Achieving business excellence and competitiveness in the MENA region

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1 Introduction

The objective of this introductory chapter is to outline key factors that are influencing and influenced by the business environment in the Middle East and North Africa (MENA) region. These key factors such as *economy, infrastructure, development, education, technology, etc.* are essential for achieving business excellence and competitiveness in the region. The performance of the different countries in the region will be assessed against each other and the rest of the world using different international indicators and measurements.

However, it is important to note that understanding the nature of problems, challenges and opportunities in the region is a very difficult task for many people outside its territories. Equally important to mention the fact that it is not possible to have contributions from important countries in the region such as Iraq and Palestine due to the current situation is both countries.

2 Understanding the MENA region

Defining the territories of the MENA region is the first obstacle that most researchers will face when examining any affairs within the region. The World Bank for example defines the MENA region as Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates (UAE), West bank and Gaza and Yemen. Many other international institutions define MENA as extending from Morocco to Turkey along the southern and eastern shores of the Mediterranean and as far east as Iran and south to the Sudan, Saudi Arabia and Yemen. And while some recent books (Smith, 2006) about the region argue that it would be misleading to include countries like Sudan as part of MENA, these neighbouring countries have also been referred to as part of the MENA region by different scholars and institutions (see Henry and Springborg, 2001). Therefore, the definition of the MENA region is often unclear and there is no single definition that fully captures the different key historical, cultural and contemporary factors such as Islam, oil, role of the USA, colonialism and the foundation of the state of Israel, but by being clear about our meaning of the region and the underlying assumptions, we can progress our understanding of the MENA region and its future challenges and opportunities.

Countries in the MENA region have similar political systems characterised as theocratic, traditional monarchies, based on a tribal system with large royal families (Mellahi, 2003). Governments heavily regulate most social and political activities and preserve an active involvement in business affairs. Therefore, relationship with government bodies and official has strong importance. Business deals are secured on the base of whom you know more than any other factors. In such a context, Schlumberger (2000, p.250) argues that, laws are applied inequitably and in many cases manipulated in favour of a loyal clientele through direct or indirect state intervention.

The social systems within the region include core values, ethics, behaviour, etc. are all originated from Quran, Quranic principles and the saying and practices of the Prophet Mohammad serve as guides for individuals in conducting their daily activities. Ali (1996) stresses that Islam is one of the most influential forces in the Arab World, moulding and regulating individual and group behaviour and outlooks. Islamic and Bedouin values and traditions are therefore the core components of the Arabic social system, which are very different from the cultural values and social attitudes in the rest of the world. Furthermore, Islamic values and teaching put strong emphasis on obedience to leaders.

In addition to Islamic teaching, tribal and family traditions have a strong impact on individual behaviour. The Arab culture is traditional, socio-centric male dominated and encourages dependence on relatives and friends (Mellahi, 2003). Therefore, one can argue that, the decisions relating to the introduction and application of any new technique or systems applications within society lie in the hands and interest of the social classes or groups who dominate government and the modern productive sectors tend to result in actions which are not neutral, but are carried out to the benefit of the richer members of society. Moreover, such direction will reinforce the existing inequities within the society to strengthen the control of the dominant groups.

3 MENA competitiveness performance

Table 1 presents the performance of the different countries in the MENA region against each other and the rest of the world using different international indicators and measurements. Table 1 includes details about MENA countries' population levels (POP) and performance (world ranking) relating to the most widely accepted indexes such as Human Development Index (HDI), Digital Opportunity Index (DOI), Environmental Performance Index (EPI) and Global Competitiveness Index (GCI).

Table 1 MENA POP, HDI, DOI, EPI and GCI (2006)

Countries	*POP*	*HDI*	*DOI*	*EPI*	*GCI*
Algeria	33.4	102	83	63	76
Bahrain	0.7	39	35	…	49
Djibouti	0.7	148	132	…	…
Egypt	72.1	111	91	85	63
Jordan	5.6	86	79	64	52
Iran	69.7	96	105	53	…
Israel	6.8	*23*	*14*	45	*15*
Kuwait	3.0	33	60	…	44
Lebanon	3.7	78	93	*36*	…
Libya	5.9	64	109	…	…
Mauritania	2.8	153	154	131	114
Morocco	30.4	123	68	68	70
Oman	2.5	56	81	60	…
Saudi Arabia	23.6	76	75	59	…
Syria	19.1	107	104	97	…
Sudan	36.2	141	136	124	…
Tunisia	10.2	87	87	82	30
Turkey	*72.5*	92	52	49	59
Qatar	0.8	46	38	…	38
United Arab Emirates	5.0	49	37	47	32
Yemen	26.9	150	128	122	…

*Population (POP) calculated in million peoples, HDI (171 countries), DOI (181 countries), EPI (133 countries) and GCI (125 countries).

