if they are good entrepreneurs? What will be advantages and disadvantages in applying entrepreneurship in the public sectors, and are they the same as in the private sectors?

In searching for answers to the questions above, we shall begin with seeking an understanding what entrepreneurship is, and how it becomes a prominent logic in the world economy today. The entrepreneurship term came from the entrepreneur term. The ‘entrepreneur’ term was appeared for the first time in the writing of Richard Cantillon in 1755 that used the term to describe “someone who exercises business judgment in the face of uncertainty” (cited in Bull, Thomas & Willard, 1995, p.3). Subsequently, several meanings of the term were nuanced by a host of influential writers for instance J.B. Say (1767-1832), J.H. von Thunen (1785-1868), Leon Walras (1834-1910), Alfred Marshall (1842-1924), Frank Knight (1885-1972), Joseph Schumpeter (1883-1950), Ludwig von Mises (1881-1972), Israel Kirzner, and Harvey Leibenstein (cited in Bull et al., 1995, p.3). Schumpeter defined entrepreneur as an individual who carries out enterprise, and afterwards as an innovator who is doing new things or doing old things in a new way (cited in Shapero & Sokol, 1982). Later, entrepreneur was defined extensively or reversely for instance as a risk-taker, an organization builder, and a decision-maker (Shapero & Sokol, 1982). Entrepreneurship was coined after the entrepreneur term around 1970s (Shapero & Sokol, 1982). It emerged to determine entrepreneur’s process, actions, behaviors, traits and skills, and act of innovation etc. (e.g. Shapero & Sokol, 1982; Bull et al., 1995; Namaki, 2008). For instance, Drucker (1985) defined entrepreneurship as an act of innovation that involves endowing existing resources with new wealth-producing capacity (cited in Bull et al., 1995, p.3), which gives a meaningful definition of entrepreneurship
emphasizing on ‘innovation for wealth-creation by exploiting the existing resources.’

However, the evolution of entrepreneurship as aforementioned was illustrated merely in a micro-economic view i.e. for the private sector in the business field. From a macro-economic view, the public sectors as well have applied the entrepreneurship in their strategies. The entrepreneurship in public sectors is however not new, and can be traced back to a case in 1940s, which was studied by Ostrom (1965). She investigated a public entrepreneurial case. She observed that the public enterprise applied entrepreneurial approach in an effort to gain more effective control over public goods (water resources), and was not-for-profit. In another case in Philadelphia, the mayor of the city was viewed as being a public entrepreneur as he appeared to take risk and innovative in an effort to rescue the city from a state of bankruptcy (cited in Perlmutter & Cnaan, 1995). These two cases, however, were observed in political and social fields. In the business field, there are several researchers that link the business to socio-economic fields, and investigate that the entrepreneurship in local and national scales play important role in stimulating economic development (e.g. Haasht, 1995). Two views can be applied from the entrepreneurship and economic development. First, we can view it from the private sector; for instance SMEs and large firms whose successes increase the GDP per capita. Second, we can view it from the public sector for instance city’s mayors and governmental institutions that support and stimulate the entrepreneurship inside the countries. Public entrepreneurs in public institutions play a crucial role in fostering entrepreneurship. A definition of public sector entrepreneur was proposed in 1997 as leaders in the public administrations who have ability to spot market opportunities and manipulate their followers to act on them (Boyett, 1997). It manifests policy-makers that intervene in economic growth. While Osborne & Gaebler (1993, cited in Bruin & Dupuis, 2003, p.8) suggested that public entrepreneurship differs from private entrepreneurship by not aiming for-profits or seeking risks, Peng (2001) diluted the governmental not-for-profit aims by pointing out that this aim is blurred. He observed that governmental entrepreneurs in China informally own or semi-own private enterprises in an intention to generate the economic growth. However, this is only a case in China, which we shall prove that the fact that governmental entrepreneurs aim for making profit is true in other places later in this paper. The economic growth is thus an important goal to entrepreneurial governments. The reasons are that it creates opportunities for personal fulfillment through economic activity (Morrison, 1998), and fulfils governments’ desire for a high level of self-social satisfaction (Boyett, 1997). The result of economic development in society is that it improves people living conditions and in turn will increase the popularity of the government (Peng, 2001). The popularity attitude manifests survival activity, and economic development goal manifests wealth creation similarly to strategic entrepreneurship in public sector (cf. Luke & Verrynne, 2006).

1.2 Entrepreneurial Cities

Dupuis, Bruin & Cremer, 2003 observe that local public sectors increasingly employ entrepreneurial approach to promote their economic growth (p.128). Growth in city or urbanization will bring ‘quality of life’ to the community (Dupuis
et al., 2003). Regarding the Ostrom’s (1965) case, her work focused on the multiple strategies in the public enterprise, which carried out at time in order to overcome the ever-changing problems. Her conclusion was then that the public corporation performance was effective to its own entrepreneurial strategies. The implications from her work are not only that the entrepreneurship in the public sectors has long been recognized yet not in the business field but political field, and that the strategies are a crucial parameter to the degree of success.

Economic growth generators in minor levels are entrepreneurial cities. They can have substantial roles in country’s GDP if they are business hubs. The world business hubs such as London, New York and Tokyo generate extremely high GDP to their nations. In this global competitive edge, several entrepreneurial governments compete to have their major cities in the world business map. From emerging markets, many cities are already on top ranks of the world center of commerce index (WCCI) such as Seoul, Shanghai, and Taipei (WCCI, 2008). These cities are all in East Asia. In the Middle East, there is an outstanding city, which deserved attention, Dubai. The city government is observed to have a bold entrepreneurial strategy attempting to become one of the world business hubs. Apart from its success in city-brand in the past decade (Balakrishnan, 2008) located in a political sensitive and poor region, the city is unique in comparison with its peers. Dubai is worth studying, on the one hand, for its successful public entrepreneurial strategy, and on the other hand, for its intriguing paradoxes. The lesson learning from Dubai will help us to depict implications on applying business strategies in the public sector, and possible to be a role model to other cities in the Middle East, which are seen to have a high potential in future economic development (e.g. GEM; IMF; OECD; WB).

1.3 Brief Background Knowledge on Dubai

Dubai is one of seven entities in the UAE, at the tip of the Arab peninsula, with a high degree of autonomy. It has a size of 3,885 square kilometers, a population of 1.5 million, and a GDP per capita of $43,333 (2007). Like other countries in the region it had ample oil resources on which it based its relative wealth. However, these resources are rapidly drying out and need to be replaced. This is, interestingly, also recognized by the rather autocratic leadership of Dubai (as well as that of Abu Dhabi, which is the dominant partner and still oil rich partner in the UAE), and a massive plan has been crafted for establishing an alternative development strategy. This strategy amounts to one of the greatest experiments ever seen in terms of public entrepreneurship: the success of which still hangs in the balance constitution the focus of this thesis (for further on Dubai, see chapter 4).
1.4 Purpose

Starting from the critical title we now set to explore a case of public entrepreneurial approach. There are several global cities that appear to have employed business entrepreneurial strategy with a purpose to grow their cities’ economy. Governments can play crucial roles such as in employing strategic entrepreneurship to create their cities’ competitiveness, imposing entrepreneurial intervention in private sectors as policy-makers, and promoting entrepreneurship in their societies to sustain their economic growth. Dubai is selected case to illustrate these phenomena. This is so because it has for some time, employed a bold, optimistic, and ambitious entrepreneurial strategy in sustaining its growth momentum. The research sets itself to firstly identify the Dubai’s strategic entrepreneurship, secondly analyze its contemporary dilemmas and thirdly to make an inventory of identifiable future challenges towards a business entrepreneurial approach of this sort. The research framework is based on three phases aforementioned (features of the strategic entrepreneurship, contemporary dilemmas, and future challenges; see chapter 2). Setting out to investigate these three dimensions ultimately will reflect an understanding of conditions and prospects entrepreneurship in public sector, in particular under the condition of globalization. Finally, in support for the conclusion of our work, and in order to assess the quality of Dubai’s entrepreneurship, we apply certain concepts to be found in the business literature.
1.5 Research Problems

Having chosen the case, at this point we describe the focus on the title set-up. The thesis title is coined as a question as a result from our first perception on Dubai’s massive ongoing megaprojects. We principally set the title ‘Megalomania in Dubai?’ as a central question to guide our thesis direction, to be stimulated, elaborated, and make sense to the rest of the thesis. In the conclusion chapter we aim to arrive at a judgement either Dubai acts as megalomania, which we codify as ‘madly inflexibility in carrying out its mega expansions without appropriate consents in its limits to facilitating them’ or if its plans actually make sense. In fulfilling the thesis’ purpose, which aims to ultimately understand a case of large-scale entrepreneurship, we state the overarching research problem to be: ‘to what extent is the public large-scale entrepreneurship - as evidenced in the case of Dubai - viable? This in turn can be broken down into four research questions:

i) What are the implications of employing business entrepreneurship in public sector?

ii) What can be used as criteria to measure levels of public entrepreneurship and how to distinguish a successful or failed public entrepreneur?

iii) What will be the result of a failure of public entrepreneurship?

iv) In which ways can the case of Dubai’s entrepreneurship become a model to other developing cities?

These will be discussed in chapter six. Overall the thesis follows a particular ‘cycle’ as displayed in figure 1-2.

1.6 Delimitations of the Thesis

This thesis is focusing on the phenomenon of large-scale public entrepreneurship, as evidenced in the case of Dubai. In doing that, in order to keep the task on a reasonable scale, it needs to define its outer boundaries, and what is outside these boundaries. Firstly, Dubai is a part of the UAE, but it does not take the UAE in its entirety into consideration. This is a methodological problems, for instance in terms of distilling data for Dubai which otherwise is typically given for the UAE. Secondly, we are interested in large-scale public entrepreneurship, meaning that small scale and private initiatives falls outside. At times, there is ‘grey zone’ where ‘public ends’ and ‘private’ starts. However, the ‘public in our view is what is initiated by the authorities. Thirdly, we have a particular time frame that focuses on the time period when the problem of the vanishing oil-supply was identified up to the present era. Fourthly, methodologically, we have for practical reasons we have to a large extent rely on secondary data. Finally, generalizations from a single-case study is obviously limited, although we will at the end of the thesis discuss what of general knowledge we have gained from this thesis (and what we need to learn more).
1.7 Disposition of the Thesis

<table>
<thead>
<tr>
<th>Chapter 2</th>
<th>In this chapter, we frame theories in respond to the research questions in order to investigate, improve, and achieve a result from the selected case study.</th>
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<tr>
<td>Frame of references</td>
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<tr>
<td>Chapter 3</td>
<td>In this chapter, we present the blueprint for the research method in order to control the quality of the research process i.e. data collecting, coding and criteria, and trustworthiness.</td>
</tr>
<tr>
<td>Methodology</td>
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</tr>
<tr>
<td>Chapter 4</td>
<td>In this chapter, we present the findings on the case’s unit of analysis i.e. the main unit—the Dubai's government entrepreneurship phenomenon, and the complementary unit—the existing foreign investors’ confidence, which we outlined in chapter 3.</td>
</tr>
<tr>
<td>Case Description</td>
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<tr>
<td>Chapter 5</td>
<td>In this chapter, we analyze and match the data from the empirical findings in chapter 4 with the reference established in chapter 2.</td>
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<tr>
<td>Interpretation of</td>
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<td>Empirical Materials</td>
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</tr>
<tr>
<td>Chapter 6</td>
<td>In this chapter, we discuss the four established research questions, and reflect our understanding towards the thesis’s topic.</td>
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<tr>
<td>Discussion</td>
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</tr>
<tr>
<td>Chapter 7</td>
<td>In this chapter, we conclude from our findings, analysis, interpretations, and present the result of the thesis. We also outline some ideas for future research.</td>
</tr>
<tr>
<td>Conclusion</td>
<td></td>
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</tbody>
</table>
Figure 1-2: Cycle of the Thesis’s Agenda
In assessing the Dubai’s entrepreneurial approach, three main aspects are planned to depict a picture of the large-scale entrepreneurship. Three phases of Dubai entrepreneurship that will be reviewed are: a historical analysis, the contemporary dilemmas, and future challenges. This phasing is foundation to the thesis analyst. It is designed to correspond to particular cycles of the venture entrepreneur’s process of planning-executing-achieving success (e.g. Scott & Bruce, 1987). The first aspect is by looking at the initiative of entrepreneurship, analyzing the Dubai’s strategic entrepreneurship. Similarly to private entrepreneurs, a plan or aim for objectives is the first step to achieve the objectives (e.g. Namaki, 2008). To have a strategic planning is necessary for any organization to be able to fulfill its objectives, and to measure the degree of success either in the process as well as for the final outcome. An analysis of the Dubai’s strategic planning would illustrate the aim of the city from the past to present, and at which degree that it has achieved on. Here, we need to discuss what strategic planning is (see chapter 2.1). The second aspect is looking at the execution of the plan and its contemporary dilemmas, labeled the Dubai’s growing pains. Similar to the private sector, if it is dealing with a rapid expansion, the chance is that, it might lose control over the speed, scope, and purpose of growth (cf. Framholtz & Randle, 2007). Losing control to the growth-thirst will lead to chaos in the community, and possibly affect the larger society or even the nation. In particular, external impacts are sometimes unforeseeable, at worse it can have a sudden deep impact to the community, and at the worst it can cost a city collapsing. The degree of external impact corresponds to the city’s external dependency. Analyzing the Dubai’s growing pains in terms of external impacts will illustrate the case’s problems (see chapter 2.2). The third aspect is looking for the future, the city’s opportunity in the world’s market. By assessing the city’s capacity in sustaining its economic growth i.e. investigate the available resources, the investments for the future, and the city’s competitiveness. These findings will help to illustrate the Dubai’s future challenges (see chapter 2.3), and its opportunity in the world market.

2.1 Strategic Entrepreneurship

“What is strategic planning? Strategic planning is the notion of working within a time framework in order to achieve a stated end. It is essentially the process of taking inputs (information), organizing and making sense of that information, and producing an output (the plan) that covers a long period of time, and maps out the strategies, goals, and objectives for that period of time. This output, the plan, is expected to keep the organization focused, unified, and likely to succeed in the future, and over a long period of time.”

Namaki (2008, p.6)
The important of strategic planning that is argued above is a key process in achieving an organization’s success, on the one hand. On the other hand, the entrepreneurial strategic behaviors of public entities are needed to be determined for a clear picture. Luke & Verreyne (2006) found iterative strategic entrepreneurial core elements from their three-case-study in New Zealand to identify ‘strategic entrepreneurship in the public sector’. Their framework arrived from the previous conceptual studies undertaken by Hitt et al. (2001) and Ireland et al. (2001, 2003) (cited in Luke & Verreyne, 2006). Table 2-1 is their six-core elements theoretical framework and the description of the entrepreneurial activities that constitute the entrepreneurial strategies in the public sector. This framework will facilitate us to identify the Dubai’s entrepreneurial strategies.

