

Overall Condition of the United Arab Emirates

Author : Abdullah Alrubaysh

Abstract:- United Arab Emirates is modern country specially in Economy such as airlines. However, Etihad does not operate a direct flight to Dubai. the proposal is to have Etihad subcontract us to operate two aircrafts to take over the transport services to and from Abu Dhabi and Dubai. The aircrafts are meant to reduce the time taken to travel between the two cities by the emirates customers, provide a more comfortable transport system and make the customers satisfied with the services and ensure customer loyalty and probably attract new customers. The service will be offered through operating two Embraer ERJ 135 series with 37 seats and two Airbus H155 helicopters 14 passengers.

1.1 Introduction

The United Arab Emirates commonly referred to as UAE is a union of seven emirates located on the eastern part of the Arabian Peninsula occupying 83,600 square kilometers in size (Arab & Qaywayn, 2013). The seven emirates include Dubai, Ajman, Fujairah, Ras Al-Khaimah, Abu Dhabi, Umm Al-Qaiwain and Dubai which united on 2nd December 1971 to form a federal union. These emirates all have their capital cities although the major capital city for the nation is in Abu Dhabi.

- *Abdullah Alrubaysh is currently pursuing masters degree program in Business administration and International business in Niagara University University, Niagara NY United States Of America, PH+17164458806. E-mail: aalrubaysh@mail.niagara.edu*

Legal System

By virtue of being an Islamic nation most of the nation's legal principles is drawn from the Sharia Law. However, the English concept of law and the Egyptian legal principles have also been adopted by the country. The United Arab Emirates' judicial system is thereby drawn from Sharia law and the civil law system which was adopted from French Egyptian and the Roman civil codes (Mohammed, 2005). Under this system, Sharia courts have limited jurisdiction as they are required to hear and determine criminal matters pertaining to robbery, adultery, and drug and alcohol abuse among other crimes.

The Constitution promulgated in 1996 is the supreme law of the United Arab Emirates. It provides regulation on how the federation is to be managed and how each emirate is to be ruled. The constitution is therefore the basis of all legislations enacted at federal and state level. Any legislation that is found to be inconsistent with the constitution is invalid and cannot be enforced.

The Civil courts are guided by legislation as their primary source of law. These courts are usually inquisitorial in nature. Unlike the common law system, the civil law courts in the United Arab Emirates are not bound by case law otherwise referred to as precedent. This judicial system is not uniform and usually varies within the seven Emirates. The law therefore allows each emirate to come up with its own independent system that fits its needs.

In light of business matters, the legal systems require all business in the country whether foreign or local to be guided by written codes, which are similar to those of the western nations. In most instances, the European law or the United States law is often used in commercial transaction entered into by different entities since the jurisdictions have more developed laws.

Any organization or individual aspiring to conduct business directly or through an Agent in the United Arab Emirate is required to establish a formal presence in the federation. This presence is also required to be legal and can be done by entering into a commercial relationship with an agency in the country, by incorporating a localized entity within the United Arab Emirates, by establishing a free zone relationship or entity in the federation or by registering an office or a branch of the foreign company in the United Arab Emirates.

The foreign branch, partnership or local business is required to obtain a business license from the federal or municipal authority so as to carry out its proposed business. Any company, which aspires to establish business in the seven Emirates, must have a sponsor company, which is required to be a company totally owned by nationals in the United Arab Emirates, or is a national company (Ahmed and Kothari, 2008). For this to happen, the company must be 50% owned by the United Arab Emirates.

Once a party has successfully established its business in the United Arab Emirates, the law requires that the business together with the other partners it is involved with or any other commercial entity to enter into arbitration agreements. The federation emphasizes on arbitration as the favored method for resolution of disputes among commercial entities. This is mainly because the, method allows speedy resolution of disputes, upholds confidentiality and allows disputing parties to choose impartial arbitrators whom they deem fit to handle their matters

1.2 Culture

Islam is the main religion of the country thus the country's rich culture is affiliated to the Islamic religion. The culture is therefore grounded in various values which are required to be adhered to

strictly by the people. Men are required to wear long shirt dresses known as the Khandura or the Dishdash with white and red head scarves commonly referred to as the Gutra. The women on the other hand are required to wear a long black robe called the Abaya. They are also required to cover their heads with the hijab.

Drinking in public is not allowed in the nation so as to avoid causing nuisance to the public. The culture also necessitates that people should always be treated with respect and courtesy. People are required to be polite when addressing others. The culture requires guest to be treated well and as a result, hosts are required to be very polite. Guests are sprinkled with rose water in their celebration.

1.3 Politics

The highest political institution in the United Arab Emirates is the Government. The government comprises of the president, his deputy, the cabinet which comprises of ministers from the seven emirates, the judiciary, the Supreme Council and the Federal national council. Leaders of the seven emirates form the supreme council which handles both executive and legislative matters in the federation.

Power allocation between the different emirate governments and the federal government is provided for under the constitution. Exclusive

jurisdiction on a number of substantive matters including but not limited to security, trade, defense and other foreign policy is with the federal government.