Source: Adopted from WISR (2006, 2007); ITU World Telecommunication Indicators Database; Yale Centre for Environmental Law and Policy (2006); UNDP (2006); World Economic Outlook Database (2007) and the World Economic Forum (2006) (Arab World Competitiveness Report 2007 and Global Competitiveness Report 2006–2007).

3.1 MENA human development index

According to the IMF latest reports on the MENA region (2007), the economic outlook for the region as a whole remains favourable, with some moderation of growth among oil exporters. The region's current account surplus is expected to decline from its 2006 level of 18% of regional GDP to around 10.75% of GDP over the next two years as a result of the decline in oil prices and stronger import growth (IMF, 2007).

Despite the global significance of MENA's oil, most MENA countries score lower on HDI world ranking. The region is very heterogonous with GDP, productivity and investment rates well below the global average. It is, therefore, generally recognised that the dominant economic model of the region – based on the public sector, oil incomes and workers' remittances – is not up to the challenges of globalisation. Given the apparently contradictory needs of economic growth and environmental conservation, it comes as no surprise that SD has had such a powerful influence in contemporary discussions on the future of the region.

3.2 MENA digital opportunity index

According to WISR (2006, 2007) reports, the DOI is the only e-index-based solely on internationally agreed ICT indicators, developed for 181 countries in 2006. This makes it a valuable tool for benchmarking the most important indicators for measuring the Information Society. The DOI is a standard tool that governments, operators, development agencies, researchers and others can use to measure the digital divide and compare ICT performance within and across countries.

There is enormous variety in the socioeconomic context of MENA countries, and a related large variability between them in terms of their current status with respect to IT, in areas such as their existing equipment base, the availability of trained personnel and their current levels of usage of IT/S. In the MENA region, Israel is leading the region and Sudan and Muritania placed at the bottom of table. The index reveals an alarming picture for many countries in the region moving backward across the table from 2005 to 2006 world ranking. Morocco on the other hand is progressing very fast moving 35 steps towards the top of the table.

The ranking of rich countries like Kuwait (moved from 49th in 2005 to 60th in 2006) and Saudi Arabia (moved from 72nd place in 2005 to 75th place in 2006) showing that a nation's economic status does not always correspond to its path towards the Information Society. Bartholomew (1997) argues that technology development is embedded in a country's history, cultural values and attitudes. Therefore, attitude to IT could also have something to do with national culture. Therefore in the case of Saudi Arabia and Kuwait and indeed most parts of the region issues to do with Freedom of Information could be one of the reasons behind their lack of success as access to the internet brings with it free access to information and therefore if the political climate of the country does not permit such access, then rapid progress towards information society cannot succeed in that country.

3.3 MENA environmental performance index

The EPI released during the World Economic Forum (2006) to focus on current on-the-ground outcomes across a core set of environmental issues tracked through 16 indicators in six policy categories for which all governments are being held accountable. These categories include: *Environmental Health, Air Quality, Water Resources, Biodiversity and Habitat, Productive Natural Resources and Sustainable Energy*. As a quantitative gauge of pollution control and natural resource management results, the Index provides a powerful tool for improving policymaking and shifting environmental decision-making onto firmer analytic foundations. The Index reveals that nations at all levels of economic development face serious environmental challenges. The top-ranked countries all commit significant resources and effort to environmental protection, resulting in strong performance across most of the policy categories.

The rankings of some countries (Lebanon, UAE, Turkey, Iran and Saudi Arabia) are notably higher on the EPI which suggest that these countries face significant long-term sustainability challenges but are managing their present circumstances well. Meanwhile a number of countries (Sudan, Yemen and Mauritania) have lower EPI as they are relatively unpolluted due to their underdevelopment, but they are not meeting the challenge of providing environmental infrastructure (drinking water and waste water treatment) for their people and creating systems for pollution control and ecosystem protection.