Table 2-1: Six-core Elements of Strategic Entrepreneurship (Luke & Verrynne, 2006)

<table>
<thead>
<tr>
<th>Six-Core Elements</th>
<th>Entrepreneurial Activities</th>
</tr>
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<tbody>
<tr>
<td>Opportunity Identification</td>
<td>Identifying opportunity&lt;br&gt;Alertness and discovery&lt;br&gt;Evaluation of opportunity, through balanced judgement, intuition, and strong execution skills</td>
</tr>
<tr>
<td>Innovation</td>
<td>Innovation to create competitive advantage</td>
</tr>
<tr>
<td>Accepting Risk</td>
<td>Willingness to accept risk, based on analysis, judgement and intuition&lt;br&gt;Perception of risk as manageable</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Flexibility to identify the need for change and core capabilities in new ways</td>
</tr>
<tr>
<td>Vision</td>
<td>Establishing a clear vision for the future&lt;br&gt;Breadth of vision to indentify new opportunities&lt;br&gt;Acting on that vision</td>
</tr>
<tr>
<td>Growth</td>
<td>Growth through achievement&lt;br&gt;Growth in the size of the business and profits&lt;br&gt;Growth as reward, implying success</td>
</tr>
</tbody>
</table>

2.1.1 City-branding

The branding strategy sounds familiar in the marketing field. However, the city-branding is not new and can be traced back to the New York’s case. Most of us know the ‘I love New York’ slogan. It has been a successful city-brand for decades. The tale of New York’s city-branding began in 1977 (Godfrey, 1984). The state authorities implemented the branding campaign via marketing and advertising in several media channels. Their attitude was to promote growth in the city in terms of job creations, and private capital investment in relation to the tourism sector (Godfrey, 1984). Luke & Verreyne (2006) as well found this strategy in their study. They argued for their proposed supportive elements to the strategic
entrepreneurship framework that derived practically. They are: strategy making process, culture, branding, operational excellence, cost efficiency, and transfer and application of knowledge. On the other hand, Balakrishnan (2008) studied the success city-branding in Dubai. Therefore, we will as well apply this emerging city-branding strategy in identifying the Dubai’s entrepreneurial behaviors. Table 2-2 is a shortend supportive element framework from Luke & Verreyne (2006).

Table 2-2: Supportive Element of Strategic Entrepreneurship (applied Luke & Verreyne, 2006)

<table>
<thead>
<tr>
<th>Supportive Element</th>
<th>Entrepreneurial Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branding</td>
<td>Brand differentiation in the context of commercially oriented organizations</td>
</tr>
<tr>
<td></td>
<td>Establishing a profile independent of traditional government organizations</td>
</tr>
</tbody>
</table>

2.1.2 Sister-city Relationships

In the Dupuis et al.’s (2003) municipal-community entrepreneurship concept, they argued for the emerging sister-city strategy of cities as a public sector entrepreneurial behavior. Entrepreneurial cities set to build and sustain their international sister-city relationships to enhance for instance exchanging of know-how and technological knowledge, sharing resources, international market-creations, and trade and investments between sister-cities (Dupuis et al., 2003, pp.135-138).

2.2 Contemporary Dilemmas

In this phase, setting from the nature of internal and external environments we acknowledge that Dubai is facing with internally the growing pains, and externally the current global financial crisis. Below we will introduce the existing theories in these dilemmas as to be found in business literatures and news.

2.2.1 Growing Pains

Implications to Public Sector

There are scholars and liberal economists that use the term ‘growing pains’ when describe expansion dilemmas in public sector (e.g. Hirschman, 1980; ‘Growing pains’, 2005; EIU ViewsWire, 2006 May; Drummond, 2008; Nash, 2008). Albeit, growing pains is commonly used in the private sector, however, in the public sector, it can as well experience the same problems (Flamholtz & Randle, 2007, p.49). Hence, growing plains can be determined as problems that occur as a result of inadequate development in relation to size and complexity (Flamholtz & Randle, 2007, p.48). On the other hand, growing pains especially occur in the early stages of development (thefreedictionary).
Identifying the Stages of Growth

There is a prior step to recognize stages of growth of an entity before begin to identify the growing pains. This will help to discover more particular and accurate growing problems. In searching for an appropriate model, in a small business the growth stages are: inception, survival, growth, expansion, and maturity (Scott & Bruce, 1987). In an organizational growth, there are seven stages: new venture, expansion, professionalization, consolidation, diversification, integration, decline and revitalization (Flamholt & Randle, 2007). In an economy, there are five stages of growth: the traditional society, the preconditions-for-take-off, the take-off, the drive to maturity, and the age of high mass-consumption (Rostow, 1990).

There are three growth stages that are cited in Önsel et al. (2008) to identify growth phases of a nation. The authors configured the Business Competitiveness Index (BCI) of the World Economic Forum (WEF). They are factor-driven stage (low labour cost, and unprocessed natural resources etc.), investment-driven stage (efficiency in producing standard products and services, quality of the juridical system, and quality of research institutions etc.), and innovation-driven stage (ability to produce innovative products and services using the most advanced methods, deep cluster development, the quality of the regulator environment, the sophistication of demand conditions and of local fiscal market, and the quality of management education etc.). Having investigated potential frameworks to identify a city’s growth stage, we found four in five models that seem to be relevant. However, there are overlap phases between them. We plan to apply Önsel et al.’s (2008) configuration of the BCI, which seems to be the most appropriate framework to identify the Dubai’s contemporary growth stage.

Figure 2-1: Stages of Growth--applied configuration of BCI (Önsel et al., 2008)
In general, the cause of growing pains in an organization is that it could not cope with its growth since its internal development is too far step with its size (Framholtz & Randle, 2007, p.42). It is often that the growing pains determine that the entity is still growing but in a faster rate than its infrastructure capacity to support growth. If the organization is not able to solve the infrastructure problem, it will lead to a severer problem, and finally can cause a very serious problem as the organization collapsing (Framholtz & Randle, 2007). Figure 2-2 depicts the relation between revenue and infrastructure. The more portion on the revenue the more severity on the growing pains.

Figure 2-2: Causes of Organizational Growing Pains of Framholtz & Randle (2007,p.43)

Identifying the Pains

An entity needs to be able to identify the growing pains and their degree of severity (Framholtz & Randle, 2007). In rapid economic growth such as China, and India, they are facing with, for instance, environmental, labour-protests, skilled workforces, transport, energy, and financial problems (Pucher, 2007; Managi, 2008; ‘Now Hiring’, 2008; Li & Oberheitman, 2008). These are contemporary problems that scholars and liberal economists have observed in the emerging markets. Some problem can be cases of Dubai problems. However, regarding Flamholtz & Randle (2007), an entity should be able to identify its emergent problems and their severity, if the entity aims at sustaining the development. They further notified that growth rate at lower than 15 percent is considered as a normal growth (p. 69). A firm will double in size in approximately five years if it is growing at a rate of 15 percent per year. A rapid growth is at rates of 15-25 percent per year, a very rapid growth is at rates 25-50 percent per year, a ‘hyper-growth’ is at rates 50-100 percent per year, and greater than 100 is a ‘light-speed
growth’. In addition, they proposed steps to ease the growing pains. The entity needs to measure the degree of growing pains (p.57). The steps begin with conducting a survey on the obvious problems, scoring the survey, interpreting the scores, and finally initiate an overcoming plan to ease the pains (pp.57, 66).

Table 2-3: Firm’s Growth Rate (drawn from Framholtz & Randle, 2007, p.69).

<table>
<thead>
<tr>
<th>Growth Rate (percentage)</th>
<th>Growth Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower than 15</td>
<td>Normal</td>
</tr>
<tr>
<td>15 - 25</td>
<td>Rapid</td>
</tr>
<tr>
<td>25 - 50</td>
<td>Very rapid</td>
</tr>
<tr>
<td>50 - 100</td>
<td>Hypergrowth</td>
</tr>
<tr>
<td>Greater than 100</td>
<td>Light-speed growth</td>
</tr>
</tbody>
</table>

2.2.2 Global Financial Crisis 2008

The contemporary global crisis is emanating from the global financial crisis 2008. It is for Dubai an external factor, which has a vast impact on the majority of the global financial interests. Historically, there were several financial crises that have impacted on the world economy. Fore instance, the passed Asian crisis caused the declining 80 percent in the real estate market in Singapore (Woertz, 2009). The recent crisis in September 2008 has started to cause layoffs, real estate bubbles to burst, and spillover effect (e.g. Rosselet-McCauley, 2009). Developing projects that depend on the leverage from the foreign Direct Investments (FDIs) are typically experiencing a shortage of capital. They may have to be discontinued, and at the worst the developers can go in to bankruptcy, leaving unsolved problems for instance unemployment, poverty, and unfinished projects behind. This is a severe problem that any entities have to find ways to survive the situation to prevent the economy from collapsing totally (e.g. AP, 2009, Rosselet-McCauley, 2009).

2.3 Future Challenges

Governments that seek to grow their economy compete to attract the foreign investments to their countries (cf. Dicken, 2007; Namaki, 2008). External capitals can facilitate more rapid growth than the governments invest in the economy with the limited resources alone. Entrepreneurial governments increasingly enhance their attractiveness and competitiveness over their rivals in the global foreign investment markets (cf. Dicken, 2007) in an attempt to receive the ultimate benefits. In assessing the Dubai’s future challenges in sustaining its economic development therefore the city competitiveness is a crucial factor for Dubai to obtain the foreign investments. On the other hand, retaining the foreign investments in the city for further growth is as important. If they move their capitals from the city it may cause an economic decline. The foreign investors’ confidence therefore is as crucial. We set to investigate these two relative elements i.e. the city competitiveness and the foreign investments’ confidence in order to be
able to assess the Dubai’s opportunity in both receiving and retaining these elements. Finally, there are other city cases that can facilitate the prediction on the Dubai’s future. We can compare these cases with Dubai to investigate their comparability, and illustrate the possibility that Dubai may end up in the same tracks. In sum, for this future challenge assessing, we set to investigate three elements: city competitiveness, foreign investments’ confidence, and learning cases as we frame as reference below.

2.3.1 City Competitiveness

Several financial world organizations provide national or regional competitiveness rankings (e.g. WB; IMF; UNESCO; OECD). Their mission often is to balance the human living condition between poor and rich countries. Developed countries should aid developing countries from their point of view. However, when it comes to city competitiveness ranking there are fewer public organizations that provide this kind of information. Cities with high potential growth can play crucial roles in national or regional economy. If the world aims to reduce the gap between rich and poor, promoting growth in the potential city should shed some lights. New York, London, and Tokyo are ranked on top of the ‘global cities’ (e.g. Sassen, 2008). These cities are examples of their influences to the world economy. What actually are the global cities? According to Lemanski (2007), the notion of global cities is the cities that dominate the world affairs, linked to population size and political, economic, social and cultural infrastructure. Their top agenda are to strengthen their financial institutions, corporate headquarters and service-related industries, with obvious implications for their population size and property market. Global cities require strong infrastructure, particularly telecommunications and transport, as well as a stable socio-economic and political system in which to thrive as economic ‘hubs’ (Lemanski, 2007). From the view of foreign investors, the national competitiveness ranking can be useful to screen the country before enter (Önsel et al., 2008). Attracting the foreign investors, cities, which aim to grow, should strive to be on top of the competitiveness rankings.

Assessing city competitiveness seems to concern several factors. Many scholars include different factors in their preference analysis (Wood, 2006; Greene, Tracey & Cowling 2007; Donegan et al., 2008; Önsel et al., 2008; Burger, Wall & Knaap, 2009). In the case of Ljubljana city in Slovenia, the author employs the ‘SWOT’ analysis to analyze the city strengths and weaknesses to draw upon the city competitiveness in tourism sector (Mihalic, 1993). Her choice of SWOT analysis is distinctive from contemporary urban scholars, which tend to include massive of factors. The result from the SWOT analysis seems to be inadequate to attract the FDI since it lacks of several specific dimensions regarding investment decision. Nevertheless, she seems to aim at arguing for a new city’s strategic plan.

Greene, Tracey & Cowling (2007) argue for spatial competitiveness, which determine city capacity to increase its share of economic activity over a given period. Their summary over 22 studies of other scholars do not include the world organizations’ indicators, which they argue that they focus on ‘sustainability’ issues. However, sustainability is this thesis preference. They describe that there are two methodologies that use to survey: quantitative indicators, and expert opinion surveys. These scholars focus on two distinctive categories: geographical
(U.S. cities etc.), and physical capital (rail network etc.). They observe that the existing frameworks of these studies are inputs (innovation, human capital, firm capital, physical capital, financial capital, and quality of life), outputs (productivity: GDP), and outcomes measures (earnings and unemployment rate). They conclude that city assessment would be meaningful if the city aims at competing for the investment market otherwise it does not make sense to measure the city competitiveness since competitiveness in the city scale does not ease much inequality.

Cavusgil, Kiyak & Yeniyurt (2003) suggest two screening tools for the FDIs before enter the foreign market. They are clustering and ranking techniques. For the cluster technique, there are five dimensions to be assessed: infrastructure, economic well-being, standard of living, size of market, and the dynamism of the market. For the ranking technique, seven dimensions are to be assessed: market size, market growth rate, market intensity, commercial infrastructure/access to consumer, market receptivity, free market structure, and country risk. However, if a city aims to be chosen from the FDIs the ranking techniques imply the top ranked cities on those dimensions will be the first to be chosen. On the other hand, these techniques are proposed to be the first step. It seems like there are further steps to be considered before the FDIs actually enter the city market.

Hanouz and Yousef (2007) suggest an assessment for sustainability purpose. Their study was incorporated in the Global Competitiveness Report (GCR) of the WEF organization. Their indicators were used to assess the countries’ competitiveness as which Namaki (2008) applied as a tool to assess the entrepreneurship in the Arab countries. The factors are divided in nine pillars: institutions, infrastructure, macro-economy, health, higher education and training, market efficiency, technological readiness, business sophistication, and innovation.

On the other hand, there are at least two sources of city’s rankings that are viable. They are the World City of Commerce Index (WCCI) and the Global Financial Centre Index (GFCI). We have come to a conclusion that assessing city competitiveness is a tool to depict the city’s opportunity, and that there are credible data that we can get the accesses. We plan to gather available city’s rankings for illustrating Dubai’s competiveness in order to be able to depict its future opportunity (see chapter 4.1.6).

2.3.2 Foreign Investments’ Confidence

Foreign investments are measured to have a fast effect on economic development in the receiving countries. Entrepreneurial governments that seek to rapidly grow their economies rivalry attracting them (Dicken, 2007, p493). The benefits are that they will create new jobs, and occasionally transfer the technological knowledge in the developing countries they invest in. Dicken (2007) argued for both foreign direct investment (FDI) and indirect investment (outsourcing/offshoring etc.) have their influences in the economic growth. He observed that these dimensions should be inclusive in the measurement of the global foreign investors. He modified the foreign investments (as TNCs—transnational corporations in his concept) that they are firms that have power to coordinate and control operations
in more than one country, even if they do not own them (p. 106). His argument
distinguishes form the other world financial organization for instance the IMF
that define the concept of the FDIs as to have at least ten percent ownerships in
their international corporations to be covered in the measurement. However,
governments often emphasize only to attract the FDIs (cf. Dicken, 2007).
Nevertheless, we agree with the Dicken’s concept that both types of the foreign
investors have their influences in a rapid economic growth.

Davidson (2008) described his worries concerning Dubai’s future dilemmas. He
considered the Dubai’s success as vulnerable. He pointed out that Dubai is located
in a high sensitive area as for being center to terrorist group, money laundering,
drug smuggling and risk a dispute with its neighbour with ‘nuclear weapon
suspicion’—Iran. He furthered that these dilemmas are as time bombs. They can
cause a severe withdrawal of the FDIs and leave the city undesirable. These
predictions are future threats that can cause the city a critical economic decline.
We are interested to investigate the foreign investors’ opinion in these anticipated
dilemmas. The result from the investigation will reflect the foreign investors’
confidence in retaining in the city for a sustainable economic growth.