On the other hand, the local government in each emirate is granted powers and section 113 of the constitution of 1996 to deal with local matters pertaining to the emirates and which are not regulated by the top most government which is the federal government. Local government therefore have powers to deal with commercial activities within their confines such as the issue of trading licenses and ensuring that business comply with the local business policies,

1.4 Lifestyle

Life in the United Arab Emirates is tolerable and people from various parts move to live in the federation permanently because of a number of reasons. For instance, earnings are tax free. This means that an individual is able to get 100% of his or her income. Despite this the cost of living is extremely high. Housing, Schools, Health Insurance and other amenities are very expensive in The United Arab Emirates.

1.5 Demographics

The country's population is extremely diverse. According to a study conducted in 2014, it was

found out that only 13% of the population was made up of UAE nationals. The larger part of the population is made of immigrants from nationals from various countries across the world. This is mainly due to the relax immigration laws in the country. The country has the leading rate of immigration in the world with a rate of 21%. Foreigners are allowed to apply for citizenship in the country after living in the United Arab Emirates for twenty years. Citizenship will also be granted to such individuals upon application if it is established that such individuals are able to communicate in Arabic and are without any criminal record.

Due to the leniency in immigration codes the highest population in the United Arab Emirates is made up of South Asians making up 58% of the population, 17% and 8.5% of the nation's population is made up of other Asians and immigrants from western countries respectively. The country's population total's to 9.5 million citizens with Dubai having the most people at 1.75 million.

Gender imbalance is extremely high in the Arabian Federation. By the end of 2014 it was established that there were more males compared to females in the federation in the 15 to 65 age group. By 2014, there were 6,549,202 men compared to 2,796,927 females.

1.7 Currency

The country's currency is known as the Dirham and it came into use in 1973. This was after several other currencies such as the Qatari riyal and the Dubai riyal were abolished. The Dirham is abbreviated as Dh and it is made of one hundred folios. The Dirham is significantly affected by the U.S Dollar. A rise in the Dollar consequently strengthens the nation's currency and the reverse is also true. According to Hamid (2013), when the dollar rate surged in 2013, the Emirati currency was also strengthen causing an economic boom in the Arabian nation.

1.6 History

History of the United Arab Emirates is mainly grounded in trade and Islam and goes back to 630 AD. The country's strategic location between the Far East and the European Continent attracted merchants from various parts of the world such as the Chinese, British, Portuguese, Indians and the Dutch.

The Europeans specifically majored on controlled the state and in the 19th century, the British entered into individual agreements with each emirates resulting in what came to be known as Trucial States. This agreement gave full power to

the British colony. The emirates in signing the Trucial agreement agreed to dispose their territories to the United Kingdom. The agreement also stated that the emirates would not enter into relationships with any other colony save for the United Kingdom.

As a result, the British promised to protect the emirate costliness from all forms of aggression and offer the emirates protection in case of any attack.

Despite exclusive control from the British the Sheikhs also helped the British in the management of the seven emirates. In 1968, the British colony pronounced that they would be vacating from the Arabian Gulf.

This was after the Imperial restriction that has begun to occur. The Emirates through one of their leaders Sheikh Zayed made a hasty move towards establishing a union between the seven emirates. Together with one Sheikh Rashid who later became the first vice president and prime minister of the newly formed United Arab Emirates came together to call the seven emirates that had formed the trucial states to form a federation. In addition Bahrain and Qatar were also called to join the other seven emirates in the formation of a federation.

After continuous negotiations between the rulers of the emirates an agreement was reached. The

rulers of Dubai, Sharjah, Abu Dhabi, Fujairah, Ajman and Umm al-Qaiwain agreed to the proposal for the formation of a federation. This led to the formation of the United Arab Emirates which formally came into force on 2nd December 1971. The president of the federation was Sheikh Zayed. The seventh emirate joined the federation in February 1972. Until his death in 2004, Sheikh Zayed was the present of the federation.

Oil is also a huge part of the history of the United Arab Emirates. Not long after the British exit, oil was discovered in the region. This helped the federation to grow and the seven emirates were able to independently build themselves without any intrusion.

1.8 Economy

The Economy of the United Arab Emirates is quite steady and has always been on an upward trajectory. The country's economy is mostly favored by oil production. The UAE is ranked as the eighth largest company in production of oil in the world. Thus oil trade allows the country to maintain competition with other top notch economies in the world.

Apart from oil commerce the country's economy is boosted by tourism and also increased spending by both the federal and state government. Unity amongst the emirates and appropriate fiscal and

monetary policies has also helped in ensuring that the economy of United Arab Emirates remains stable over the years.

1.9 GDP

The United Arab Emirates is ranked as one of the most developed countries in the world. As a result the country's GDP is very high. By the end of 2014, the country recorded a gross domestic product of 401.65 billion US dollars

1.10 Environment

The environment is one of the top most priorities for the federal and local governments of the United Arab Emirates. Through the Ministry of Environment and Water, the environment is kept cleaned and maintained so as to guarantee the citizens safe living and working conditions. The ministry employs various strategies with the aim of enhancing biological security, promoting food security and conserving the nation's environment in general.

1.11 Resources

Oil and natural gas are the primary natural resources in the United Arab Emirates. In the

country, Petroleum production is a very important industry. It accounts for 30% of the total gross domestic product. The crown prince of Abu Dhabi heads the Supreme Petroleum Council which has the complete control over the energy policy in UAE. The government invests billions of dollars to increase crude oil capacity despite the crown prince of Abu Dhabi's commitment to reduce the dependency of oil. Under the UAE's constitution, each emirate (Abu Dhabi, Dubai, Sharjah, Ajman, Fujairah, Ras al-Khaimah, and Umm al-Qaiwain) controls its own oil and resource development.