However despite considerable public investment in potable water supply services (World Water Forum, 2006), deteriorating environmental conditions will lead to a serious water shortage problem. The EPI also reveals serious concerns regarding water resources in the region with most countries score very low compare to other categories. According to a recent report by the EU's Institute for Security Studies (Gnesotto and Grevi, 2006), the current annual per capita water availability of about 1200 cubic meters (compared to a world level of 7000) may well drop to only 550 cubic meters by 2050 (Nasr, 2003). Also countries like Egypt and Syria depend largely on water resources originating from other countries and are therefore vulnerable to the water policies of their neighbours. The sustainability of the human and economic development of the region will thus depend on long-distance water transfers and massive desalination projects.

3.4 MENA global competitiveness index

GCI is the main competitiveness indicator to be used by the World Economic Forum (WEF) to assess the competitiveness of nations. GCI extends and deepens the concepts and ideas underpinning the earlier Growth Competitiveness Index developed by Jeffrey Sachs and John McArthur in 2001. *Competitiveness* is defined as a set of factors, policies and institutions that determines the level of productivity in a country and *productivity* describes how efficiently available resources are used and therefore the growth performance of an economy (Hanouz et al., 2007).

GCI rankings are drawn from a combination of publicly available hard data and the results of the Executive Opinion Survey, a comprehensive annual survey conducted by the WEF, together with its network of Partner Institutes (leading research institutes and business organisations) in the region.

According to the recent GCI rankings published in the Arab World Competitiveness Report 2007, UAE is the most competitive economy in the Arab world followed by Qatar and Kuwait. And although the report covers only 13 countries from the MENA region (Algeria, Bahrain, Egypt, Jordan, Kuwait, Libya, Mauritania, Morocco, Oman, Qatar, Syria, Tunisia, UAE) but the report captures a broad range of factors affecting an economy's business climate that are critical determinants of sustained economic growth throughout the region.

4 MENA business environment

Table 2 presents the performance of the different countries in the MENA region against each other and the rest of the world (world ranking) using the most widely accepted indexes such as Business Competitiveness Index (BCI) and Ease of Doing Business (EDB).

Table 2 MENA business performance (2006)

Countries	*BCI*	*EDB*	*General performance*
Algeria	85	116	Excellent macroeconomic environment in a sheltered and technologically backward economy.
Bahrain	51	…	Good macroeconomic performance and socioeconomic indicators with gaps in higher education and training.
Djibouti	…	161	…
Egypt	76	165	Good institutions and infrastructure but one of the highest budget deficits in the world.
Jordan	52	78	Efficient markets and accountable institutions but low ICT use and technological transfers.
Iran	…	119	…
Israel	19	26	One of the world's most competitive economies. Its most significant achievements were concentrated in the areas of technological readiness, macroeconomic management, market efficiency and various areas of infrastructure.
Kuwait	44	46	Excellent macroeconomic environment with weak outcomes on education and innovation.
Lebanon	…	86	…
Libya	…	…	Excellent macroeconomic indicators but infrastructure is underdeveloped and the quality of education is weak.
Mauritania	101	148	Institutions are a comparative strength against an overall weak performance, in particular high macroeconomic imbalances.
Morocco	66	115	Good infrastructure and efficient markets although human capital needs urgent improvements.
Oman	…	55	Well-developed institutions and efficient labour markets, but education and sophistication in need of improvement.
Saudi Arabia	…	38	…
Syria	…	130	Low levels of corruption and good socioeconomic outcomes against a weak macroeconomic environment and high levels of protection.
Sudan	…	154	…
Tunisia	26	80	Stable institutions and good educational outcomes but weak infrastructure and financial systems.
Turkey	46	91	…
Qatar	34	…	Excels in macroeconomic outcomes but improvements in infrastructure and business sophistication are needed.
United Arab Emirates	31	77	Strong on macroeconomic indicators and institutions and weak on education and innovation.
Yemen	…	98	…

*GCI and BCI calculated from 125 to 121 countries, respectively.