2.3.3 Learning Cases

There are three learning cases: Singapore, Orange County, and Detroit that we will
use to anticipate the possible consequences for the Dubai’s future. Hence, we use
the ‘case-comparison’ to illuminate the success (merely from the Singapore case),
and the risk of too vulnerable public entrepreneurship. Referring to the five phases
of business lifecycle: start-up, growth, maturity, decline, and exit (Sage, Ireland’s
Website), these three cities have experienced the decline phase i.e. Singapore was
in Asian financial crisis, which caused a severe downturn in its economy (Woertz,
2009), Orange County was the largest city bankruptcy in the US’s history
(Halstead, Hegde & Klein, 2004) by which the misfortune was caused from its
vulnerability on high-risk taking, and Detroit is experiencing a massive migration
on its population due to its dependency on automobile industry. Below, we will
introduce the cases’ description in order to illustrate their success and failure that
Dubai can learn from.

Singapore

Singapore had experienced the Asian financial crisis, and was in a severe economic
downturn as its real-estate sector fall down 80 percent in prices (Woertz, 2009).
However, it has recovered from the crisis in only few years (Little, 2007), and even
become better in terms of one of the world’s leading competitive cities. There are
several authors that compare Dubai with Singapore for their rivalries. We select
two authors to frame a reference. The first one is Namaki (2008) who observed
that Dubai could either become competitor or collaborator to Singapore. He
applied two tools: 1) global competitiveness index (GCI) 2004 and 2005 and 2)
Porter’s diamond analysis. His result illustrated that Dubai should learn from

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Singapore's mistakes and seek to cooperate instead of heading for a competitive collision. The second author is Little (2007) who concluded that Dubai has not yet potential to compete with Singapore in terms of the world's largest port. We set these two authors' references to firstly learn from Singapore i.e. from the Little's study on how it tackled the financial crisis and even become better in terms of competitiveness. Secondly, we will investigate the Little's conclusion as to that Dubai is still much behind Singapore. Setting from the Namaki's method we will compare the current Global Competitiveness Report (GCR) and extend to compare the other competitiveness rankings in order to examine the Dubai's performance in comparison with Singapore if it is true that Dubai is still much behind Singapore.

*Orange County Bankruptcy*

In order to learn from history, we turn to one of the worst cases of public entrepreneurship of Halstead et al. (2004). They suggested that a city could go bankrupt. It was true in the US when Orange County was filed for bankruptcy in 1994. The event was the most significant in the US's history. At time, the county committed an unprecedented loss for $1.7 billion. It started from an announced law that allowed municipalities to seek creative ways to increase their revenues without raising taxes. They came up with the idea of issuing municipal bonds, and invested the leveraged capital via municipal investment enterprises. The investment enterprise of Orange County was named Orange County Investment Pool (OCIP). The OCIP invested by betting public money on the interest rate fluctuations. Since the establishment, it increasingly employed aggressive strategy for the investment. There was a critic on the county’s investor (a treasurer) that he was under-qualified to decide for this kind of financial investment. He finally committed a huge mistake, which led to the county’s bankruptcy. The authors lastly discussed the learning-lesson that there were a lack on municipality’s transparency on its investment strategy, and a need for regulatory for the municipality’s internal control.

*Detroit is Fading Away*

The Detroit case creates a scenario for an extreme case of population migration—a ghost town. As far as we know, a ghost town is most likely to happen in a small city where it starts with a severe decline in economic activities. However, in our age, there have not occurred that all population has abandoned a large city like Detroit. The city used to be one of the US’s major cities but at present it is experiencing a substantial decline in its economy and population. News about Detroit reported that the city is fading away (Förberg, 2009). Förberg (2009) had visited and observed the situation. His report tells us that around half of the population (decreasing from two million to nine hundred thousands) has abandoned the city. Detroit is prominent by the automobile industries, which some times ago started to cut their productions in the city. Subsequently, they have moved their plants to the cheaper areas. Further, the incidence is getting worse after the global financial crisis. Its three major car producers are in an extreme uncertain situation. Recently, some houses there are selling at one dollar, and

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empty buildings and offices are competing to be occupied. The unemployment rate here is one of the highest in the US (10.6 percent). Detroit has committed at least one mistake that is it is failed to diversify its economy from the automobile industries. From the Detroit’s case, if applying the business lifecycle aforementioned, we can develop a possible public entrepreneurship lifecycle in order to set up a worse case scenario—if Dubai will end-up on the decline phase, what can Dubai do to tackle the situation before falling further to the exit phase.

*Summary on the Frame of Reference*

To sum up, we divide the investigation on the Dubai’s entrepreneurship into three main aspects: historical analysis, contemporary dilemmas, and future challenges. The first phase—historical analysis, is modified to investigate the initiative of the Dubai’s entrepreneurship that is to investigate its strategic entrepreneurship. This observation will help us to identify Dubai as a public entrepreneur through its strategic entrepreneurial activities. In this stage, we plan to apply the strategic entrepreneurship framework of Luke & Verreyenne (2006) (see chapter 2.1). The second phase—contemporary dilemmas, we acknowledge that Dubai is facing two ongoing problems both internally and externally. They are growing pains, and the global financial crises. The investigation to these problems will illustrate its current situation, degree of the problem, and how Dubai has tackled them so far, which will facilitate the anticipation on the future challenges. In the third and last phase—future challenges, we will investigate the Dubai’s competitiveness, foreign investors’ confidence, and learning cases from three other cities: Singapore, Orange County, and Detroit from their mistakes, and set up a worse-case scenario, if Dubai will end up in a decline phase by applying the business lifecycle. By examining these aforementioned units, we will arrive on whether Dubai’s economic growth model is viable or on the opposite.
3 Methodology

In this chapter, we present the blueprint for the research method in order to control the quality of the research process i.e. data collecting, coding and criteria, and trustworthiness.

3.1 Considerations for Methodology

In this part, we discuss three considerations concerning methodology. They are: logic of methodology, ethics in research, and uses of theory.

The logic of methodology takes it departure after deciding to do a research, or in as our case a master thesis. The purpose of doing a research can be for instance to collect new information or utilize existing knowledge for a new purpose, to answer worthwhile and fundamental questions, to justify methods employed, or to gain new knowledge (Verma, Mallick & Nesham, 1998, p.3). The methods or techniques that are employed in conducting a research are called methodology (Verma et al., 1998, p3). Silverman (1993) suggests that there are real choices to be made and that researchers must find the best methodology that tackles answers, which are reliable and valid (cited in Verma et al., 1998, p.3).

The best methodology is not the only concern in conducting a research. Churchill (1999) points out that ‘ethics’ apply to all situations and activities in which there can be actual or potential harm of any kind to anybody (cited in Ghauri & Grønhaug, 2005, p.19). It is also true - and perhaps in particular so - in the research field. Researchers must consider their ethical responsibility, which is to ensure that the research does not cause embarrassment or any other disadvantage to participants who have provided the data (Ghauri & Grønhaug, 2005, p.20). The extent of moral depends on the researchers’ consideration themselves (Ghauri & Grønhaug, 2005). Some may be tolerant to more sensitive issues while some may not. The ethical responsibility is also applicable in usage of Internet for data collection regarding privacy on using information without the data owners’ consent (Ghauri & Grønhaug, 2005). This thesis data collection is partly from the Internet. We choose to add integrity to our thesis by bearing in mind ethical responsibility towards our participants with or without their consents.

Before beginning a research, investigating the existing knowledge or ‘theory’ in the given field is essential. We cannot ignore the consequences of the possibility that our research inquires might have been investigated before or if there are any valid theories that can be tested to give us insights to the research questions. Moreover, in reviewing the theories, Ghauri & Grønhaug (2005) suggest that they should have their focus on specific aspects, and present a systematic view, to enhance explanation and prediction to the phenomena or problems studied (p.40). In addition, the chosen theories can be positioned in different places, for instance, in the beginning or the end of the research in respond to the researchers’ approaches (Creswell, 2009). In this thesis we compare the existing theories according to Ghauri & Grønhaug’s (2005) suggestion within our Jönköping university library and Internet resources, and choose to put the theory part in the beginning in order
to then outline the methodology in accordance with requirements from the theoretical approach (Yin, 2009).

3.2 Research Approach

Various authors in different sciences with different research problems come up with different research approaches. Our thesis aims to assess a public entrepreneurial attitude, which applies within the business field. Our study concerns public administration, and it is therefore a social science (cited in Yin, 2009, p.5). On the other hand, Creswell (2009) suggests three central research approaches: quantitative, qualitative, and mixed approaches (p.69). The distinctions between quantitative and qualitative are that for instance the quantitative method deals with statistic as in survey research while the qualitative method deals with people’s words as in people’s behavior research or ethnography (Silverman, 2000, p.1). According to Hammersley (1992), we should not limit our choices between any ideological distinctions but should decide on approaches, which are corresponding to our research purpose, description, the accuracy of the description, and the resources available (cited in Silverman, 2000, p.12). In our preference, the qualitative approach is inline with the thesis purpose since we seek to understand people’s behavior i.e. Dubai’s policymaker’s attitudes in its entrepreneurial strategy.

However, in order to overcome strong criticisms of the qualitative approach such as reliability, and validity (Silverman, 2000, p.9), researcher can choose to employ a more instrumental approach than the qualitative approach alone that is the mixed approach for instance the main approach is the qualitative and the complementary approach is the quantitative. Similarly, the idea of mixed approach is as well recommended by Yin (2009, p.62), and Creswell (2007) mentions five traditional qualitative approaches to choose from: narrative research, phenomenology, ground theory, ethnography, and case study. Every research method has its own advantage and disadvantage, and that researcher needs to appreciate these differences (Yin, 2009, p.6). While for instance a narrative approach deals with face-to-face interview, phenomenology deals with understanding human life, ground theory deals with generating theoretical insights, ethnography deals with describing social group, and case study deals with understanding social phenomena (Bloor & Wood, 2006). We choose to employ the case study approach as the most suitable methodology since it seeks to understand social phenomena i.e. Dubai’s large-scale development. However, the ground theory, and ethnography approaches seem as well applicable to the research purpose. The outcomes of such an approach could in fact end up in a similar result as the case study approach. To test this assumption, one can replicate our study by the speculated approaches (ground theory and ethnography), and see if they arrive at the same conclusions. On the other hand, if one re-does the ‘same’ study i.e. conducting the same study with the same method as our (case study method) all over again, if the study arrives at the same conclusion it determines ‘reliability’ on our thesis (Yin, 2009). In this manner, we have suggested our audiences how to test the thesis reliability, which can as well be interpreted as a degree of credibility to the thesis.
3.2.1 Case Study Approach

We seek to understand the public entrepreneurial phenomenon, and in that ambition Dubai's entrepreneurship is a worthwhile study object. Recently, Dubai has received much attention due to its aggressive entrepreneurial behaviour. The city is critical in its rapid large-scale development, and the vulnerability of its success is obvious (Davidson, 2008). Studying Dubai as a case study can provide knowledge and lessons for public entrepreneurship either by its success or by its failure. Case studies are a common research method in the social science disciplines (Yin, 2009, p.4). There are a number of requirements for a successful case study approach: for instance, the cases need to be fairly well delineated and a specific phenomenon ought to be sought (Yin, 1984). This research approach can as well be used to investigate complex social phenomena, and drawing conclusions to larger events (Yin, 2009).

3.3 Case Study Design

For the case study design we rely on Yin (2009) for his rational and popular case study method. The first distinction to be made in a study applying a case study design is between single and multiple-case studies. Our study is an exploratory study where we aim to assess the degree, features, and quality of public entrepreneurship. Rationally, we choose to study an unrepresentative case (Dubai) to give an exploratory view on the nature of public entrepreneurship. Our choice is a single-case study since it is only one unit to be analyzed (Dubai). However, there are wide criticisms on the single-case study approach in terms of validity, reliability, and possibilities of generalization (Yin, 2009). The next distinction to be made is whether one should apply an embedded or holistic technique (Yin, 2009). The embedded design aims to study sub units that are embedded in the chosen case while the holistic design aims to study a whole nature of the case (Yin, 2009). In the embedded design, a mixed method is applicable. According to Yin (2009) investigator can choose to study mainly on the larger embedded unit or on the contrary mainly on the smaller embedded units. Another possibility is to study smaller units as a complementary implication to the larger unit. In sum, we choose to apply the mixed methods in terms of embedded design by analyzing two units: main unit and embedded unit (see chapter 3.3.1).

3.3.1 Unit of Analysis

A key task for investigators is to identify the unit of analysis corresponding to the research questions (Yin, 2009). Our main question seeks to evaluate the city’s entrepreneurial activities in economic development, and attracting the FDIs. Therefore, Dubai's entrepreneurial activities that influence the city strategies are the main unit to be evaluated. An embedded unit that can answer the question concerning the city's attractiveness is the foreign investors. There are either the investors that have or have not entered the city. The existing foreign investors are influential in terms of current rapid economic growth, and threats on potential withdrawal (Davidson, 2008). They can answer questions concerning for instance motives on entering, and threats on future withdrawal, which corresponding to the city's attractiveness. Hence, we shall explore whether the foreign investors are confident with the city’s future.
3.4 Data Collection

3.4.1 Secondary Data

After identified the unit of analysis, the next step is to design the data collection. Data collection can be performed through seeking secondary or primary data (Ghauri & Grønhaug, 2005, p.91). Secondary data are information collected by others for purpose that can be different from ours (newspapers, research journals, governmental documents etc.), and primary data are original data collected by us for the research problem at hand (observation, interview etc.) (Ghauri & Grønhaug, 2005, p.91). Many scholars recommend that all research should, in fact, start with secondary sources (Ghauri & Grønhaug, 2005, p.91) in which we agree to apply. Secondary data advantages are among inexpensive, easy to access, help to understand research field and identify areas of potential concerns that merit in-depth investigation based on primary research (cited in Ghauri & Grønhaug, p.97). The important disadvantage of the secondary data is that they are results from other studies, which tend to have different purposes and measurements from our study (Ghauri & Grønhaug, 2005, p.97). To solve this problem, we have to understand the purpose of data collection for the source we are using (Ghauri & Grønhaug, 2005, p.97).

Stake (1995) suggests various techniques in case study data collection such as observation, interview, and document review. We will use the document review (or ‘documentation’ in Yin, 2009) from his suggestion. The observation technique is not fit to our purpose since it requires investigator to be in the research field and makes the field notes, which takes long time (Bloor & Wood, 2006). On the other hand, Internet becomes a popular tool for data collection (Bloor & Wood, 2006). The benefits of using Internet are that it is inexpensive, immediate, and
international (Bloor & Wood, 2006). We will collect a considerable amount of data through medium of the Internet i.e. via websites (cf. Ghauri & Grønhaug, 2005; Bloor & Wood, 2006). In sum, our chosen data collection techniques are document review that we can get access through the Jönköping university library, and the data resources on the internet.