According to the statistics published in 2006, the UAE has natural gas reserves of 214.4 trillion cubic feet, the 5th largest supply in the world after Russia, Qatar, Iran and Saudi Arabia. Abu Dhabi has the largest reserves- 198.5 trillion cubic feet. The other emirates such as Sharjah, Dubai and Ras al Khaymah hold relatively small reserves. More than 90% of the resources are capture from Abu Dhabi.

Natural fresh water has been over exploited and therefore is very limited. The underwater aquifer fell by 10 meters between the years 1977 and 1984. It has resulted to increased salinity levels and intrusion of sea water in to ground water. Sea water is counted as a natural resource in the country. Solar energy has been incorporated at the city of Masdar which is still under construction in

Abu Dhabi. In addition to the mentioned resources in the UAE, limestone, marl, and gypsum are used to make cement. There is small scale mining of Chromite in Fujairah.

1.12 Infrastructure

The UAE has one of the most modern infrastructure and transport services in the world. Multi-lane highways connect the seven emirates and the main cities. The modern internal system was developed in the 1960s and 70s. The road network are well advanced in the urban areas. The transport in UAE is mainly road based. The qualities of roads are good. Particularly in Dubai and Abu Dhabi. The road transport is slow and not satisfying to the passengers who would want to be transported to and from the emirates. There has been congestion and traffic over the years. The government has introduced bridges, more roads, tunnels and interchange projects to ease the growing traffic congestion.

The UAE had no rail roads. However, construction of a two-line urban rail system begun in 2006 on Dubai Metro. It was 100% financed by Dubai municipality. Similar initiative is underway. This time it's another one connecting Abu Dhabi and Dubai to ease road congestion. The government records of the UAE say that they have 15

commercial ports. The leading one is located in Dubai. It is called the Mina Rashid and was completed in 1972. It has the modern facilities to handle commercial and passenger shipping. It is followed by Mina Jabal which is the largest in the country and the largest man made harbor in the world. UAE has 37 airports, 23 of which have paved runways. Six of them are international. The few airport services have won many awards for excellence in service and design. They are highly regarded for their comfort luxury and hospitality.

Despite the well catered transport and infrastructure facilities, there lack a direct flight between Abu Dhabi and Dubai. Neither the Emirate airlines nor the Etihad airways operate on this route. There is a huge drawback for the Etihad airways because Dubai is the main business and tours hub for UAE. The only means of transport is a free coach that is not at all comfortable and satisfactory for the passengers. We found it the best idea to propose that we operate as subcontractors for Etihad airways by providing the two Embraer and 2 Airbus Helicopters.

Pipelines designated for various products are a total of 6511 kilometers. The products include condensate, gas, liquid petroleum gas and the refined products. In addition, Dubai has ferries that carry passengers and cargo across Dubai creek.

Social infrastructure include the

telecommunications. Etisalat, the UAE telecommunications operator provides internet access to 1.4 million users. It has a virtual monopoly in the countries telecommunications. Etisalat maintains and operates the national and international fixed telecommunications network, mobile telephony and cable TV services. The UAE is believed to have the best telecommunication network in the world. It has the highest voice connection and broadband internet connectivity capacity per capita. It also has the lowest internet rates of (US\$0.06 per minute) in the Arab world.

1.13 Technology

Technologically, UAE is an example of itself. The city has been witnessing smart infrastructure being built basing of the latest and edge cutting technology. They include the driverless Metro, the drive through toll gates which is the world's tallest tower and the construction of the three palm islands. The residents in the UAE can almost walk through the pass port controls at the Dubai international Airport and the Al Maktoum international airports due to the newly introduced automated smart gate system. His Highness Sheikh Mohammed announced that they had launched a new project that would transform Dubai

into a smart city. Health care, education and general security would be managed through smart systems. The projects aim was also to provide the natives with fast internet in the public areas.

The move toward provision of e-services would make the residents access and process services offered by the government agencies. Dubai is normally well connected to the most advanced fiber optic network and highest internet speed of 300 mbps. The technology companies in the United Arab Emirates have stood up the challenge by adding more capacity and infrastructure. Dubai's ambition is to become a regional a global trade and logistics powerhouse. Have a vision 2020 that will transform the country into a major technological hub at a global level. Adding the direct flight between Abu Dhabi and Dubai would be an addition to the in place technology.

1.14 Security

The country is concerned to have the most drastically developing military power in the gulf region. Its military include the army which is headquartered in Abu Dhabi, the navy, and the air force. The UAE president is the supreme commander of the armed forces. The United States is always the central to the UAE defense policy. Despite the military relationship with the United States, the UAE has wanted to diversify their

procurement of weapons. France and UAE has a defense cooperation agreement. It is the key source of military materials.

UAE faces external threats from Iran. Iran seized the disputed islands in the Strait of Hormuz. It is suspected to develop nuclear. UAE feels threatened by the general volatility of the gulf region and the repeated terrorist attacks in Iraq. Defense conference in Abu Dhabi signed various agreements to purchase satellite surveillance systems and unmanned reconnaissance vehicles. Other major military equipment in UAE include, battle tanks, fighting vehicles, mortars, air defense guns among others.