Source: Adopted from the World Economic Forum (Arab World Competitiveness Report 2007 and Global Competitiveness Report 2006–2007); World Bank (2006) and World Economic Outlook Database (2007).

BCI ranks MENA countries by their microeconomic competitiveness, identifies competitive strengths and weaknesses in terms of countries' business environment conditions and company operations and strategies, and provides an assessment of the sustainability of countries' current levels of prosperity. According to the recent Arab World Competitiveness Report 2007 (Hanouz et al., 2007), GCI and BCI results point to weaknesses in market efficiency, in particular with respect to competition for goods and services. For example it takes 63 days to set up a new business in UAE.

However a recent in-depth study by the World Bank entitled *Doing Business 2007: How to Reform* ranks MENA countries on their EDB with first place being the best. EDB averages the country's percentile rankings on 10 topics, made up of a variety of indicators, giving equal weight to each topic. These indicators include:

- starting a business (STA)
- dealing with licenses (LIC)
- employing workers (EMP)
- registering property (REG)
- getting credit (CRE)
- protecting investors (PRO)
- paying taxes (TAX)
- Trading Across Borders (TAB)
- enforcing contracts (CON)
- closing a business (CLO).

Table 3 shows the overall MENA rankings in terms of the 10 indicators of EDB in the different MENA countries. A high ranking means the regulatory environment in the country is conducive to the operation of business. Starting a business indicator for example examines the procedures, time, and cost involved in launching a commercial or industrial firm with up to 50 employees and start-up capital of 10 times the economy's per-capita Gross National Income (GNI).

According to Shetty and Buehler (1991), productivity and quality are two major keys to competitive advantage and therefore managers must recognise that productivity and quality improvement efforts require major changes in company philosophy, culture and operating systems. However given the space limitations in this introductory chapter, these different issues will be examined and explored in more details in other chapters in the book by many scholars, researchers and policymakers from allover the world.

Table 3 MENA EDB Indicators (2006)

MENA	*EDB*	*STA*	*LIC*	*EMP*	*REG*	*CRE*	*PRO*	*TAX*	*TAB*	*CON*	*CLO*
Israel	1	1	8	8	16	1	1	11	2	10	2
Saudi Arabia	2	14	2	2	1	3	6	3	3	7	10
Kuwait	3	6	11	1	7	6	2	5	5	6	6
Oman	4	5	14	5	3	14	3	1	14	9	4
United Arab Emirates	5	13	4	7	2	9	9	1	1	11	15
Jordan	6	10	3	3	11	6	9	4	8	5	9
Tunisia	7	3	12	10	8	8	15	15	4	3	1
Lebanon	8	7	7	4	10	2	5	8	9	14	12
Yemen	9	16	1	6	5	9	9	12	12	2	8
Morocco	10	2	15	17	6	14	9	14	7	12	5
Algeria	11	8	13	11	17	9	3	17	13	4	3
Iran	12	4	16	15	15	3	16	13	11	1	11
West Bank & Gaza	13	17	10	12	12	3	6	9	6	8	16
Syria	14	11	5	9	9	9	9	10	15	15	7
Iraq	15	12	6	13	4	14	6	6	17	13	16
Djibouti	16	15	9	14	13	9	17	7	16	17	14
Egypt	17	9	17	16	14	17	9	16	10	16	13

Source: Adopted from the World Bank (2006) and World Economic Outlook Database (2007).

5 Plan of the book

There are six sections in the book, namely Strategic Cooperation and Integration (3 chapters), Competitiveness and Effectiveness (5 chapters), Technological Transformation (3 chapters), Finance and Banking (4 chapters), Management and Organisation Behaviour (4 chapters) and Entrepreneurship and Small Business (3 chapters).

In the first section (*Strategic Cooperation and Integration*) of the book, *Zineldin* (chapter 2) outlines the strategy needed to achieve the Arab-shared objective of cooperation and peaceful coexistence. He argues that globalisation of Western countries can cause more problem and crisis for the developing countries, if these countries are not able to compete or cooperate with the developed countries. The existing economic blocs in Europe, USA, Asia, etc. would have an extremely prominent and powerful position as guides and advisers in Arab countries. According to *Zineldin* the main dilemma is that Arab countries often compete with each other rather than cooperate with each other. Arab countries are in a great need to cooperate, build up trust and alliances with each other to achieve some political and economical synergy effects and to be able to create some political and economic balance in the global era. In his final concluding remark, *Zineldin* states that without socio-economic integration between Arab countries, there is no interdependence relationship between Western and Arabs. Too dependent on western nations or blocs is not of the benefit of neither the Arab nor Western countries and therefore cerates tension and basis for conflicts.