3.4.2 Primary Data

Primary data advantages are that they are consistent to the research purpose, and the update of the data (Ghauri & Grønhaug, 2005, p.97). The researcher can here grant reliability. The disadvantages are that it is time-consuming and costly, unexpected factors may influent and interfere with efficient data collection, and the possibility of data distortion by the respondents (Ghauri & Grønhaug, 2005, p.97). An inexpensive and convenient way to acquire the primary data is via email and telephone interview. For an important strength of the email method is that the interview is more structured (Bloor & Wood, 2006). However, the email interview is like the postal interview where the respondents sometimes do not respond immediately, and are at worst unwilling to cooperate (Bloor & Wood, 2006). The telephone interview enables cross-border interviews in real-time, and encourages the interviewees to discuss more than the email approach (Bloor & Wood, 2006). We will use the email and telephone interview in order to exploit their advantages, and overcome the pitfall on low rate respondents on the email interview. For the interview we decide to interview four example companies of the existing FDIs that we are able to access. The result of this data will provide an update slight indication to our complementary unit—the foreign investors’ confidence.

In sum, as illustrated by advantages and disadvantages of secondary and primary data, we need both data sources in our research. Secondary aggregated data is the principal source of knowledge. The primary data is the complementary due to its ability to provide update information that we outlined to investigate from the secondary data.

Interview Question

For primary data, it is the matter of the interview questions of how to design them as good as possible to be able to acquire the data that we want. Good case study questions should be direct, synthesis, connected to the case, and precise (cf. Stake, 1995). The design of the interviewed questions should be planned toward the aim of the data to be analyzed, and the researchers should be able to explain the reason behind the questions, and what he or she wants to receive from the questions (Schaeffer, Mendehall III & Ott, 2006). We plan to investigate the complementary unit—the foreign investors’ confidence in sustaining their investment in Dubai. We have set the questions into two parts. The first part, we aim to investigate preferred features to make them stay in Dubai by adopting the question from Hanouz and Yousef (2007). The second part is to examine the Davidson’s (2008) inspections about the future threats that can cause the foreign investors’ withdrawal in Dubai (see chapter 3.3.1 and appendix A).
3.4.3 Piloting

Piloting refers to the conducting of preliminary research prior to the main research (Bloor & Wood, 2006). The benefits are that pilot cases provide information about relevant field questions, the logistics about the field inquiry, and the preparedness (Bloor & Wood, 2006, Yin, 2009, p.94). The only disadvantage of piloting is the addition of resource requirement (Bloor & Wood, 2006). We have decided to carry out a limited pilot study in order to refine, and develop our research design within a timeframe of one week. Albeit, the more piloting the better outcomes, we have to move on to the other tasks in order to finish the case study in time (Yin, 2009). The Dusit Thani hotel is our piloting case, where we learn to adjust our interview questions for a more respondent-friendly etc. This process is worthwhile since it saves time from mistaking in the real interview process.

3.5 Coding and Criteria

Coding is classification and comparison of data analysis (Ghauri & Grønhaug, 2005, p.158). Yin (2009) suggests this stage as ‘linking data to propositions’ (p.34). Among the suggestion techniques: explanation building, time-series analysis, logic models, cross-case synthesis, and pattern matching, the pattern matching is suitable to our case (Yin, 2009, p.34). Other techniques are not fit to our purpose. The explanation building is a pattern matching but aims to arrive on an explanatory view (cf.Yin, 2009). The time-series analysis is for a longitudinal observation, as same as the logic models, and the cross case synthesis is for multi-case studies (Yin, 2009). The pattern matching is to compare an empirical pattern with a predicted one (Yin, 2009, p.136). If the patterns coincide, the results can help a case study to strengthen its validity (Yin, 2009, p.136). We aim to arrive at an exploratory view this technique can help us matching propositions with evidences. For secondary data, the document review regarding investigation of the Dubai’s entrepreneurship are to be interpreted by our intuition, experience, and logistic (cf. Ghauri & Grønhaug, 2005, Yin, 2009). Through interpretation researchers make sense of the data (Ghauri & Grønhaug, 2005). For primary data, prior to our literature review, there are suggestions on the potential assumptions that can dull the foreign investors’ confidence in Dubai. We plan to interview our chosen foreign investor examples (see appendix C) for a suggestion if the assumptions are true or false by an interview (see subchapter ‘interview questions’).

3.6 Cross-case Comparison

Under the induction logic, theory building can be created from cross-case comparison (cf. Eisenhardt, 1989). We plan to investigate the iterative patterns in chosen cases in chapter 2.3.3 in order to shape feasible new assumptions (cf. Eisenhardt, 1989). This plan will not only facilitate the theory building but also will strengthen the trustworthiness of the thesis’s result (e.g. Eisenhardt, 1989; Yin, 2009). However, since our method is not a multiple case study therefore we aim to merely develop our understanding towards learning-lessons from these cases instead of building a full hypothesis. In comparing Dubai with Singapore, Orange County and Detroit we seek to investigate if Dubai has potentials to replicate
Singapore, be trapped in a state of bankruptcy (Orange County), or enter into a declining phase and or in an exit phase as in the business lifecycle phases (Detroit), and through these comparisons develop our understanding towards the comparison.

3.7 Trustworthiness

Validity is the extent to which the research produces an accurate version of the world while reliability is the extent to which research produces the same result when replicated (Bloor & Wood, 2006, p. 147). Researchers can construct both validity and reliability in different research phases (cf. Yin, 2009). There are four tests: construct validity, internal validity, external validity, and reliability, which can be carried out to guarantee the research’s validity and reliability (Yin, 2009). Below, we illustrate the tests that we have planned in this research.

Table 3-1: Four Design Tests to the Thesis’s Trustworthiness (adjusted from Yin, 2009, p. 41)

<table>
<thead>
<tr>
<th>TESTS</th>
<th>Case Study Tactic</th>
<th>Phase of Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct validity</td>
<td>Use multiple sources of evidence (triangulation)</td>
<td>Data collection</td>
</tr>
<tr>
<td>Internal validity</td>
<td>Pattern matching</td>
<td>Data Analysis</td>
</tr>
<tr>
<td>External validity</td>
<td>Use of theory in single-case studies</td>
<td>Research design</td>
</tr>
<tr>
<td>Reliability</td>
<td>Interviewing Possibility of redoing of the same study</td>
<td>Data collection</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Conclusion</td>
</tr>
</tbody>
</table>

Test 1—the construct validity, we use ‘multiple sources of evidences’ that are secondary data: document review from various sources and primary data: interview, which are explained in 3.4. Test 2—the internal validity, we employ the ‘pattern matching’ concept by comparing the empirical patterns with the predicted ones, which is explained in 3.5. Test 3—external validity, we place the existing theories on top of the thesis (chapter 2) corresponding to our research problems and to help outline the research method that corresponds to our theoretical framework, which we explain in the last part of 3.1 ‘uses of theory’. Test 4—reliability, the interviewing and possibility of receiving the same result on redoing the same study with the same method as we explain in 3.2 and 3.4 can reflect reliability of this thesis. In addition, the pilot study is another way of increasing reliability since it helps to reduce mistakes in the real interview, which is explained in 3.4.2.
4 Case Description

In this chapter, we present the findings on the case’s unit of analysis i.e. the main unit—the Dubai’s government entrepreneurship phenomenon, and the complementary unit—the existing foreign investors’ confidence, which we outlined in chapter 3.

4.1 Main Unit: Dubai’s Entrepreneurship Phenomenon

“We must ease the lives of people and businesses interacting with the government and contribute in establishing Dubai as a leading economic hub”

H.H. Sheikh Muhammed bin Rashid Al Maktoum (2001)

Dubai is an emirate in seven emirates of the United Arab Emirates (UAE). The UAE is composed of Abu Dhabi (capital), Dubai, Sharjah, Ajman, Umm Al Quwain, Fujairah, and Ras Al Khaimah. The seven states were formerly known as Trucial states of the Persian Gulf coast, which granted the UK control of their defense and foreign affairs in the 19th century treaties (The World Fact Book). Along with the UK’s completed withdrawal on 2 December 1971, the states began their creation of the UAE. On the other hand, before its independent day, the cities found their oil resources in 1966 (IBP, 2005, p.17), significantly in Abu Dhabi. The oil revenue was the base for the country’s opulence, which soon after is exploited to trigger a rapid urbanism of the country. This was the case in Dubai, which also subsequently developed an ambition to become a global trade hub. The geography of Dubai is seen to have an advantage. It is located in the middle of the world, which facilitates the transition of goods between Middle East, Europe, Asia, and Africa. Abu Dhabi and Dubai are the most important states in the UAE. In terms of area, they are the first and second largest cities. Dubai poses 3,885 square kilometers while Abu Dhabi poses 80 percent area of the country (IBP, 2005). Dubai current population is around 1.5 million with a high number of expatriates i.e. 80 percent of its population (IBP, 2005). In terms of economy, Dubai and Abu Dhabi generate the majority of the country’s GDPs. And in terms of politics, they solely have veto power while the rest of the emirates possess less power.

The type of government is constitutional monarchy, and is autonomous to the federal government of the UAE. The UAE federation has a loose control of emirates, whereas each emirate has its own ruler, and power to decide over its primary issues. There is only one royal family who has reigned over Dubai since the 1830s, the Maktoum family. They were Bas yani tribe, which came from Lawi (IBP, 2005, p.17).
4.1.1 State-owned Institutes and Enterprises

Dubai government invests both in public and private sectors. There are 28 departments for public services, which appear to aim for not-for-profits. In addition, there is an undefined number of private institutes that relate to the Dubai governmental investments. However, it appears in various sources of data that the ruler of Dubai, H.H. Muhammed, is credited for several initiatives including major state-owned companies. Three significant finance/investment companies that aim for-profits are Investment Corporation of Dubai (ICD), Dubai Holdings, and Dubai World. Under the ICD, there are 27 companies in various sectors, which range from finance to holdings. A significant company in the financial sector is Borse Dubai, which monitors the financial markets: Dubai International Financial Exchange (DIFC), and Dubai Financial Market (DFM). Another significant company is Emirates Group in the transport sector, which owns the Emirates Airlines, one of the world best performing companies (Sull, Goshal & Felipe, 2005). Under Dubai Holdings and Dubai World, there are companies that aim to urbanize and develop the city such as Tatweer, Dubai Group, DP World, and Nakheel. Notably, the Dubai Holdings with its inward success has been expanded outwardly (Felix, 2009). This set-up is in itself a sign of how the Dubai government attempt to tap into global trends.

The government-steered operation of ICD is termed of a ‘Sovereign Wealth Fund’ (SWF). It acts as an investor by exploiting public assets (c.f. SWF Institute). The SWFs are increasingly recognized phenomenon in financial discipline. However, it manifests an increasing role of wealthy national entrepreneurship, particularly, in terms of high-risk-taking. Below, find an interesting definition of this kind of governmental entrepreneurship from a newly established SWF Institute.

"A Sovereign Wealth Fund (SWF) is a state-owned investment fund composed of financial assets such as stocks, bonds, real estate, or other financial instruments funded by foreign exchange assets. These assets can include: balance of payments surpluses, official foreign currency operations, the proceeds of privatizations, fiscal surpluses, and/or receipts resulting from commodity exports. SWFs can be structured as a fund, pool, or corporation. The definition of sovereign wealth fund exclude, among other things, foreign currency reserve assets held by monetary authorities for the traditional balance of payments or monetary policy purposes, state-owned enterprises (SOEs) in the traditional sense, government-employee pension funds, or assets managed for the benefit of individuals.

Some funds also invest indirectly in domestic state-owned enterprises. In addition, they tend to prefer returns over liquidity, thus they have a higher risk tolerance than traditional foreign exchange reserves.”

SWF Institute’s Website

In this section we distill information from the SWF Institute’s Website. Around 61 percent of the SWFs have their wealth related to historical incomes from gas and oil exports. The other funds have their wealth for instance from high rates of national savings such as GIC—the Government of Singapore Investment Corporation. Comparing by regions, the Middle East accounts for the highest number of SWFs in the world with 44 percent, following by Asia with 35 percent. The numbers show the wealthy characteristics of countries that have oil resources. The wealth by which can be translated into the available resources have driven
them to find a creative way to grow their wealth, which is taking-risk and investing to yield returns. This is also the case of Dubai that has its opulence originally from oil resources. The situation structurally drives the city to strive to sustain and grow its wealth, through investing and taking risks, acting like an entrepreneur (see figure 4-1) Dubai has approximately an investment portfolio of $ 80 billion, and is ranked eighth in the world’s 50 governmental fund sizes.
Figure 4.1: Dubai State-owned Institutes and Enterprises (Dubai's government website; ICD's website; Hultberg & Lindback, 2008)
4.1.2 Dubai’s Shifting Strategies

Davidson (2008) described Dubai’s shifting strategies from oil strategy to diversification. Below are our findings combining the Davidson’s investigation and the Dubai strategic plan 2010. Dubai is contemporary 96.8 percent not depend on the oil sector (Dubai’s GDP 2006).

Figure 4-2: Dubai’s Shifting Strategies

<table>
<thead>
<tr>
<th>Table 4-1: Dubai’s GDPs</th>
<th>2006</th>
<th>2007</th>
<th>Singapore(^4) 2007</th>
<th>World(^5) 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (Billion)</td>
<td>61</td>
<td>65</td>
<td>161</td>
<td>54,347</td>
</tr>
<tr>
<td>Population (Million)</td>
<td>1.4</td>
<td>1.5</td>
<td>4.6</td>
<td>6,600</td>
</tr>
<tr>
<td>GDP per capita(^8)</td>
<td>43,571</td>
<td>43,333</td>
<td>35,000</td>
<td>8,234</td>
</tr>
<tr>
<td>GDP growth(^9)</td>
<td>6%</td>
<td>11%</td>
<td>8%</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

\(^3\) Currency Convertor from AED to US dollars (currency on 2006-12-29 and 2007-12-29) from www.greenwitchmeantime.com.
\(^6\) Sources: GDP 2006 from Dubai Statistic Center and Dubai set to sustain 11pc GDP growth.
\(^7\) Source: Population and Vital Statistics from Dubai Statistic Center.
\(^8\) Calculated by GDP divided by population.
\(^9\) Source: Dubai Set to Sustain 11pc GDP Growth.
Historically, the last decades, Dubai was successful in terms of rapid economic growth. From the past decade, the city GDP growth rate was as high as fastest emerging economies such as China, and India (DSP 2015). The most recent strategy of Dubai was announced in February 2007, namely the Dubai strategic plan (DSP) 2015. The strategic plan was created for ten years period, 2005-2015. The theme of the DSP 2015 is “Dubai…where the future begins”, and the strategic approach is to develop the emirate’s most dynamic economic sectors. This strategy was created with a “consultative approach”, which defines Dubai’s consideration towards its stakeholders and a possible future cooperation. The DSP 2015 covers five sectors: (1) economic development, (2) social development, (3) infrastructure, land and environment, (4) security, justice and safety, and (5) government excellence. Below we investigate the governmental entrepreneurship towards the economic development in Dubai.

In the economic development sector, there are two main approaches: (1) economic growth, and (2) enhanced labour productivity and sector development.

The (1) economic growth is translated into a future growth in the city’s GDP. First, Dubai strives to sustain eleven percent in GDP growth per annum from current $37.4 billion to $108 billion by 2015 (Rahman, 2007). Second, it strives to increase 41 percent per capita of GDP from $31,140 to $44,000 by creating 882,000 new jobs and bringing total employment to 1.73 million by 2015 (Rahman, 2007).

---

10 Please note that it could be confused with the Dubai municipal strategy 2011, and the UAE strategic plan 2010. The relations and overlaps with the other strategies fall out from our study since we set to explore only the Dubai government.
The (2) enhanced labour productivity and sector development aims to:

- Increase productivity four percent per annum
- Move existing sectors of strength to new frontiers both internally and externally
- Create new sectors of strength with sustainable competitive advantage
- Promote innovation to develop new sectors and increase productivity

Eight paths to achievements from these two aims are:

(1) Sector focus and development—moving Dubai to a new growth path, coupled with further diversification, while maintaining focus on high-value added sectors that can boost overall economic growth.

