

Example of mubadala study critical thinking

[Business](#), [Strategy](#)



Abu Dhabi is one of the emirates that makes up the United Arab Emirates (UAE). It is a tiny dry, dusty patch of sand, securely nestled on top of the fourth largest reserve of the world's natural gas and nearly 10% of the world's oil. They had sufficient funds to needed to provide basic services. However, they lagged behind the rest of the world in social services, infrastructure education and wealth distribution. The Abu Dhabi National Oil Company invested its oil revenues that grew from \$500 billion to \$900 billion. What they needed was to employ and educate their people. What they created, Mubadalla, makes great study on how to plan a business and work the plan. One of the most important skills to learn in managerial economics is the ability to identify a good business. Discuss four characteristics of a good business? (the answer from the internet and case study)

Is Mubadala a good business, what makes Mubadala a good business?

Although the region is energy rich, it lacks other resources. To make up for this Al Mubarak and his colleagues in Mubadala used the available capital resources to develop a high tech high-energy approach to develop Abu Dhabi's industrial base. They sought sectors such as basic metals and aerospace and a select group of service, property and tourist initiatives. Their strategic location on the southern coast of the Arabian Gulf between Qatar, Oman and Saudi Arabia helped. To maximize this potential, Al Mubarak chose strategic investments, recognizing that " you can justify almost anything as strategic." He saw the key was " was combining profitability with strategic business development" . In this, their oil riches

could become a curse rather than an asset as they provided to great a cushion against failure.

Another difficulty that needed to be addressed and overcome were the increasing strained relations between the United States and the Mid-Eastern countries following the September 11th terrorist attacks. One of the most ambitious initiatives developed as part of the growth plan for Mubadala and Abu Dhabi was the building of infrastructure. Mubadala entered into a partnership with Total and Enron named “ Dolphin” that laid approximately 400 kilometers of pipeline from Qatar and Abu Dhabi in which it retained a 51% interest. This project’s success inspired other foreign partners to trust Abu Dhabi and Mubadala.

As another result of Dolphin’s success Mubadala was able to develop and leverage banking resources and establish relationships with over 67 lending institutions. As their history of success grew, they established “ a \$500 million one-year revolving credit facility with 10 international banks, including Citibank, Barclays Capital, BNP Paribas, Societe Generale, Bank of Tokyo Mitsubishi, and the Royal Bank of Scotland.” . By doing this Mubadallah has grown from its initial roots. into a good strong International business.

3. Mubadala is an international investment company, it invests heavily in many countries around the globe, however; it is clearly absent from the United States markets, in your opinion, why is that the case? Since the United States is a good market that offers high returns on invested capital.

With the motto “ Change is the Only Constant”, the relationship with America was left to a slow evolutionary process. In the wake of 9/11, relationships between the Arab world and the United States were strained. However, the weakening U. S. dollar has provided subsequent investment opportunities of which Mubadala has availed itself. These included investments in the Carlyle Group, AMD and Related Companies. It is yet to be seen if these acquisitions will constitute the first small steps in the development of a larger scale of American investment; and how those deals fit Mubadala’s developmental mandate.

Works Cited

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