UAE nationals are viewed as supportive to the structure of family rules that has defined the government since its independence in 1971. The president who is the current ruler faces no threats and political challenges. This is due to the security forces that are considered sufficient to meet his political threat.

Terrorism is a major security concern. The government has even extended the amount of time the public prosecutors can hold suspects in terrorism related cases to six months. The cases are referred to the federal Supreme Court which may extend detention period indefinitely. The

proposal of there being a direct flight between the two major emirates would minimize insecurity since the transport time to the destination would be minimized to 30-45 minutes.

1.15 Competition

With the fact that this is a competitive global economy, the UAE does its best to maintain its competitiveness. It faces numerous challenges such as in real estate sector, debt restructuring and bond repayment. UAE has prospered in the provision of food, security, quality of life and sustainability to the nationals. The UAE's infrastructure offers easy access in and out of the country. Free zones such as Dubai International Financial Centre make it a very eye-catching model for business.

The UAES has had to beat the competitors thanks to the government's commitments to policies and measures that support and inspire an energetic and successful private sector. Reports suggest that there is continued progress and drastic development in areas of education, international trade, business legislation, finance and technological infrastructure. The country lowered the telecommunication rates because of the increasing competition from neighbors such as Qatar and Saudi Arabia.

Rules and regulations

UAE is a Muslim country and the laws here are quite conservative in comparison to other Arab countries such as Saudi Arabia. The standards are made and adopted to meet the fast pace of developments in the country. The laws are implemented by the federal Judiciary which comprises of the supreme courts.

Ignorance of the law is not accepted in UAE starting from dress code to alcohol consumption. Every person who resides at UAE must have an identity card. According to the law, a person is presumed innocent until proven guilty. Crimes that are of definite penalties are murder, apostasy, murder, fornication, homosexuality, adultery and theft. For ones working in UAE, they must abide by the laws of the land.

1.16 Trade barriers

Emirates is currently the 19th largest export market for united state goods. It is a member of GCC (Gulf Cooperation Council). The import, export and re-export of goods can be banned and restricted for reasons such as safety, environment, public health, national security, natural resources and for reasons related to foreign policy. United Arab Emirates applies the GCC external tariffs of 5% for most of the products.

Only firms that have an appropriate trade license engage in importation. This license is got by the

UAE registered companies. Goods for personal consumption do not require import licenses. UAE requires that documentation is done by the UAE embassy in the exporting country. There is a fee established for the authentication.

1.17 Employment

UAE job database is considered one of the most extensive in the industry. People seeking to get employment in there have some procedures to follow. Say, we who would like to get a job to ensure that there is a direct flight from Abu Dhabi to Dubai would have to follow some procedures.

We need to have a visa. In addition, to that we need to get a proper job contract from a local or foreign country to proceed with the employment visa. The employer will need to get an approval for the employee from the ministry of labor or the necessary authorities. The ministry has to satisfy itself that there are no nationals who can do the specified work. The employer once he gets the labor approval, the immigration office issues the pink visa to the employee to get into UAE.

That is normally done within the 30 days of arrival. The employees should go to a government hospital for health check. The health check consist of blood chest and chest x-ray for Leprosy, HIV, hepatitis B, tuberculosis and syphilis. In case the results are positive, the employee is deported immediately.

1.18 B-plan

UAE believes in good business plan. A plan that is generated by great attention with support of an experienced team. The business team usually has extensive experience in helping companies grow .The business plan helps companies such as ours to acquire funding. It also utilizes its investment networks to assist in the whole process. We would be lucky if we got one to assist us in funding our project.

1.20 Housing

The great disparities between the different emirates makes the housing market complex. In Abu Dhabi, Houses have significantly low prices due to the large amounts of new buildings. Better comfort is found in Dubai. IN UAE, house sharing is prohibited .Unmarried couples should also not stay under one roof. Generally, it is forbidden to share accommodation with someone who is not family. In a case where people disobey the law, problems with the authorities can arise.

1.19 Education

The country ensures high literacy rates. Education is UAE s highest priority. Women are at par with the modern programs as well as men. The literacy rate for both genders is almost 90%. He nationals go through the K-12 programs. The ministry of

education adopted the education 2020, a vision designed to introduce advanced education techniques through implementing new policies programs and initiatives. UAE has numerous high and tertiary level schools. English is a core subject in the nation. The government believes that poor orientation in English offers an employment barrier. Employees in the nation are also expected to meet the level of education of the nationals.

2.1 The Business

Overview of Etihad Flights

Etihad airlines is headquartered in Abu Dhabi and its flights into and from the UAE are mainly from the Abu Dhabi international airport. Etihad does not operate a direct flight to Dubai, Grimme (2011). None of the main airlines operates a flight connecting Abu Dhabi with Dubai. This is a disadvantage to Etihad given that Dubai is the hub of the UAE's tourism and business and hence many of the UAE tourist and business people are either based in Dubai or would like to visit Dubai as one their main tourist and business destination.

Instead, Etihad operates a free luxury coach for its customers to move to and from Abu Dhabi and Dubai. The coach takes approximately one hour to make it to Dubai, all other factors held constant. For this reason, Etihad customers are never fully satisfied with the bus transport as it is both tiresome and time consuming. This could be reason enough for a customer to choose Emirates airline over Etihad while travelling to Dubai.