(2) Productivity growth—transforming Dubai to a hub of business excellence by raising the productivity of economic sectors and maintaining high production quality standards.

(3) Human capital excellence—preparing Dubai’s workforce for the high-value, knowledge-driven economy, which requires attracting and retaining highly skilled employees, improving Nationals’ qualifications and increasing their motivation.

(4) Science, technology and innovative capability building—turning Dubai into a vibrant science and technology hub in targeted sectors, by supporting the development of existing sectors, and establishing the right environment for nurturing the post 2015 economy.

(5) Cost of living and doing business management—ensuring and maintaining Dubai’s competitiveness by managing the rising cost of living.
(6) Quality of life improvement—establishing Dubai as a preferred home for current and future residents by improving the well-being of citizens and residents, and helping them live healthier lives enriched with opportunity and choice.

(7) Policy and institute framework excellence—striving for excellence in economic policy-making and development through coordination with the Federal Government, provision of adequate data, and strengthening the institutional framework and capabilities.

(8) Laws and regulations alignment—aligning Dubai's economic laws and regulations with international best practices and standards.
This is a vision and must be read as such. From an analytical point of view, differentiation between means and ends could of course be discussed.
Below is a Sheikh Muhammed’s quotation by which manifested the Dubai’s aims on economic development in terms of sectors.

“We will focus on the strong sectors in our economy including tourism, trade, transportation and financial services.”

Sheikh Muhammed (cited in Merzaban, 2007).

4.1.4 Dubai’s Growing Pains

In May 2006, Economist Intelligence Unit (EIU ViewsWire, 2006) reported signs of Dubai’s growing pains, and inspected a reputation risk towards its rapid development model and as being the first-mover in the region. The problems identified are among others: supplying infrastructures to meet demands (roads, power and water supplies, and transportations etc.) particularly in the real-estate sector; soaring on rental prices (residential, commercial and office space buildings); high labour costs, and a small number of governmental executives. Albeit the government and its ruler had proved to be effective in the past, the time to slowdown and renew their ambitious strategy in order to accelerate growth has apparently come. The EIU concluded that Dubai has developed too much, too soon, and will commit mistakes.

In November 2007, the Economist reported the labour pains (2007) in Dubai. The migrant construction workers were on a large demonstration requesting for better wages, accommodations, and transportations. The economist argued that these labour pains will persisted as long as the government will continue to sustain the economic growth by maintaining low costs on labour.

In June 2008 before the current financial crisis, the UNWTO (2008) pointed out in the world tourism barometer that the city had a stable situation in the tourism sector albeit the city had serious human resource problems and that massive accommodation and entertainment projects were still underway (see 4.1.5. tourism destination). In addition to the same period, the EIU ViewsWire (2008) reported similar problems of growing pains (infrastructures and high prices), and a new sentimental problem between government and the foreign property owners concerning residence visa renewal. This caused concerns among the foreign property owners and manifested an absence of comprehensive in real-estate law.

Whitelaw (2008) identified beginning of the growing pains such as real estate bubble, high inflations and cost of livings, and traffic problems in particular the traffic problems, which can take a decade to be solved.
4.1.5 Tackling the Global Financial Crisis 2008

In January 2009, Rosselet-McCauley (2009) speculated declines in SWFs’ value of rich countries including the Gulf States after the current financial crisis. The degree of damages will depend on the governments’ investments in their future competitiveness, which are diversification in economic activities, and social infrastructure, in particular education. If the governments invest substantially in these features, they will most likely experience a higher degree of damages.

In February 2009, Laurent (2009) reported about Dubai issued government bonds to Abu Dhabi’s government. The bonds were worth $10 billion selling to the UAE central bank. Another $10 billion bond issues are planned to sell on the open market as five-year bonds in 2012 or 2013. Laurent (2009) inspected that the Dubai government attempted to opt to loan from the public instead of receiving a second help from Abu Dhabi.

The latest news was announced by the IMF that predicted that even many countries take bold steps in turning things around, the global economy will shrink 1.3 percent this year (cited in AP, 2009).

"We can be fairly confident that in 2010 or even 2011, economies will not be back to normal," said IMF chief economist Olivier Blanchard. "Which means that governments should today basically think at least about contingent plans for infrastructure spending. ... Next year will be too late."

This global financial crisis is likely hit Dubai in at least two different ways: firstly, through the possibility that funds are shrinking, reducing the ability for Dubai to continue its massive public investment program. Secondly, it may reduce the flow of FDI’s financial flows and tourism.

4.1.6 Dubai’s Competitiveness

City rankings in various dimensions can be used to assess a city’s future prospects, economic growth, FDI’s inflow, position on the market, thus providing guidelines for cities to improve their competitiveness. We collect the rankings in five dimensions. They are competitiveness in terms of business hub, financial hub, container port, tourism destination, and FDI’s destination. Below are data from credible sources that we outline to assess the Dubai’s competitiveness.

1) In terms of business hub

These rankings are funded by the world well-known MasterCard. The worldwide centers of commerce index (WCCI) have carried out by thirteen experts in economy, urban study, social sciences, and payments. A familiar author of the reports is professor Sassen, which is known for her ‘global cities’ concept (Sassen, 2005). Seven factors have been developed to rank the world cities, they are: 1) legal and political framework, 2) economic stability, 3) ease of doing business, 4) financial flow, 5) business center, 6) knowledge creation and information flow, and 7) livability. The table 4 is collapsed rankings on Dubai, its potential rivals
(Bahrain, Doha, and Singapore) and other random cities (Bangkok and Stockholm). The result of the Dubai’s score on each factor is illustrated in figure 4-5.

Table 4-2: Worldwide Centers of Commerce Index (WCCI, 2007, 2008)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Rank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dubai</td>
<td>37th</td>
<td>44th</td>
</tr>
<tr>
<td>Bahrain(^{12})</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Qatar</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Singapore</td>
<td>6th</td>
<td>4th</td>
</tr>
<tr>
<td>Bangkok</td>
<td>36th</td>
<td>42nd</td>
</tr>
<tr>
<td>Stockholm</td>
<td>17th</td>
<td>16th</td>
</tr>
<tr>
<td>No. of cities</td>
<td>50</td>
<td>75</td>
</tr>
</tbody>
</table>

Figure 4-5: Dubai’s WCCI Scores
Source: WCCI (2008)

Dubai received significantly low point in the factor six—knowledge creation and information flow, only eight points in 100 points. On the factor four—financial flow, Dubai received as well a low point of which not even exceeded half of the full point i.e. 23 points in 100 points.

Nevertheless, the paradox is the dimension 5)—Dubai as a ‘business center’. In 2008, Dubai was on a high rank in the world i.e. ranked fifth among other top ranked world cities (see figure 4-6). The high ranking was a result of the Dubai’s geographical and logistics and transportation competencies (see figure 4-7 for indicators). Moreover, the importance of global IT expansion has less meaning in this category (see figure 4-6), implying its low score in information flow was not included in this calculation thus it received a high score.

\(^{12}\) Bahrain and Qatar are small countries not cities in the Middle East. However, their major cities, which are Manama and Doha are less mentioned in city rankings. Bahrain and Qatar seem to be common names for city rankings (see table 4-3 for instance).
II) In terms of financial hub

The Global Financial Centres Index (GFCI) is published by the City of London\textsuperscript{13}. The Z/Yen Group—a private company, produces the reports for the City of London. There are various authors in different issues, nevertheless the overall project is led by Mark Yeandle. The reports are published twice a year i.e. in March and September. The first issue was published only in March 2007.

\textsuperscript{13} http://www.cityoflondon.gov.uk/Corporation
The indexes are calculated by a ‘factor assessment model’, which combines instrument factors (external indices) with financial centre assessments (from responses to an online questionnaire) (GFCI5, p.6). The method sounds trustworthy since it provides hard data; the questionnaire that are answered by financial service professional members, and soft data from credible ranking institutes. For the instrument factors, they are divided into five dimensions namely human capital, business environment, market access, factors for infrastructure, and general competitiveness. Descriptively, in these five dimensions, there are 57 factors that are assessed for the indexes (GFCI5, p.9). We draw table 5 to compare Dubai with its potential neighbour-rivals, and other random cities (as same method as table 4).

Table 4-3: Global Financial Centres Index (Z/Yen Group, 2007-2009)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March</td>
<td>September</td>
<td>March</td>
</tr>
<tr>
<td>Dubai</td>
<td>25th</td>
<td>22nd</td>
<td>24th</td>
</tr>
<tr>
<td>Bahrain</td>
<td>-</td>
<td>44th</td>
<td>39th</td>
</tr>
<tr>
<td>Qatar</td>
<td>-</td>
<td>47th</td>
<td>47th</td>
</tr>
<tr>
<td>Singapore</td>
<td>4th</td>
<td>4th</td>
<td>4th</td>
</tr>
<tr>
<td>Bangkok</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Stockholm</td>
<td>29th</td>
<td>26th</td>
<td>32nd</td>
</tr>
<tr>
<td>No. of cities</td>
<td>46</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

As it seems, Dubai has the edge over competitors in the region such as Bahrain and Qatar, and even over a city like Stockholm. It is however equally obvious that Dubai has a long way to go to close the gap to a place like Singapore.

III) In terms of world container ports

A key factor that contributes to economic development - especially in terms of being a ‘hub’ - is its qualities as container ports (cf. Tupper, 2008). Transportation of massive commodities across countries is carried out by sea, and in containers. Cities that are container ports usually grow rapidly and become major cities such as Hong Kong, Shanghai, and Singapore. The marine department of Hong Kong government offers a credible report on the world’s container port ranking. They have been measured by units of TEU\(^{14}\). The most busiest container traffic ports are ranked on top of the statistical tables. Table 4-4 is drawn in order to compare major rivals to Dubai port.

\(^{14}\) TEU stands for Twenty-foot equivalent unit
Table 4-4: The World’s Port Rankings, (Marine Department of Hong Kong Government, 2008)

<table>
<thead>
<tr>
<th></th>
<th>Thousand TEUs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
</tr>
<tr>
<td><strong>Singapore</strong></td>
<td>1st</td>
</tr>
<tr>
<td></td>
<td>23192</td>
</tr>
<tr>
<td><strong>Hong Kong</strong></td>
<td>2nd</td>
</tr>
<tr>
<td></td>
<td>3rd</td>
</tr>
<tr>
<td><strong>Shanghai</strong></td>
<td>7th</td>
</tr>
<tr>
<td><strong>Rotterdam</strong></td>
<td>9th</td>
</tr>
<tr>
<td><strong>Dubai</strong></td>
<td>7619</td>
</tr>
</tbody>
</table>

Although surpassed by the major ports of the world, it is no doubt that Dubai globally speaking, has a very good port and port facilities. In 2007, for instance it is ranked only one position behind Rotterdam, the largest port in Europe.

In addition, Dubai has invested in a second airport to become the world’s busiest airport 2010, and to facilitate the dispatch of goods to sea or air ports around the region or vice versa as a key foundation to its economic miracle (Whitelaw, 2008).

“We will see a totally new business model that does not exist in many other places.”

Jamal Majid bin Thaniah, DP World (cited in Whitelaw, 2008)

IV) In terms of tourism destination

One of the major economic sectors in Dubai is tourism. In DSP 2015, the tourism industry is a strong competitive sector, which will be promoted for future economic growth. Euromonitor International is a credible institute that offers city destination rankings. The primary indicator is the number of tourist arrival in each city per annum. The information can be used to compare city competitiveness in terms of tourism. Euromonitor International contributed so far two reports in 2006 and 2007. Table 4-5 is drawn (as same method as table 4-2 and 4-3) to illustrate the Dubai’s position in this market comparing with its potential rivals (Abu Dhabi, Sharjah, Bahrain, Qatar, and Singapore), and other random cities (Bangkok and Stockholm).
### Table 4-5: Global Top City Destinations (Bremner, 2007, 2008)

<table>
<thead>
<tr>
<th></th>
<th>2006 '000 tourists</th>
<th>2007 '000 tourists</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First Rank</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>London</td>
<td>15,640</td>
<td>London</td>
</tr>
<tr>
<td>Dubai</td>
<td>7th 6,120</td>
<td>8th 6,535</td>
</tr>
<tr>
<td>Abu Dhabi</td>
<td>52nd 1,459</td>
<td>69th 1,340</td>
</tr>
<tr>
<td>Sharjah</td>
<td>-</td>
<td>92nd 970</td>
</tr>
<tr>
<td>Bahrain</td>
<td>12th 4,418</td>
<td>-</td>
</tr>
<tr>
<td>Qatar</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Singapore</td>
<td>4th 9,502</td>
<td>4th 10,284</td>
</tr>
<tr>
<td>Bangkok</td>
<td>2nd 10,350</td>
<td>3rd 10,844</td>
</tr>
<tr>
<td>Stockholm</td>
<td>66th 1,003</td>
<td>86th 1,063</td>
</tr>
<tr>
<td><strong>No. of cities</strong></td>
<td>150</td>
<td>230</td>
</tr>
</tbody>
</table>

In addition, below is good news about tourism in Dubai by which UNWTO (2008) pointed out that the Dubai’s growing pains had not yet affected the tourism demand, and the airport traffic had ousted the Singapore’s airport traffic.

“Dubai's ambitious development plans continue apace, although it too is now facing a serious human resource problem with massive new accommodation and entertainment projects underway. But this has not yet had an effect on overall demand since, following first quarter 2008 airport traffic results, Dubai International Airport has now ousted Singapore from the sixth place in the world’s ranking of leading airports.”

UNWTO (2008, p.37)

However, this report was carried out in June 2008 before the current global financial crisis.

V) In terms of FDIs’ Destination

Felix (2009) revealed that Dubai was on the first rank of the FDI’s destinations in 2008. The FDI intelligence, which is a research and analysis unit of the Financial Times (FT) newspaper performed the ranking reviewed below. This is a private company and the public has to subscribe in order to get access to the reports. As reported by the Khaleejtimes newspaper, Dubai was emerging for the first time on the first rank last year with a high number of 342 FDI projects. In 2007, it was behind many cities. By region, the Middle East recently became the second-largest growing region in the world after Africa in terms of FDI. The importance of FDIs is that they injected $1.5 trillion investment, and created four million direct jobs and twelve million indirect jobs worldwide.
4.2 Complementary Unit: Existing Foreign Investors’ Confidence

According to our case study design (see chapter 3.3) investigating the complementary unit will facilitate the confirmation of the theoretical assumption in chapter 2.3.2. In our case, we plan to explore the existing foreign investors’ confidence in sustaining their investments in Dubai. We are interested in the existing foreign investors since they already invested in Dubai thus imply their contributions in the Dubai’s recent economic growth. If the future threats such as terrorism, high crimes, and war can cause a withdrawal of the existing foreign investors, we shall test the assumption with our chosen examples to illustrate a hint if this assumption is valid (see chapter 2.3.2 and 3.3.1). We interview two sources of respondents: five stars hotel chain example and Swedish company examples. The motivations of our choices are that the hotel industry is a key contributor to the tourism sector in Dubai (see table 4-5) thus economic growth, the Swedish companies are known for their large number on internationalization (cited in Naldi, 2008), and since we are situated in Sweden therefore it makes easier to get the access to the Swedish companies. The analysis of this complementary unit will be carried out in chapter 5.3.2. In the subchapters below, we will introduce our chosen companies (see appendix B for the details concerning their names and the contact information).
4.2.1 Five Stars Hotel Chain Example

*Dusit Thani Dubai Hotel*

Dusit Thani is a five star hotel group in Thailand. They invest in the foreign countries in terms of service management. They do not have the ownerships in the Dusit Thani Dubai. However, we consider the investment in management is a kind of foreign investor, which has the power and control in the operations of the hotel (see 2.3.2).