Following on *Zineldin*'s call for economic integration among countries in the region, the case study in chapter 3 focuses on Yemen as one of the very few countries that have not been engaged in a large number of Regional Trade Agreements (RTAs). In doing so, *Ghoneim* addresses several questions such as what track should Yemen follow, the multilateral or regional and if regional what type of RTAs should Yemen join? *Ghoneim* main hypothesis is that Yemen's engagement in several RTAs is not likely to benefit Yemen in terms of achieving its developmental goals. *Ghoneim* concludes that Yemen joining of RTAs as long as it rations its engagement in such agreements can complement its process of accession to WTO and serves its developmental goals. He also suggests some policy measures that can help Yemen to achieve better integration in the world economy.

The next chapter (chapter 4) investigates the socio-economic effects of Darfur conflict in Sudan. *Bannaga and Ali* begin their investigation by discussing Sudan and comparing the economic performance of Darfur with other regions in Sudan. By employing regression analysis and descriptive statistics, *Bannaga and Ali* are able to demonstrate that Darfur export shocks are region specific rather than country specific. *Bannaga and Ali* discuss further the causes of production variability in Darfur and investigate the welfare cost of the conflict and what happened to the poor. In doing so, *Bannaga and Ali* analysed income shocks, consumption smoothing and poverty incidence in Darfur. In their conclusion, *Bannaga and Ali* call for a better integration of Darfur region with other parts of the country, peace as indispensable public good for poverty reduction, redistribution and increasing socio-economic transfers to Darfur region.

The next section (*Competitiveness and Effectiveness*) of the book (chapter 5) starts with an investigation of the key implication of competition policy as a major issue on the global trade agenda on economic development strategies, policies and practices in the MENA region. In chapter 5, *Salman* examines the main key issues that can improve competitive policies within the MENA countries; within their experiences of volatile macroeconomic variables that hinder their economic growth and competitiveness. In doing so *Salman* examines different factors that would enhance competitive policies in three countries in the MENA region, namely Egypt, Tunisia and Turkey. The main criteria in choosing these countries are their volatile macroeconomic status. *Salman* results show that enforcing competition policies in many countries led them to loose their competitive environment; where the degree of exposure to internal and external shocks, extent of economic diversification and international competitiveness were relevant factors in explaining weak economic growth in many of these countries.

In chapter 6, *Mostafa* uses Data Envelopment Analysis (DEA) to measure the relative efficiency of 62 top listed companies in Egypt. *Mostafa*'s study indicates that the performance of several companies is suboptimal, suggesting the potential for significant improvements over both profitability and marketability dimensions. Separate benchmarks were derived for possible reductions in resources used and the results indicate that several companies deploy a much larger number of employees than required by a best practice company and significant savings are possible on this account. From a policy perspective, *Mostafa* highlights the economic importance of encouraging increased market efficiency throughout the business sector in Egypt. However the important implication of *Mostafa*'s study is that efficiency measures facilitate the publication of 'league tables' or rankings of entire Egyptian companies.

Following on *Mostafa*'s arguments about efficiency but from a rather different dimensions, chapter 7 is an exploratory study that investigates training in the state of Qatar. The motivation for *Jolo* to undertake this study is to provide an insight into such a process among national workers in the Oil and Gas-based Industries (OGBI), which is one of the most significant economic sectors in Qatar. Additionally, *Jolo* also endeavours to investigate the training process and its related factors and practices that affects the development of their skills within the industry, such as their educational background, promotion and training incentives. *Jolo*'s study revealed that educational attainment had influenced the Qatari workers' achievement of their training programmes objectives and its effectiveness in developing their general and specific skills, with a stronger link with higher educational attainment and technical education. The study also shows that success and effectiveness of training within the industry in forming and developing Qatari workers' skills is influenced by other internal organisational factors mainly promotion. Thus, it could be concluded that in the absence of the above mechanisms, the process of human capital formation in the OGBI through training may continue to be hindered and remain ineffective.