2.2 The Service

With this knowledge, the proposal is to have Etihad subcontract us to operate two aircrafts to take over the transport services to and from Abu Dhabi and Dubai. The aircrafts are meant to reduce the time taken to travel between the two cities by the emirates customers, provide a more comfortable transport system and make the customers satisfied with the services and ensure customer loyalty and probably attract new customers. The service will be offered through operating two Embraer ERJ 135 series with 37 seats and two Airbus H155 helicopters 14 passengers.

The Embraer will include inflight services similar to those provided by the main Etihad carriers in order to ensure comfortability and easy travel. The services will include inflight entertainment provided through the Etihad E-box and internet connectivity to allow communication with friends and family.

Also available is the in-seat phone sms and e-mail services. This is to allow the customers continue enjoying the services they enjoyed inside the main carrier Etihad in which they travel long distance with. Inflight entertainment will vary depending on the classes of passengers.

The Embraer will be expected to take approximately 25-30 minutes while the helicopters will be expected to take approximately 30-45 minutes. The cost of the travel will vary with the similar available classes of passengers as classified by emirates. This includes the first class, business class and the economy class. The customers will have the option of booking the flight together with their Etihad air ticket to UAE and the cost of the flight will be included in the ticket or choose to book the flight after alighting in the UAE which will mean that the cost will be charged differently from the ticket. This is meant to attract more customers for emirates being the main provider of the service by encouraging the passengers to travel to Dubai through Abu Dhabi. The service will later open up to other Emirates in the UAE where Etihad does not offer direct flights for expansion service.

In addition to the passenger transport services, the aircrafts will provide cargo transport for the passengers at an affordable cost which will also be included in the Etihad ticket. The aim is to ensure

full list of services offered by Etihad airline from other parts of the world to UAE are also accorded to the passengers who are willing to travel to and from Abu Dhabi and Dubai. The Abu Dhabi cargo will be limited to one or two flights a day to minimize the cost as much as possible.

2.4 SWOT Analysis

Strengths:

- The small airline specifically tailored to customers of Etihad airline from Abu Dhabi to Dubai will rely on speedy transport service which is comfortable and offers inflight services like music and drinks.
- The cost of the flights will be incorporated in the tickets to UAE and hence the flights will still be free to customers as the coach.
- This will increase customer satisfaction and attraction. Weaknesses
- This airline service will be free dependent on the Etihad airline customers and may be affected by the pick and of pick periods of Etihad.
- It may also be expensive for Etihad to outsource this service given that using the bus that they already have may turn out to be cheaper and cost effective.

2.5 Opportunities

- The service may also take advantage of different customers that may have not travelled with Etihad but are moving from Abu Dhabi to Dubai given that the other big airlines like Emirates do not offer the same services.
- The service may also be open to other emirates. Threats
- There is a high chance of Emirates adopting the same system in order to bring competition. This may drastically affect the service.
- There is also the possibility of lack of enough customers during the off pick periods. The service will be relying on the market that Etihad airline has already established as its customers will basically be the Etihad airline customers. The whole idea is to aid the transportation of cargo and passengers from Abu Dhabi to Dubai and from Dubai to Abu Dhabi. Etihad airline is an established airline company with vast resource and huge economies of scale. This will mean that the operating costs of the subcontract will be absorbed into the operating costs of Etihad in a bid to make the customers more satisfied. The economies of scale implies that the possibility of the subcontract to be successful with minimal relative operating cost is very high

given the ability of the company to absorb the cost. The air transport will be significantly faster than the road transport being provided at the moment. This will be pleasing to the customers already using the bus and know the advantage of using air transport.

The subcontract will provide Etihad with the chance to take advantage of the many customers especially tourist who want to travel with Etihad to Dubai. The service will also be provided with other luxury transport services like inflight entertainment, calls and internet connectivity. This is one of a kind treatment of travels of such a short distance will only be available from Etihad. There is also the possibility of expansion and the availability of expansion opportunity to provide the service for customers travelling to the other Emirates in the UAE. The cost of fuel in the UAE is relatively lower than the cost of fuel in other parts of the world especially the non-oil producing countries. This means that the cost of establishing a mode of air transport in UAE is likely to succeed due to lower relative operating cost. These strengths will make the subcontract competitive in case there emerges a competitor providing the same services for another company.

Weaknesses:

For the service to be provided efficiently, it will mean that Etihad has to be willing to spend a little

more money to ensure the comfort and satisfaction of its customers. It also means that Etihad has to accept to subcontract the service. In a nutshell, the success of the whole idea depends on Etihad's view of it. In case the idea is accepted and the subcontract given, then Etihad will have to fork out more money to establish it and ensure the aircrafts meet the Etihad standard. It is also more costly than the bus services.

2.6 Opportunities

There are high chances of expanding to other Emirates in the UAE where Etihad and Emirates airlines do not have direct flights to Dubai. The service can be expanded so as to transport people and cargo for across the UAE to Dubai and from Dubai to the rest of UAE. It is also possible for Etihad to use the service to transport people and cargo to and from Abu Dhabi since it's the headquarters. When the services expand, with the established market by the Etihad airline, Etihad could be able to capture internal air transportation within UAE using the subcontracted service thus minimizing the cost and effect of the mother company Etihad.