4.2.2 Swedish Company Examples

*Kinnarps of Sweden*

Kinnarps is a family business, which is fully owned by the family. They provide interior workspace solutions for offices and public environment. Its headquarter is located in Kinnarps, Sweden. All of Kinnarps products are made in Sweden at company’s factories in five different cities in Sweden, Kinnarp, Jönköping, Skillingaryd, Vinslöv and Tranås. For the Dubai branch, it also provides the same services as in Sweden. However, all of the hard products (furniture, office chairs and elevator tables, etc.) are shipped from Sweden.

*Roxtec*

Roxtec is founded in 1990, manufactures of modular-based multi-diameter cable and pipe transit system. The company fully invests in Dubai as the hub for the Middle Eastern and African countries. Where the main market segment would be more reliable on the gas pipeline and telecommunication business. Up until now, the company is doing very well in Dubai as Dubai is a developing the city to be the global business hub, therefore, it requires a lot of hardware system installation for it’s telecommunication business.

*Scania*

Scania is a producer of heavy trucks, buses and industrial and marine engines. It has fully direct investment in Dubai, where it use Dubai as the hub to put all truck and bus parts together and re-export them to other countries in Asia, Middle East and Africa.
5 Interpretation of the Empirical Materials

In this chapter, we analyze and match the data from the empirical findings in chapter 4 with the frame of reference established in chapter 2.

We will draw from the case study chapter above, and insert these data into the theoretical framework previously established. Hence its phase and their particular rationales will be applied and used as a tool to highlight Dubai’s entrepreneurship towards its economic development. The fist subchapter (5.1) will observe the strategic entrepreneurial activities, the second (5.2) will assess the strategy facing the uncertainties, and the third (5.3) will highlight futures structural challenges, and its ability to be a ‘model’.

5.1 Phase 1: Strategic Entrepreneurship

Regarding chapter 2.1, we frame to align the empirical findings on Dubai’s entrepreneurial activities with the prepared six-core elements framework in order to identify its public entrepreneurship. Table 5-1 provides empirical data aligning in the strategic entrepreneurship framework.

Table 5-1: Dubai’s Strategic Entrepreneurship—Core Elements

<table>
<thead>
<tr>
<th>Core Elements</th>
<th>Entrepreneurial Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity Creation</td>
<td>Dubai clearly defines its goals and the paths to create opportunities in the DSP 2015. Its theme is to become one of the world-leading business hubs. In fact, it is already a leading business hub in the region. It has been recognized as having an advantage on geography, and has expanded its port, overland roads, and airport to create and support its opportunities.</td>
</tr>
<tr>
<td>Innovation</td>
<td>To create competitive advantages, Dubai, for instance, invested in the largest man-made islands (Whitelaw, 2008), initiated spectacular skyscrapers, and founded some world leading luxury hotels in order to distinguish itself from other tourism destinations. It has initiated an eGovernment for faster services, been establishing a high quality airline company, and expanding the airport and the seaport.</td>
</tr>
<tr>
<td>Accepting Risk</td>
<td>Dubai is a high risk-taker regarding its sovereign wealth fund (SWF; see chapter 4.1.1). In addition, several of its megaprojects have as well high risks in receiving the payoffs such as the man-made islands. Regarding the DSP 2015 aims—double digits of the GDP per capita implies large investments in several sectors, in particular the infrastructure, which requires huge investment and takes long time.</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Signs of Dubai’s flexibilities was when Dubai diversified its economy from oil dependency to trade and tourism, illustrated its ability to recognize and exploit its resources in creating its own opportunities. Another sign was the renewal</td>
</tr>
</tbody>
</table>
of its strategy 2010 in 2005, five years before plan since it has achieved the goal before the strategy’s term ended.

Vision
An entrepreneurial vision goes back to the diversification strategy. The Dubai’s ruler acknowledged its limited on oil resources and the dependency in this sector thus he tried to find way to sustain the economy even when it had no oil. Thus he had a vision, thus becoming independent from oil i.e. diversified its economy from the oil sector. A second vision is developed and being displayed in the DSP 2015 theme, "Dubai...where the future begins". Dubai has an ambitious goal as becoming a model of successful modern city.

Growth
Growth through achievement of Dubai was evident in its GDPs rapid growth during 2000-2005. The city has not stopped aiming for a bold growing of its economy. By 2015, it aims to sustain its GDP growth, and double its GDP per capita, and job numbers (see figure 4-3).

As we frame our reference for supportive element in chapter 2.1.1, city-branding, it is a public entrepreneurial strategy for cities that seek to initiate economic growth. There are evidences of the successes at least in two places, New York and cities in New Zealand (see chapter 2.1.1). For Dubai, the marketing for its brand has carried out through world’s leading media channels such as billboards in Paris, London, and Madrid, and advertising on CNN (see ref. Building...). It has marketed itself as a luxury holiday destination, and has been attracted millions of tourists since (e.g. table 4-5). Below in table 5-2 we extend the framework to embrace an emerging element, 'sister-city relationships'. The sister-city relationships, also is a public entrepreneurial strategy aiming for long-term sustained economy. We mentioned that because this strategy enhances knowledge sharing across border in particular the technological knowledge, which is a key feature to promote innovation in the community for a long-term growth (cf. chapter 2.1.2). Dubai is signing its sister-city agreements subsequently, which can be observed on the UAE Interact website.¹⁵ As pointed out earlier, with the values and the increasingly common of these two strategies, we offer an extended strategic entrepreneurship framework emerging from our case study to embrace these two strategies when observes the other emerging entrepreneurial cities. While the city-branding is the supportive element to the core element—growth, the sister-city strategy is the supportive element to the core element—innovation as we described above.

¹⁵ For instance, here is news example about the sister-city relationships between Shanghai and Dubai http://uaeinteract.com/docs/Emirates_set_to_serve_Shanghai_twice_daily/26611.htm
Table 5-2: Dubai’s Strategic Entrepreneurship—Supportive Elements

<table>
<thead>
<tr>
<th>Supportive Elements</th>
<th>Entrepreneurial Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>City-branding (supportive to growth core element)</td>
<td>Dubai has marketed its brand as a luxury holiday destination through media channels such as billboard in major cities; Paris, London, and Madrid, and advertising on the TV media i.e. CNN.</td>
</tr>
<tr>
<td>Sister-city (supportive to innovation core element)</td>
<td>Dubai is building its sister-city networks as we can observe on the UAE Interact Website for subsequent announcements on its new sister-city agreements.</td>
</tr>
</tbody>
</table>

Dubai has a bold entrepreneurial strategy and its activities are aligned with the six-core element framework (cf. chapter 2.1). Starting to analyze data with the suggested framework, there is no doubt that Dubai is appearing as an entrepreneur in the private sector. However, as a ‘public’ entrepreneur Dubai has not chosen to take a modest risk as some scholars expect that this sort of entrepreneurs would do (since they are dealing with the public money; cf. Dupuis et al., 2003). Two logics behind the high-risk taking behavior of Dubai are that firstly it has large funds from previous oil resources (cf. chapter 4.1.1), and secondly, it has, de facto, been successful with its bold entrepreneurial strategy in its economic development during the 2000-2005 era. In particular, by its outrageous success (achieving its aim five years before expected; Dore, 2007), has been adding the confidence to the ruler of the city to pursue the path away initiated. Markedly, with its high risk-taking against conservative public entrepreneurs, if Dubai will fall hard, thus the high risk-taking in the public sector will be criticized.

5.2 Phase 2: Contemporary Dilemmas

As we noted above, a huge plan for achieving change such as the one attempted in Dubai, does not come without complications. The fact that it involves investment in the range of hundreds of billions of dollars, and plays with the dynamics of globalization, does not make it less complex. In this chapter, we will analyze Dubai’s current difficulties in terms of internal and external impacts: the growing pains and the global financial crisis as planed in chapter 2.2.

5.2.1 Growing Pains

_Dubai’s Stages of Growth_

We identify the stages of growth before identifying the growing pains is to discover more accurate and particular problems regarding growth (chapter 2.2: Identifying...). According to the Önsel et al.’s (2008) configuration of BCI (see figure 2-1), Dubai is fallen into the investment-driven stage of growth. Following the indicators in the investment-driven stage, for instance, ‘quality of the judicial system’ and ‘quality of research institutions’, Dubai seems not to have yet sufficient qualities in these factors. The implications are that it was facing with real-estate regulatory issue (see chapter 4.1.4), and received very low points in the factor six
‘knowledge creation and information flow’ in the WCCI’s rankings (see figure 4-5). Dubai is striving to increase these qualities as we can observe from its DSP 2015. It aims to enhance for instance productivity growth, human capital excellence, and laws and regulations alignment (see figure 4-4) confirming its ‘investment-driven’ stage of growth.

**Causes of Growing Pains**

Regarding Framholtz & Randle’s (2007) causes of organizational growing pains (see figure 2-2), Dubai is absolutely receiving too high revenue or too many FDIs’ projects than its capacity in the infrastructure. Thus, the revenue portion (see figure 5-1) is getting larger while the infrastructure portion is getting smaller. The organizational development gap therefore becomes imbalance thus the growing pains take place.

![Figure 5-1: Causes of Organizational Growing Pains (modified of Framholtz & Randle, 2007,p.43)](image)

**Identifying the Pains**

We have identify its stage of growth that it is in the investment-driven stage, and the causes of the growing pains are that it receives too high number of the FDIs’ projects and a limited capacity in its infrastructure. Now these identifications will facilitate the growing pains identification better. The growing pains in Dubai emerged at least already in 2006 after its wonder-growth-era during 2000-2005 (see chapter 4.1.4; DSP 2015). The dilemmas are for instance insufficiently supplying of infrastructure (as pointed out in a cause of growing pains above), reputation risk, labour problems, absence of comprehensive laws in growing sectors, real estate bubble, high inflations and cost of livings, and traffic problems. In particular, the traffic problems, which is critical and can take a decade to be solved (Whitelaw, 2008). In addition, Dubai may have already faced with the
financial problems since it has been in a rapid economic growth such in China, which faced with the financial problems when it developed its economy (as mentioned in chapter 2.2.1: identifying the pains). However, if Dubai has not faced with the financial problem before, then it will since the global financial crisis 2008 is anticipated to spillover its effects almost in every region in the world (Rosselet-McCauley, 2009).

5.2.2 Global Financial Crisis 2008

Medias as well economists are not clear about how deep and how long the global financial crisis 2008 will damage the world economy (e.g. AP, 2009; Rosselet-McCauley, 2009). On the other hand, Dubai has experienced the growing pains already before the financial crisis. While the internal growing problems are not yet solved, the external problems arrive unexpectedly and add serious complication to the Dubai’s situation. In chapter 4.1.5, Rosselet-McCauley (2009) anticipated that rich countries that have invested heavily in its future competitiveness would experience a high degree of damages, and this would impact their sovereign wealth funds (SWF; chapter 4.1.1). This is the case for Dubai as it will face a high degree on financial losses for its aggressive investments in its future competitiveness, and the losses will affect the SWF’s value. As such, Dubai will have a smaller fund to further invest and tackle the situation. In other cases, Dubai receives a low rate on its transparency regarding its SWF (SWF Institute). Due to its less transparency in this module, the doubters can only estimate the actual damages. Nevertheless, Dubai has around $80 billion in its SWF (chapter 4.1.1), and an estimated liability of $47 billion through its state-owned enterprises (SOEs; Foreman, 2008). In addition, it still has ongoing projects for instance projects in Nakheel—a significant Dubai’s state-owned company (see figure 4-1), which worth around $100 billion. These projects need a large sum of investment and in needs of it to be able to develop further. By its speculated resources of $90 billion (Laurent, 2009), it emerges a question of how the city will manage to pay loans and finance these megaprojects. On top of that, the projects with Nakheel are not the only ones that Dubai government has its influential ownerships. In February 2009, two major public companies of the Dubai government received a downgrading from rating agencies for their opaque balance sheets (Laurent, 2009). This incidence will further reduce the Dubai’s credibility in the global financial market.

Finally, the first attempt to tackle the crisis is the Dubai’s bond issuing in February 2009 (see chapter 4.1.5). It issues the government bonds worth $10 billion to the UAE central bank. Comparing its first aid ten billion US dollars and its liability $47 billion, the difference between these two figures tell us that the first aid will solve the problems for awhile. Dubai still needs a huge leverage to tackle the increasing problems. A future plan to leverage more funds will be carried out in the next two years. Dubai plans to issues its government bonds to the public with the same amount of $10 billion. As Dubai government starts to loan from public it reminds us a municipal bond case in Orange County. We will further analysis the coincidence of these two cases in chapter 5.3.2.
5.3 Phase 3: Future Challenges

Referring to our frame of reference in chapter 2.3 we plan to investigate the Dubai’s future challenges in terms of three elements: its city competitiveness, the examples on existing foreign investments’ confidence, and the learning-cases to build-up possible scenarios for the Dubai’s future consequences.

5.3.1 Dubai’s Competitiveness

We investigate Dubai’s competitiveness in five dimensions: I) business hub, II) financial hub, III) container port, IV) tourism destination, and V) FDIs’ destination (see chapter 4.1.6). In these dimensions, Dubai has competitiveness in three categories i.e. as a FDIs’ destination, an effective container port, and as a tourism destination. However, the other two dimensions: as a business hub and a financial center, Dubai was still behind many cities, and it was not ranked among the world’s top ten. Referring to the Sheikh Muhammed’s quote in chapter 4.1, if Dubai is aiming to become a leading economic hub thus the city has not yet achieved this aim markedly in the global term. However, if considering Dubai in its ‘region’ thus Dubai is already a leading economic hub since there are no other Arab cities that have higher ranks than Dubai (see chapter 4.1.6). Dubai has low performance, in particular, in terms of business hub since it was quite far from the world’s top spots.

In the three competitive dimensions, Dubai had the most competitiveness on attracting the inward FDIs. It was ranked number one in the world with 342 FDI projects (figure 4-8). The fact that Dubai emerged on the first rank of this category implies its success in attracting the foreign investors. However, this success came with the growing pains (figure 5-1), since Dubai was not able to improve its infrastructure to be inline with the expansion. Dubai also faced with labour pains, inflations and so fort because of the too fast and too many foreign projects. The future challenge to retain this competitiveness is that it has to solve the growing pains, and maybe balance the FDIs’ projects with its infrastructure’s ability etc.

The second important competitiveness is in terms of container port. Dubai was ranked 7th in the world in 2007. Referring to table 4-4, the container traffics in Dubai port becomes busier, which determines that the port is expanding. Dubai port is the largest port in the region. However, its difference from the first rank—Singapore was significant. Singapore grew from 2006 to 2007 with 3,148 TEUs, while Dubai grew in the same period with 1,867 TEUs, almost double capacities of Dubai. Currently, Dubai had a capacity at 10,650 TEUs behind Singapore for 17,290 TEUs, which was far than double its capacity. Reaching Singapore position is not likely to occur in the near future. Dubai has the container port competitiveness over its neighbour cities but not with the cities in South East and East Asia such as Singapore, Shanghai, and Hong Kong. However, having this competitiveness, the city will grow rapidly, and can be translated into the competitiveness in logistics, and business center (see figure 4-6; 4-7).