Continuing with the same country and using different research methods techniques such as observation, in-depth interviews and secondary data analysis, *Salaheldin* (chapter 8) explains how Quality Control Circle (QCC) has been implemented in Qatar. *Salaheldin's* results show that after the QCC members have tried to facilitate all sorts of modifications to the electrical equipment so that it could run with the minimum troubles, their efforts have enhanced the operations processes of the mill. Specifically, their efforts have produced many positive results including eliminating power supply failures, reducing start-up time and minimising work load. By undertaking this study, *Salaheldin* hopes to create more awareness among management and employees of the strategic importance of QCC to operations processes. More importantly, the cost/benefit analysis of results attained would be a motivating factor for manager to use QCCs.

Continuing on the same theme of cost/benefit analysis, *Alrawi* (chapter 9) develops and tests hypotheses about inventory management. In his case study in the UAE and using questionnaires, the study adopted a survey of 95 firms from different production and services units in the UAE. About 67% of these firms management responded to the survey. According to *Alrawi* there is no record of published empirical research examining the fundamental relationship between inventory and cost in the UAE. *Alrawi*'s study shows that significant relationships are found among inventory, service and highly demanded products orders. Finally, *Alrawi* recommends that inventory managers to be aware of several trends in organisational buying such as the role of purchasing in the organisation, a shift in the model that controls how purchasers buy, a change in the purchasing methods so that inventory managers no longer have complete control over how a particular customer is served.

The last chapter (chapter 10) in this section outlines the major obstacle facing the Kingdom of Bahrain in the medium term to create non-oil related opportunities in the future. *Follad* identifies different factors which impede or assist the development of the local craft sector within the local tourism industry particularly and the development of the economy generally, developments which can be further enhanced by greater support from local businesses and government. According to *Follad* very few studies have dealt with the relationship between an indigenous craft sector and tourism and local demand from an economic and social perspective. He also argues that no comprehensive study of Bahrain's craft industry exists, neither is there a clear-cut strategy to develop the handicraft sector in the Kingdom nor any attempt to study the impact of tourism on the production of Bahraini arts and crafts. This chapter therefore attempts to fill the gaps in relation to tourism and local demand opportunities.

The next section (*Technological Transformation*) of the book starts with chapter 11 in which *Al-Sharrah and Elkamel* examine the petrochemical industry in the MENA region as the large and complex industry that contributes heavily in the economy of most countries in the region. According to *Al-Sharrah and Elkamel* the petrochemical industry needs strategies for different aspects of planning and production. This chapter takes a critical first step towards drawing attention to the importance of studying manufacturing strategy for the petrochemical industry. *Al-Sharrah and Elkamel* present the main strategies that must be considered for the petrochemical industry together with the corresponding tools. The strategies are presented in the field of economics, Health Safety and Environmental (HSE) and the long-range planning. The strategies will prove helpful for decision-makers and plant engineers when selecting plants and products for the petrochemical industry.

In chapter 12, *Yaseen* examines the critical determinants of m-commerce adoption in Jordan. *Yaseen*'s model combines the Technology Acceptance Model (TAM) and Theory of Reasoned Action (TRA). More specifically, *Yaseen* reconceptualises perceived usefulness, perceived of use and behavioural intention to adopt m-commerce technology, and to enhance the specificity of these variables to m-commerce. In doing so, *Yaseen* uses field survey involving 40 mobile users and although mobile commerce may become the key driving force for developing wireless data networks applications and providing organisations with new business opportunities, most m-commerce applications except for few have failed to meet management's expectations. It is, therefore, important to shed light on the critical determinants affecting the adoption of m-commerce. *Yassen*'s results indicate a significant role of perceived ease of use in influencing behavioural intention to adopt m-commerce technology. Moreover the findings suggest that there are ample opportunities for managers to improve the perception of their mobile phone users but that they need to recognise the main determinants of m-commerce applications in the Jordanian business environment.