2.7 Threats

When the service turns out to be successful, there is a high possibility of Emirates and other major airlines joining the market which could in turn bring

unhealthy competition. There is also the possibility of the services incurring more than reasonable costs and thus bringing losses to Etihad. There is the possibility of Etihad rejecting the idea at the beginning after examining it. Etihad being a big company, there is the threat of Etihad deciding to provide the service and failing to subcontract.

Etihad has the capability of providing the service without subcontracting and hence could decide to do so. It is also possible for customers to reject using the service if the service is subcontracted rather prefer the service if provided by Etihad.

Airplanes are always in a high risk of accidents and this service will not be an exemption. The biggest risk to any aircraft is the threat of crashing or being involved in an accident.

Market Analysis

Etihad airline concentrates on the transportation of cargo and people from Abu Dhabi to the rest of the world. The main aspect of the service we are about to introduce is the transportation of people from Abu Dhabi to Dubai. This may differ with the Etihad well know slogan "from Abu Dhabi to the world" but will be able to boost the name of the company within UAE especially given that Etihad is a national carrier of the UAE. The views of Etihad customers and their satisfaction within UAE are therefore important to the success of Etihad.

Probability of the market.

We shall analyze the probability of the market using Michael Porters five market forces. From a vertical view, Porter said that a company can be affected by the bargaining power of customers and the bargaining power of customers. From the horizontal competition view, a company can be affected by the three types of threats; threat of substitute products, threat of established rivals and threat of new entrants, Magretta (2013). Etihad literally competes with Emirates airline for all the services it provides in the UAE and apparently the two do not offer flights from Abu Dhabi to Dubai.

This implies that currently there is no threat of competition from Emirates for the as service.

However, just like Pepsi and Coca Cola in the soft drinks industry, Emirates and Etihad in the in the

UAE compete in such a way that if one does something, the other tries to do it even better.

Therefore, if the service turns out successful, it is obvious that emirates will enter into the market to compete for the service provision. This brings is to the second of Porter's forces, threat of new entrants. In the near future, there will be companies that will enter into the market to provide transport to from Abu Dhabi to Dubai. This will mean that there will be the completion, and the introduction of better services from the new entrants. Currently only the bus transport is

providing competition to the service. About the bargaining power of suppliers, Etihad may not have any influence on the suppliers since the world has a duopoly in the production of aircrafts with only Boeing and Airbus as the sole producers of aircrafts, Magretta (2013). The two companies have a greater bargaining power. The only thing Etihad can do to curb the effects of this power is to order aircraft in bulk and enjoy the discounts. The bargaining power of customers in the airline industry is very low meaning the airline companies have the upper hand in price determination. This offers Etihad a better chance of hiding the cost of the transport to Dubai from Abu Dhabi in its air tickets and term the service as free.

2.8 Target market

The target market for this service will be mainly business people from Abu Dhabi and tourist visiting UAE through Abu Dhabi but are willing to travel to Dubai. Abu Dhabi is expanding very fast even though Dubai is the current business and tourism hub of the UAE. There is a need to connect the two emirates in order to ensure a continuous growth of the two emirates and to foster a good business relationship between the emirates. Business people from Abu Dhabi are mostly interested with links with Dubai given that Dubai acts like the capital city of UAE and is more developed economically than Abu Dhabi. Tourists visiting Abu

Dhabi also may also be interested in finding out more about UAE by visiting Dubai and other Emirates which are easily accessible from Dubai. This may have us develop a new slogan for our service as "from Abu Dhabi to Dubai". With the introduction of the service, customers, mainly those who have earlier used the free coach, will experience a whole new transformation and many others will be attracted in using emirates and Abu Dhabi to enter UAE. Etihad used to concentrate on the outbound customers moving from Abu Dhabi to the rest of the world but with its business open to almost all parts of the world, and especially Asia and Africa whose economies are majorly developing fast, Etihad should expect more customers to be travelling in and out of Dubai. Most of Africa and Asia's business people prefer importing goods from the middle-east and other parts of Asia. This development could see the number of business people travel in and out of Dubai increase leading to a rise in the business. The increase in the business between Africa, Middle-east and Asia means more revenue for the airline industry and it's definitely worth investing in.

2.9 Customers' perspective

The value the customers will derive from the service will determine the customers' analysis of the service. Customers' value will be determined on basis of the benefits versus the costs the

customers will incur for the service (Grönroos 2011). The customers will therefore determine the value of the service depending on their psychological perspective they create about the service. The perceived value of the service will also be derived on the customers' treatment by Etihad, the charges they incur and the treatment of their cargo. Etihad has its own terminal at the Abu Dhabi international airport. This enables the easy access to the planes and easy movement from checkpoint to boarding of the plane. It also reduces the time taken to board the plane after the checkpoint. Customers moving from other planes to board the Dubai-borne aircraft will have an easy time when they travel with Etihad due to the time saved by the ease of movement within the airport. Etihad also will provide three passenger classes; economy class, business class, and first class so as to allow customers to book the aircrafts according to their budgets and capability. The customers will also experience the value of their money when they are treated in the same manner as they are treated while traveling with Etihad. Customers will also experience a higher value due to the inflight entertainment, meals and superior ground services are provided by no other company in the manner Etihad does. Etihad also has a good number of well-trained employees with the necessary information about directions and treatment of customers. Etihad employees are well known for

their friendliness and their courtesy and the provision of the service will provide no less as it will be directly under Etihad. Customers will on the other hand have to pay for the services offered to them. This payment which is a cost to the customers will be incurred when the customers buy the ticket or pay for their cargo transportation.