As a tourism destination Dubai was ranked on the world’s top ten, which confirms its success in this sector. Following its city-brand success Dubai had attracted
around six million tourists per year (see table 4-5). Comparing with its emirates and neighbour Bahrain, its emirates were still much behind but Bahrain could become an emerging competitor. To reach Singapore’s position or the first rank—London, Dubai set to accomplish this aim in its DSP 2015. It illustrated that it had a strong and rapid potential growth in this sector, and it aimed to achieve it.

For the other two dimensions i.e. as a business hub and a financial hub, they were unlikely to be Dubai’s competitiveness. Dubai still has to strive for better spots in these rankings. Considering its rank on WCCI (2008; see table 4-2) it was ranked 44th, lower than the median rank (38th). If Dubai aims to become one of the leading business hubs thus it has to improve its score, in particular the critical low scores in the WCCI’s indicators (see figure 4-5). There are critical low scores, which are lower than 50 percent of the full scores (100). They are knowledge creation and information flow (see figure 4-5: dimension six, Dubai received only eight points), and financial flow (see figure 4-5: dimension four, Dubai received 25 points). The dimension six measures quality and quantity of education (MBA programs, number of researchers and scientific publications), and innovation and creativity in general. To better this dimension, Dubai has to invest in educations by aiming for a long-term view (cf. WCCI, 2008, p.14). The dimension four assesses financial transactions and flows, and bonds, derivatives, and equity trading. In this dimension, the effective degree of government policy, global financial network, and specialization in bonds, derivatives, and equity trading are factors (WCCI, 2008, p.12).

Dubai performed better in terms of financial hub in comparison with the business hub. It was recently ranked 23rd in 62 countries, higher than the median rank (31st). According to the GFCI5, Dubai will become significant in the next few years due to its aggressive investment. Moreover, it was ranked after Singapore in terms of number of offices to be open. If these offices will be open on time and start to earn the profits thus this will change the Dubai’s situation. However, the GFCI5 suggested that Dubai is in a high sensitive degree and unpredictable.

On the other hand, these five city rankings that we set to assess Dubai are secondary data and have many descriptive factors due to their preferences. Sometimes total scores mislead the city’s ranking users. For instance, Dubai has a high performance in logistics but a low performance in internet and communication technology, thus it receives lower score when combining these two factors together. Therefore, the users that do not need a high performance on the internet should consider only one factor that are in their preference. Thus Dubai’s competitiveness may differ due to the users’ purposes and preferences.

Finally, the Dubai’s massive megaprojects are now received explanations. The city has aimed aggressively to grow as a world’s leading economic hub. It would like to become a role model as Jamal Majid bin Thaniah of DP World put it “We will see a totally new business model that does not exit in many other places” (see chapter 4.1.6: III). But the Dubai’s dream seems to be just a dream since the IMF (cited in AP, 2009) warned for further economy’s decline, and that the governments have to rethink their investments before it is unable to rescue.
5.3.2 Existing Foreign Investors’ Confidence

According to our findings from telephone interviews with the existing foreign investors (see chapter 4.2). They described their position in Dubai as ‘very confident’. We asked for the likelihood for them to relocate to other emerging Arab cities, which have for instance factor-driven advantages (lower operational costs, etc.). The interviewees indicated that any relocation to other business hubs in the region is unlikely since they have entered for the long-term, invested large capitals in Dubai, and are striving to earn their payoffs. One of the respondents suggested that there is only one reason to leave Dubai and that is if there is a ‘life-threatening’ situation in Dubai. The ‘life-threatening’ situation can be interpreted as a serious decline in security for instance through terrorist attack and war in the neighborhood (e.g. major power conflicts in Iran) as which Davidson (2008) had observed. This could result in a withdrawal of the FDIs. Thus the Davidson’s observation is validated by our interviews. However, the terrorist attack seems – judging from experience elsewhere - to be a minor long-term threat; even by far the largest terrorist attack ever occurring in New York 2001 has recovered (cf. Franz). So is Mumbai (India), more recently experiencing a major attack. New York is still growing, although the city might have been experienced a few years of slowdown, FDIs away were not scared away in the long-term. When it comes to war in the neighborhood, we argue that it depends on the severity of the war and to which extent it can reverse the FDI situation in the region at large. In fact, in the real world, most companies secure their investments in insurance companies, and although they may temporary withdraw their operations from the site, they are likely to return to repair the damages, and continue to attempt to retrieve investments when the situation is safe. Nevertheless, these risk have not happened and currently our results illustrate a sustainable situation for the FDIs (under the absence of a ‘life-threatening’ situation). This can be understood as a certain degree of success for the city in attracting and sustaining the FDIs. Finally, for a future challenge, the city will have to sustain life-security, and perhaps collaborate with its neighbors by aiming to prevent terrorisms and, at the extreme end, wars.

5.3.2 Learning from Comparable Cases

Below we aim to learn from a number of interesting and spectacular cases of large-scale public entrepreneurship. We have selected Singapore, Orange County, and Detroit in order to illuminate various possibilities and threats for Dubai’s future.

Singapore

According to Namaki’s GCI tool (see chapter 2.3.3), we update the information to the latest data in 2008, and compare with 2005 of Namaki. Dubai is in the UAE and has a significant contribution to the country’s GDPs thus the figures show implications of Dubai’s competitive potential towards Singapore. Namaki (2008) concluded that Dubai has to a certain degree to become Singapore’s competitor (but he suggested that Dubai should become a collaborator). The recent data in fact shows the opposite direction and confirm the assumption (see chapter 2.3.3) that Dubai has not yet potential to compete with Singapore. The rank differences
are wider from 12 in 2005 to 26 in 2008. As well in terms of score, the UAE’s score is going backward while the Singapore’s score is getting better in the recent year.

Table 5-3: Dubai in Global Competitiveness

<table>
<thead>
<tr>
<th></th>
<th>2008/Rank</th>
<th>2008/Score</th>
<th>2007/Rank</th>
<th>2005/Rank (Score)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Rank</td>
<td>US</td>
<td>5.74</td>
<td>US</td>
<td>Finland</td>
</tr>
<tr>
<td>UAE</td>
<td>31</td>
<td>4.68</td>
<td>37</td>
<td>18 (4.99)</td>
</tr>
<tr>
<td>Singapore</td>
<td>5</td>
<td>5.53</td>
<td>6</td>
<td>6 (5.48)</td>
</tr>
<tr>
<td>Difference in Ranks</td>
<td>26</td>
<td>-0.85</td>
<td>30</td>
<td>12 (-0.49)</td>
</tr>
</tbody>
</table>

Little (2007) suggested that Dubai and Singapore are comparable in terms of long-term stable governments, large open to the FDIs, and geographical advantage. She furthered that Dubai is incomparable with Singapore for instance in terms of economic growth phases, FDIs’ independence, social well-being, and the world’s largest port. According to Little (2007), Dubai is believed to be behind Singapore for 25 years in terms of maturity. She suggested that the core feature that contributed to the Singapore’s success is the strong government’s intervention in terms of labour market regulations, national savings, and SOEs.

Table 5-4: Singapore VS Dubai Rankings (cf. chapter 4.1.6)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>4th</td>
<td>3rd</td>
<td>3rd</td>
<td>4th</td>
<td>1st</td>
</tr>
<tr>
<td>Dubai</td>
<td>44th</td>
<td>5th</td>
<td>23rd</td>
<td>8th</td>
<td>7th</td>
</tr>
<tr>
<td>Difference in Ranks</td>
<td>40</td>
<td>2</td>
<td>20</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

Regarding table 5-2, we agree with Little’s (2007) conclusion about the incomparable port capacity of these two cities. Albeit, there are only six ranks in differences but in terms of TEUs, Dubai has much less capacity than the Singapore’s port. We see two potential sectors that Dubai can compete with Singapore; they are business center and tourism destination. However, searching to learn from Singapore model, we suggest that the city should learn how Singapore recovered from the financial crisis. According to Little (2007), Singapore
recovered from the Asian crisis in 2000, which was the strong **establishing in finance and business sector.**

*Orange County*

A city can go bankrupt referring to the Orange County’s case aforementioned in 2.3.1. However, the California court might force the Orange County to the bankruptcy but in the PPIC’s report it mentioned a learning lesson. It suggested that state governments should not permit cities’ bankruptcy since it would not worth cities’ credit damages, and spillover effect to the larger extent. Dubai has recently issued its bonds to the UAE central bank for ten billion dollars, and planed to further issuing another ten billion dollars to the open market (see 4.1.3: tackle global…). Nevertheless, Dubai starts to issue bonds to bailout itself from the crises, which at worst can lead to a state of bankruptcy. With or without a formal announcement or permission from the emirates’ government, the consequence is that the city can damage its credibility, and spill over the losses to its stakeholders as same as the consequence in the Orange County. Technically, these financial failures will cause each of their population responding to the public debts.

*Detroit*

Building up a scenario, the Detroit case can use to exemplify an extreme case—exit phase of a city (as in the business lifecycle; see chapter 6.1). However, the evidence shows that a city can fade away such in the business lifecycle so far—the decline phase. Detroit is in the decline phase and its strategies are needed to renew and multiple renewals are applicable (cf. Ostrom, 1965). Recent articles from the Dagens Industrie’s (DI) newspaper reported that around 28 percent of the guest workers in the Middle East have planned to abandon the region (see reference: guest workers…). Another previous incidence was in January 2009, when there were nearly 3,000 expatriates that fled Dubai because of the recession (see reference: that’s why it stands…). The 28 percent abandoning rate is high, and the fact that Dubai’s population consists of 80 percent expatriates (see chapter 1.3) makes the city more vulnerable in fading away by the expatriates’ emigration. Nobody knows that at the end of the day, Dubai may end up on the exit phase if it fails to retain the investments, jobs starts to disappear, following by massive emigrations, full of empty spaces, houses have no values, emerging of poverty and high crimes, and finally everybody gives up the town. We have never seen this scenario of a ghost city in reality, in particular with a major city in our age. However, this may happen in the future to an extreme extent—who will know?
6 Discussion

In this chapter, we discuss the settle research questions, and reflect our understanding towards the thesis’s topic.

The discussion will correspond to the four established research questions in order to fulfill the thesis’s agenda.

i) What are the implications of employing business entrepreneurship in public sector?

ii) What can be used as criteria to measure levels of public entrepreneurship and how to distinguish a successful or failed public entrepreneur?

iii) What will be the result of a failure of public entrepreneurship?

iv) In which ways can the case of Dubai’s entrepreneurship become a model to other developing cities?

I) Public entrepreneurs begin to employ their business entrepreneurial strategy for at least for two benefits. One is for a better performance in the public sector, and the second one is for driving a rapid economic growth. For the not-for-profit public entrepreneurs, they can use the entrepreneurial strategy to better their performances for instance for monitoring and controlling their expenditures to meet with the budgets and or revenues (Ostrom, 1965). Secondly for the for-profit public entrepreneurs, they can employ the entrepreneurship strategy to drive a rapid economic growth by acting as firm entrepreneurs, investing in infrastructure, taking risks, and creating their own opportunities for instance. If they are successful they will gain popularity and retain the political positions. If they are failed, by dealing with the public money they can harm the entire society with recessions, and inflations, etc. Thus, on the contrary to the successful public entrepreneurs, the failed public entrepreneurs will lose their power, political positions and most likely causing an economic downturn since they are dealing with a large-scale development. The trade-off to a rapid growth is a high risk-taking. If the public entrepreneur fail to a severe degree he/she can harm the stakeholders and the collective economy for long-term (for instance as in the Orange County’s bankruptcy case).

II) A criterion to measure levels of public entrepreneurship is for instance to measure the result of their entrepreneurial strategies. That is if they are successful or failed after employing the strategic entrepreneurship. We can apply the Framholtz & Randle’s (2007) firm’s growth rates (see table 2-3) to assess if a public entity is able to accelerate and sustain its growth under a time series. In a macro economy it is to compare the real GDP growth rates (e.g. Namaki, 2008). However, the highest real GDP growth rates in the world today have never exceeded 15 percent\textsuperscript{16}. Thus it can be interpreted that the highest growth rate in the public sector can only reach the rapid growth as adopting the firm’s growth scale. For the Dubai’s case, its highest GDP growth rate is eleven percent (see table

4-1), which is a normal rate in the business sector. Nevertheless, by this normal rate, Dubai has already experienced the growing pains. Obviously, at this rate, the growth can already cause the city with the growing problems, which probably need a long term to solve. Thus, a good public entrepreneur should be able to measure their abilities to facilitate growth, and know how to discontinue the growth’s chaos. A successful public entrepreneur therefore can be conceptualized as a public individual that is able to manage to survive the uncertainty, and sustain the economic growth (cf. Risseeuw & Hoogeveen, 1995, p.86). On the other hand, a failed public entrepreneur thus can be conceptualized as a public individual that is unable to survive the uncertainty and enters into the exit phase.

III) As aforementioned in I), failed public entrepreneurs can cause economic downturn, long-term growing pains, entrapment in a state of bankruptcy, spill over effects to their stakeholders, and experience reputation damage. These can take long time to be recovered from, and or to gain back the thrust. Typically, a failed public entrepreneur will leave the public with debts that has to be paid as a punishment. In the worst of cases, societal turbulence, political instability and violence may appear.

IV) The Dubai’s model certainly can become a model to a developing city, in particular in the Middle East region that has similar resources. Dubai is he fast-mover in the region (EIU ViewsWire, 2006), and has successful rapidly in its entrepreneurial strategies. Other cities can learn from the Dubai as well for instance for its prosperous strategies, and avoid its mistakes (cf. Namaki, 2008). In the next chapter, we will present our understanding in the Dubai’s strategic model, which can be useful to the cities that seek to initiate and accelerate economic growth.

6.1 Our Interpretation of the Dubai Model

Dubai’s Strategies for Economic Development

From our observation Dubai has carried out five strategies to accelerate and sustain its economic growth. They are the Dubai’s focusing on diversification, city-brand, attracting the FDIs, sister-city relationships, and education and innovation (see figure 6.1). While these strategies can be carried out at the same time or step-by-step depending on the readiness of the entrepreneurial cities, Dubai started with the diversification strategy. It recognized its limited on oil and gas resources, which at time were the significant generator to its wealth. It attempted to be independent from the oil and gas revenues by acknowledging its competitiveness—as the regional trade hub (IBP, 2005). The government began to carry out the ‘diversification strategy’, promote, and invest in the identified competences. However, we observe that with its strong opulence possibly it made the implementation of the strategy easier. The second strategy is promoting the ‘city-brand’. This strategy could be traced back to the success of New York with its ‘I love New York’ slogan (Godfrey, 1984). This strategy generated economic growth in the tourism sector, and further attracting the foreign investors to invest in the sector (such as hotels, and real estate) (Godfrey, 1984). The third strategy that Dubai carried out is ‘attracting the FDIs’ to increase the foreign capitals in order to
be able to strengthen its diversification in the other sectors. This strategy enabled the city to further invest in its infrastructure, healthcare, education, internet technology and communication and so forth to facilitate the future growth. However, this strategy complicates with the city’s readiness in infrastructure and human capitals. Dubai is facing with the growing pains since it has attracted too many FDIs’ projects, thus developing cities shall learn from the Dubai’s mistake by recognizing their ability in facilitating growth. The fourth strategy is building its sister-city relationships. This strategy helps developing international friendship, cultural exchange, creation of markets, and technological knowledge exchange etc. (Dupuis et al., 2003). Lastly, to sustain the economic growth, Dubai sets to invest in the quality of the education to stimulate innovation, professions, and competitiveness for a sustainable economy (cf. Önsel, 2008; WCCI, 2008; DSP 2015). On the other hand, these strategies would not reach their highest effectiveness if the government had not intervened entrepreneurially in its economy. Both Dubai and Singapore governments interfere their economy. In particular, in the Singapore’s case, the government plays an ultimate role in generating and sustaining its economic development. Therefore, we believe that the entrepreneurial intervention of the effective government in an appropriate degree can be a key factor in succeeding with the public entrepreneurial strategies.