An extra cost is charged when customers purchase food and other goods during the flight. The customers may also incur extra cost when they order for the chauffer driven cars offered by Etihad. The tickets and food will not be that costly as Etihad enjoys economies of scale derived from its size and the amount of resources and will therefore provide all the services at an affordable and considerate price. It is therefore evident that the customers' value is expected to be more than the cost given that the amount of service and opportunity provided by the service will definitely be more than the money cost the customers will have to incur.

The aim of the service is to provide the most affordable prices without compromising customer satisfaction and hospitality Etihad provides to its customers (Grönroos ,2011). This will provide customers with a high value travel experience which emulates that offered by Etihad. By the time the service if fully operational, customers will find

that the value they derive from the service is much more than the monetary cost they undergo.

2.11 Customer Analysis

Etiha had a concentration of customers living Abu Dhabi and later on the inbound customers coming into Abu Dhabi. The company has little diversification of the transport to Dubai from Abu Dhabi. But with the fast development of Abu Dhabi, Asia, and Africa the company may have to increase its concentration on that segment of the industry especially because Dubai is the hub of tourism and economy of the UAE. The airline also connects most tourists traveling to and from Europe. These tourists will in one way or another need to travel to Dubai and hence need a good, safe, fast and comfortable means of transport that will make them feel the value for their money.

2.10 Potential

Etiha has more than fifty thousand seats booked every week by customers from within the UAE. Etiha also records several trips taken by bus from Abu Dhabi to Dubai daily. This shows that the movement of people from Abu Dhabi to Dubai is not imaginary but an activity with potential for growth. This is not considering the fact there could be customers who are willing to travel to Dubai via Abu Dhabi but prefer other airlines to avoid the use of road transport offered by Etiha. It's a possibility

that customers who do not prefer road transport have been avoiding travelling to Dubai through Abu Dhabi for the sole reason of avoiding the bus. This implies that the potential for growth of the service is dependent on the high customer numbers of Etiha, the development of Abu Dhabi, the increase in business transactions between Abu Dhabi and Dubai, and the tourism industry that keeps expanding in the UAE. It is a high possibility that tourists and business people visiting Abu Dhabi would be encouraged to travel to Dubai to experience the hospitality industry in Dubai if there was a comfortable and fast mode of transport fitting their social class. The service also has the potential to expand to other emirates that the major carriers do not fly to. With the continuous development of the Tourism industry in the UAE, the tourists moving from Dubai and Abu Dhabi to other emirates seems to be on a rising trend and they will sooner or later need a more convenient mode of transport.

2.12 Relationships and Networking

The service will have to determine and generate a good relationship among its staff and between staff and customers. Since we shall continue using the Etiha website, most of networking with customers will be through staff and the website. However, the service will establish different social media sites to manage complains and customer services. The

service will also use the famous Etihad call center for customer service and complaints handling.

Financial Analysis

The greater cost of setting up the airline service will definitely be the cost of the aircrafts, branding and marketing. The Embraer ERJ 135 series planes are estimated to cost about \$14.6 million each which is way cheaper than the average commercial aircraft which is estimated to cost about \$63 million. The Airbus H155 helicopters are estimated to cost about \$10 million each. This choice of aircraft is both costs efficient and strategic due to the wide range of uses the aircraft can be put to.

Etihad will focus on developing the service in such a way that it does not bring unnecessary cost to the airline and that the costs it undergoes during its starting period are covered by the income it brings later on. Another major cost will be insurance policies for the aircrafts. Aircrafts are considered high risk property and the airline business a high risk business. Hence the insurance policies for aircrafts are very costly and offered by few companies compared to other types of insurance cover. Yet another cost is the jet fuel which is one of the most unstable in prices and expensive product. However, Etihad and other airline companies in the middle-east enjoy relatively lower

costs of jet fuel as compared to their counterparts in Europe.

This is an advantage to the service as it implies that the most possible competitors are airlines in the UAE and that is Air Dubai and Emirate airlines. To cater for the training required and the financial costs that are incurred to train employees, the service will absorb 20 employees from Etihad and cater for the salaries and other expenses of the employees.

2.13 Competition

In the time being, Etihad has no competitor in the production of the service. The service itself has only the free bus to compete with and fortunately the bus cannot offer the same value as the air transport the service will provide. The main competitors of Etihad which are mainly Emirates airline and Air Dubai may later on decide to offer the same service. However, Etihad will have established leadership in the market and it will be hard for the competitors to provide such a high competition given that Etihad is a big company with high economies of scale.

2.14 Strategy Analysis

The organizational goals of this specific service will include the short term and long term. The short term goals may include reducing the cost of

travelling between the two emirates and break even within a period of one year (Ryan, 2014). The long term goals of the service will be to make sure the profits it makes increase at a certain rate yearly. The service will also have a long term strategy of attracting more customers to use Etihad to travel to Dubai via Abu Dhabi. The product strategy of the service is air transportation of people and cargo from Abu Dhabi to Dubai.

This is a product that has not been provided by Etihad before and is strategically created to capitalize on the preference of customers to use air transport rather than road transport. The services are also offered in classes based on the customer's capability and budget. Since the service is only starting, it uses a market penetration pricing strategy in order to attract customers and scoop a bigger share of the market before other players join the market. Price leadership will be included in the strategy. The service will also take advantage of the small customer bargaining power and the possibility of Etihad hiding the cost of the transport in its main ticket to Abu Dhabi.

Etihad being an established company with a well-developed website and branches all over the world, the service will take advantage of Etihad's place strategy. Customers can book any flight from Abu Dhabi to Dubai from any of the platforms provided by Etihad. Etihad also has a well-developed

people strategy with very courteous, friendly and helpful staff, the service will also use a similar training system for its staff and invent borrow from Etihad where necessary. Etihad has its own terminal at the Abu Dhabi international airport which gives it a very simple process strategy with fast booking, clearance, and boarding process. The service will also capitalize on the process strategy and offer faster, affordable and excellent services.

The physical evidence strategy of Etihad is defined by the logo and the unique display of its name alongside the royal decree symbol. These features uniquely identify Etihad as a luxurious airline. The company is also strategically positioned within the airport terminal three to ensure safety and comfort of its customers (Hensher, 2011). If the service is given a go ahead, it will be only reasonable to paint the aircraft with Etihad colors so that the passengers can continue identifying themselves with the luxury of Etihad and that they don't feel cheated.

The inclusions of the three passenger classes even for such a short distance will ensure that customers still feel part of Etihad. The aircrafts will also have the interior designed in a way to match the Etihad's aircrafts design. The idea is to identify a positioning strategy that will position the service at the leader's position where Etihad is positioned. This is to be done in a way that the customers will still feel that

the services accorded to them are of high quality and value and the services concur with those offered by Etihad.

To induce the desire of purchase into customers, the service will also need a promotion strategy that will outline the modes of promotion and how and when they are to be offered. The promotion strategy will include; sales promotion, advertising, direct marketing, sponsorship prints promotion, and gifts. These methods are the ones mainly used by Etihad and other major airlines across the industry. KLM for example offers its customers with blue house sculptures that are identified with the Dutch royal decree and the people of Netherlands.

Etihad also offers gifts branded Etihad to loyal customers and performing employees. Currently,

the service will focus on sales promotion and direct marketing. This is due its minimal finances as the service is still new. Later on as business grows, it will be reasonable to offer sponsorship and gifts. The service being a part of Etihad will emulate the bigger company and offer coupons and services offered on the main Etihad website to the customers as a mode of direct sales and brand promotion. The service will also use its employees for marketing through word of mouth and attending different trade fares and exhibitions as a method of direct marketing promotion. The choice of aircraft was strategic as the Embraer 135 series have an elegant sleek design while the Airbus H155 helicopters are designed for greater number of uses and combine beauty and better functionality.

1. References

2. Ahmed, B., & Kothari, S. (2008). Doing Business in United Arab Emirates. *Dubai: Afridi & Angell Legal Consultants.*
3. Arab, U., & al Qaywayn, U. (2013). United Arab Emirates. *Nation Shapes: The Story behind the World's Borders*, 454.
4. Hamid, T. (2013). Experts rush to send more cash home from UAE as value of dirham soars. *The National Business*. Retrieved from <http://www.thenational.ae/business/industry-insights/economics/expats-rush-to-send-more-cash-home-from-uae-as-value-of-dirham-soars>
5. Mohamed A. A. (2005) "The Courts System in the UAE," Liberty magazine, Issue 03, March 2005.
6. Population leaps to 8.19 million *the National. Abu Dhabi*. Retrieved from <http://www.thenational.ae/news/uae-news/population-leaps-to-8-19-million>
7. Magretta, J. (2013). *Understanding Michael Porter: the essential guide to competition and strategy*. Harvard Business Press.
8. Ryan, D. (2014). *Understanding digital marketing: marketing strategies for engaging the digital generation*. Kogan Page Publishers.
9. Merkert, R., & Hensher, D. A. (2011). The impact of strategic management and fleet

- planning on airline efficiency—A random effects Tobit model based on DEA efficiency scores. *Transportation Research Part A: Policy and Practice*, 45(7), 686-695.
10. Grimme, W. (2011). The growth of Arabian airlines from a German perspective—A study of the impacts of new air services to Asia. *Journal of Air Transport Management*, 17(6), 333-338.
11. Grönroos, C. (2011). A service perspective on business relationships: The value creation, interaction and marketing interface. *Industrial Marketing Management*, 40(2), 240-247.
12. Yaghi, A., & Aljaidi, N. (2014). Examining Organizational Commitment among National and Expatriate Employees in the Private and Public Sectors in United Arab Emirates. *International Journal of Public Administration*, 37(12).
13. Mourtada, R., & Salem, F. (2011). Exploring the Role of Technology in Innovation in the United Arab Emirates.
14. Nahyan, M. T. A., Sohal, A. S., Fildes, B. N., & Hawas, Y. E. (2012). Transportation infrastructure development in the UAE: Stakeholder perspectives on management practice. *Construction Innovation*, 12(4), 492-514.
15. Stephens Balakrishnan, M. (2011). Etihad Airways: reputation management-an example of the Eyjafjallajökull Iceland volcano. *Emerald Emerging Markets Case Studies*, 1(4), 1-17.
16. Zarrouk, J. (2003). A survey of barriers to trade and investment in Arab countries. Arab economic integration: Between hope and reality, 48.