Figure 6-1: Dubai’s Strategies for Economic Development
Public Entrepreneurship Lifecycle

Emerging from the three learning cases: Singapore, Orange County, and Detroit, we can develop a public entrepreneurship lifecycle (see figure 6.2) for the Dubai’s future consequences. By applying the business lifecycle, which are in five phases: start-up, growth, maturity, decline, and exit, we can point out that the public entrepreneur can end up in the same phases as business lifecycle. The start-up phase becomes strategic entrepreneurship phase in the public entrepreneurship lifecycle since it is the initiative on carrying out the entrepreneurial vision of the public entrepreneur. The growth phase becomes economic growth phase since the public entrepreneur deals with a large-scale development. The maturity phase becomes growing pains phase implying that the infrastructure of the entity is now mature and needs to be improved or adjusted in order to prevent chaos or wastes. The decline and exit phases remain to manifest the applicability of the business lifecycle of these phases in the public entrepreneurship lifecycle. As we pointed out earlier in chapter 5.2 that Dubai is in the investment-driven stage, facing with the growing pains and the severe current financial crisis. These imply that the city is still growing and about to decline and exit or survive. Therefore they can result in two directions. In one direction, the city may fail to tackle the increasing problems thus it will decline or exit as its strategic capability is no longer responding to the situation. However, as far as the exit phase it may not be happening in the real world since the exit phase in our meaning is a scenario of a ghost city (see chapter 5.3, Detroit). On the other direction, Dubai may be able to turn the crises around by recognizing its pains, carrying out multi strategies, and is able to manage the uncertainty. This may take time but nevertheless at the end of the day it will be succeeded to sustain its economy. By being flexible (a skill of entrepreneur; cf. chapter 5.1) and able to renew its strategies, in time and effective, Dubai will be traveling on the ‘managing success’ axis. At the exit phase, it is the extreme case and is too late for the city to make a comeback on the cycle. Therefore it is crucially important at the growing pains and decline spots to be able to manifest the city’s entrepreneurial spirit, and finding creative ways to come back on the success line.
Figure 6-2: Public Entrepreneurship Lifecycle
In this chapter, we conclude from our findings, analysis, and interpretations and present the result of the thesis. We also outline some ideas for future research.

A successful entrepreneurship in economic development needs both public and private entrepreneurship in order to retain the growth momentum (Trevisan & Matuella, 1995, pp.107-108; GEM's Vision & Values). Entrepreneurial governments need to continuously promote the entrepreneurship into their society. With government power alone it is insufficient to sustain a long-term healthy economy (cf. Trevisan & Matuella, 1995). However, our thesis aims to assess only one side of the coin i.e. the role of public entrepreneurship in economic growth, using the case of Dubai. Public entrepreneurs are important, as they are policy-makers and have the powers to decide on the economy’s direction. The public increasingly employs business entrepreneurship strategies to accelerate wealth and distribute the wealth to their populations in order to earn popularities and retain their political positions. High-risk-taking public entrepreneurs (cf. Dupuis et al., 2003) is questioned for appropriateness since they are dealing with the collective wealth. Failing to measure their capability to accelerate growth is critical in particular if they are aiming for a rapid growth. It can trigger chaos in their economies, and easily result in the opposite of what was attempted. A disability to discontinue the chaos, and lost in the delusions of power and wealth, a large-scale public entrepreneurship then instead appear as ‘megalomania’.

On the other hand, the global trend points to an increasing-less-boundary-global-market. Entrepreneurial city such as Dubai thus starts to capture and create its own opportunities to tap into the benefits. It acts like firm entrepreneurs: taking-risk, creative, and competing. To distinguish itself from competitors it has to increase and retain its competitiveness. It therefore carries out its entrepreneurial strategies in order to increase and sustain its economy’s stronghold. If done successfully, this is anything but ‘megalomania’ – rather it would be bold, innovative, and exactly the right thing to do.

Of course such an attempt carries complexities and pitfalls. We have tried to sort out to what extent Dubai’s strategy is successful by viewing three different phases. Below we summarize Dubai’s performance in these three phases before we conclude on whether it should be branded ‘megalomaniac’ or something more positive.

**Strategic Entrepreneurship**

As was outlined in chapter 2.1 to identify Dubai’s entrepreneurship, the strategic entrepreneurship framework of Luke & Verreyne (2006) is an applicable tool that modified for our purpose. The strategy’s path they found in New Zealand is similar to the Dubai’s strategy path we found. However, tailoring to the Dubai’s case one supportive element is added. It is the sister-city relationship strategy and this confirms Dupuis et al.’s (2003) observation, which they pointed out that it is an entrepreneurial activity. Dubai is no doubt a public entrepreneur, and with a high risk-taking albeit dealing with the collective wealth. Thus its future success or fail
will make the ‘high risk-taking’ in the public sector more critical. Lastly, we extend the supportive element to embrace the sister-city strategy for comparing with other emerging entrepreneurial cities. The core elements for entrepreneurial cities are: opportunity creation, innovation, accepting risk, flexibility, vision, and growth (see table 5-1). The supportive elements are city-branding, and sister-city (see table 5-2).

Contemporary Dilemmas

Dubai is in an investment-driven stage (see chapter 5.2.1). It has attracted the highest numbers of the FDIs’ projects in the world. The FDIs’ projects are exceeded the Dubai’s delivering infrastructure capacity. Thus it started to experience growing pains at least since 2006. They are for instance reputation risk, labour pains, inflations, high costs of living, lacking of comprehensive laws, and traffic problems. In particular, the traffic problems, Whitelaw (2008) anticipated that it could take a decade to solve. Those are growing pains before the global financial crisis 2008. After the incidence Dubai experienced a fast downturn in the real-estate sector as Whitelaw (2008) anticipated. It tried to tackle the crisis by issuing $ 10 billion bonds to Abu Dhabi—its sister-city. As of February 2009, rating agencies reduced its credibility ranking by pointing out that it is implicit about how it will transform its assets to pay back loans on its SOEs. To retain its growth momentum, Dubai will have to solve the growing pains, and survive the current global financial crisis. The Dubai’s model as investing aggressively in pervasive sectors has to be reconsidered as risky, especially in the light of longer and deeper global recession (see chapter 4.1.5).

Future Challenges

Dubai has competitiveness in three dimensions: FDIs’ destination, container port, and tourism destination according to our framework. Container port seems to be the most sustainable element. This feature is one of the Dubai’s key elements to sustain its growth. However, it is still a long way to outcompete the other world’s port cities such as Singapore, Shanghai, and Hong Kong. In addition, by 2010 when the Dubai’s second airport will be open, it will increase the traffics at the container port as well. In terms of tourism destination, the growing pains have not affected the city’s tourism demand. Dubai’s government recognizes its competitiveness in this sector and plans to grow the sector in its DSP 2015. However, this is the interpretation before the financial impact of the global crisis was felt. In terms of the FDIs’ destination, albeit it has high competitiveness in this field, Dubai has to solve the growing pains and meddle through the current financial crisis in order to sustain this dimension. Dubai still needs the FDIs to fulfill its ambitious double-digit GDPs-growth-goal. However, it is tricky since the growing pains in terms of insufficient infrastructure, and traffic problems need a long period in order to be solved. Dubai has not yet competitiveness in terms of business hub, and financial hub. The factors lacking for becoming a global business hub are knowledge creation, information flow, and financial flow. In terms of financial hub, Dubai there is a high uncertainty to become globally significant in the near future, since the uncertainty depends on the aggressive investments to be flourished and the number of offices to be open for instance.
The learning cases are included to depict potential consequences for the Dubai’s future. There are three cases: Singapore, Orange County, and Detroit. Dubai still has not potential to compete with Singapore. Singapore is a world’s leader in various dimensions. However, two potential dimensions of which Dubai is comparable are as a business center, and a tourism destination. Dubai should collaborate and learn from Singapore in terms of government’s entrepreneurial intervention, tackling of Asian financial crisis, and its mistakes. Leaning from the Orange County case is best done through avoiding the mistakes that Orange County has committed. It is the worst and pessimistic scenario that Dubai can end up in, namely a state of bankruptcy if it fails to be transparent and clear-sighted with its investment strategy, and to administrate its internal control. The learning from the Detroit case is that the decline and exit phases -as in the business lifecycle- is as applicable also when developing a public entrepreneurship lifecycle. Detroit has fallen into the decline phase and in need to renew its strategy in order to survive the severe economic recession. Drawing from our case study, a public entrepreneurship lifecycle model can be depicted in two directions: managing success or exit. It can be consisted of these phases: strategic entrepreneurship, (start-up), economic growth (growth), growing pains (maturity), strategic renewal (rejuvenate) or decline and exit (see figure 6-2).

Megalomania in Dubai?

“Is Dubai madly inflexible in carrying out its mega expansions without appropriate consents in its limits to facilitate them?”

(cf. chapter 1.4)

There was probably a certain degree of megalomania in Dubai when it madly invested its wealth (GFCI5, p.17) in pervasive sectors at once, failed to fully manage its growth, and caused traffic chaos everywhere. However, to put a negative or positive judgement on the Dubai’s entrepreneurial activities it depends to a large extent on the success or failure to manage the growing pains and the emerging global financial crisis. We consider that at current Dubai is hanging on the growing pains spot on our public entrepreneurship lifecycle (see figure 6-2). In the short run, Dubai may be -seriously harmed with major financial losses-falling further to the decline phase from its investment disorder, thus failure and megalomania is the judgement. In the long run, probably a decade, its persistence in investment will start to be flourished, and result in its comeback on the management success axis through the strategic renewal phase. It will lead to the beginning spot—strategic entrepreneurship, and Dubai will rise again. In practice, if it tightly managed, committed no more mistakes, and with financial support from Abu Dhabi then Dubai is likely to be successful and become a hero and or a role model to other developing cities. In addition, according to Namaki (2008) what Dubai is doing now was what Singapore did in 1980s. Singapore was successful with its heavy investment in infrastructure, and become one of the world’s most competitive cities. Dubai therefore is not unique in this sense. Considering the Singapore’s excellent growth after the investment chaos, we can conclude that it still possible for Dubai to succeed. Or put it differently, so far it has managed fairly well, and certainly better than the ‘megalomania’ label indicates, but both internal growing pains, and external global crisis is now adding complexities and burdens
to Dubai’s ability to succeed. Therefore, it is too early to judge whether it should be seen as megalomania or as a role model at this growing pains point (see figure 6-2).

7.1 Further Research

Public Entrepreneur or Public Sector Entrepreneur

There emerges opening for some further research from our study. Firstly, it should be an investigation into public entrepreneurship definition starting from our literature review. There are different definitions that describe similar concepts as the public entrepreneurship and the public entrepreneur but using the different key words such as; social entrepreneur, public sector entrepreneur, entrepreneurial government, and entrepreneurial state. Investigating the definitions, comparing and reflecting the insights should be useful in order to apply a strong concept to limit unclarities.

Longitudinal Study

Longitudinal studies of public entrepreneurship cases would be useful to illustrate the long-term consequences of strategic entrepreneurship, identifying of the distinctions between public and private sector entrepreneurship, scales on public entrepreneurship levels, and the appropriate level of public entrepreneurship.

Public and Private Sectors Entrepreneurships

In addition, to measuring both public and private sector entrepreneurship in an economic entity to analyze and identify more attentive indicators to economic growth can be more useful than to solely measuring entrepreneurial level of governments in finding strategies to retain the growth momentum. Thus both perspectives: public and private sector entrepreneurship in economic growth should be studied, and in particular the role of public sectors have implications to the other low performance cities in order to enhance the prospects of a world in balance (cf. Wolfensohn, 2003).
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Appendix A:

Questions to the Existing Foreign Investors

Kindly tell us these potential factors in order of importance!

I) The factors that will maintain your investment in Dubai for the long-term:

1) Stability of Return on Investment
2) Market efficiency (competition, size)
3) Representing the Hotel Brand in Dubai (as future global business hub)
4) Good infrastructure
5) Government efficiency (corruption, property rights, fairness, security.)
6) Labor market efficiency
7) Macroeconomic (national saving rate, government debt, inflation)
8) Financial market efficiency (easy to get loan, soundness of bank, openness)
9) Network and supporting in industry (local supplier in quality and quantity)
10) Others (please suggest) ________________________

II) The factors that can make you decide to withdraw your business from Dubai:

1) Political instability
2) Terrorism
3) Trade Openness
4) Global Financial Crisis: severe declining in sales
5) Relocation in other cities in the same region, which seem to yield a better opportunity in the long run
6) Others (please suggest) ________________________
Appendix B:

The Existing Foreign Investors’ Confidence Result

<table>
<thead>
<tr>
<th>Name of the company</th>
<th>Name, contact detail and date of interview</th>
<th>Factors maintaining the business in Dubai</th>
<th>Factors for withdrawal of business from Dubai</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dusit Thani Dubai Hotel</strong></td>
<td>Kanittha Vitoonvitluck Secretary to Vice President-Operations Tel: +66 2200 9999 Ext.3101 E-mail <a href="mailto:kanittha.vt@dusit.com">kanittha.vt@dusit.com</a> Date of interview: 2009-04-09</td>
<td>1. Network and supporting in industry (9) 2. Stability of return on investment 3. Representing the hotel brand in Dubai</td>
<td>1. Instability on the investor side*</td>
</tr>
<tr>
<td><strong>Kinnarps of Sweden</strong></td>
<td>Kristian Petersson Chairman Tel: +97 1 4359 5501 E-mail: <a href="mailto:kristian.petersson@kpsworld.com">kristian.petersson@kpsworld.com</a> Date of interview: 2009-04-28</td>
<td>1. Government efficiency (5) 2. Good infrastructure 3. No government intervention and no taxation</td>
<td>1. Trade openness 2. Terrorism</td>
</tr>
<tr>
<td><strong>Roxtec</strong></td>
<td>Peter Backstrom Director Market Development Tel: 46 7 3331 3101 E-mail: <a href="mailto:peter.backstrom@se.roxtec.com">peter.backstrom@se.roxtec.com</a> Date of interview: 2009-04-28</td>
<td>1. Market efficiency (2) 2. Labor market efficiency 3. Network and supporting in industry 4. Macroeconomic 5. Good infrastructures (transportation facility) 6. Government efficiency</td>
<td>1. Terrorism</td>
</tr>
</tbody>
</table>

*Note: Since Dusit Thani Dubai Hotel is not invest money in building all of the facilities by itself but provides the service management with its professional trained employees from Thailand. Therefore, in order for the hotel to withdraw from Dubai is mainly concern on the investor decision. However, we had already tried to dig down to the group of investor that invited Dusit Thani Hotel to manage the hotel but we got a closed door from every possible ways as the information is not to be disclosed to the public.*