Following on the same theme of e-commerce, *Hadzilias* (chapter 13) argues that electronic commerce (e-commerce) has become an increasingly central part of the economy. Internet presence is considered key to doing business, rather than an exotic add-on to a company and more transactions, from business to consumer and between businesses, are taking place online. In his chapter, *Hadzilias* outlines the critical success factors of e-commerce identified among large companies in Qatar. According to *Hadzilias*, the most critical success factors are: quality customer services, staff training, business process risk management, trust, loyal customer base and secure transactions. Moreover, *Hadzilias* argues that the findings of his study can also be applied to small and medium-sized enterprises as well.

The next section of the book has been devoted to different issues relating to *Finance and Banking*. The first chapter in this section (chapter 14) is an empirical study by *Amoateng*'s on movers and shakers of MENA equity markets between 1996 and 2005. *Amoateng*'s empirical evidence shows that Egypt's equity market is relatively a better shock absorber than others in North Africa. Morocco's market is consistently the most interactive in the region and the shocks sustained by it are long-lived. Similarly, the variance decomposition analysis and impulse response functions identify the Israeli and Saudi markets as better shock absorbers among the Middle Eastern equity markets. Therefore, the Egyptian market is the mover and shaker in the North African equity markets. Also, the Israeli and Saudi markets are the movers and shakers in the region equity markets.

In chapter 15, *Chazi*'s review of the literature on commercial banks shows that non-banks dividend cuts produce abnormal returns between −1.5% and −3% during the two days event period. Investors consider commercial banks as unique types of financial institutions. Hence, they rely more in their transactions, on the banks' dividend policy-based information signalling than they do in the case of non-financial firms. *Chazi*'s study shows that the negative abnormal returns following the announcement of banks dividend cuts are larger than they are in the case of non-financial firms. Using the event study methodology, *Chazi* reveals that this cumulative average abnormal return varies around −6%.

Continuing on *Chazi*'s review of the literature on commercial banks, *Ajlouni* (chapter 16) outlines some preliminary thoughts for banking risk management, with the purpose of providing Arab banking institutions with some guideline on risk management. According to *Ajlouni*, structural changes along with growing activity in the international capital and financial markets have led to the birth of the 'Age of Risk'. The importance of this subject comes from the latest structural changes that affect banks main role in the economy. That is their financial intermediation role. *Ajlouni's* research emphasises that banking risk management has developed overtime to encounter new risks arisen from changing regulation, markets and economies. He shows how such changes influenced and reshaped today's banking business and what classes of banking risks should be considered in banking risk management. In his conclusion, *Ajlouni* recommends that Arab banks perform new roles such as promoting investments, investing in the stock and bonds markets and underwriting securities. The purpose of such new functions is to extend diversification and to transform banking risk management from risk-averse to managed and controlled risk-taker.

In chapter 17, *Al Janabi* provides proactive risk management techniques and strategies that can be applied to investment and trading portfolios in emerging and illiquid markets, such as in the context of the Moroccan stock market. *Al Janabi* demonstrates a practical approach for the measurements of risk exposure for financial trading portfolios that contain illiquid equity securities. *Al Janabi*'s approach is based on the renowned concept of Value-At-Risk (VAR) along with the creation of a software tool utilising matrix-algebra technique. In order to illustrate the proper use of VAR and stress-testing methods, real-world examples and feasible reports of risk management are presented for the Casablanca Stock Exchange (CSE). To this end, some case studies are achieved with the objective of creating a realistic framework of trading risk measurement and control reports.

The next section (*Organisation Behaviour and Culture*) starts with a very interesting chapter (chapter 18) by *Abu Naba'a* entitled Arabian Management Theory. In his chapter, *Abu Naba'a* argues that Arab countries must participate in the development of management theory and thought themselves rather than simply applying Western theories, which may not be applicable to their business environment. *Abu Naba'a* aims is to develop a theory that derives and more suitable for the Arab and Islamic heritage. This new theory as proposed by *Abu Naba'a* is based on three pillars or concepts. The first of these concepts is service, which means that the manager should respect his employees as he respects his guests, in order to gain their cooperation and increase their productivity. The second pillar is counselling which means that the manager should consult with his employees before taking decisions. This is necessary in order to direct people successfully and to motivate them to work. This practice is also important to enable the manager to make the right and wisest decision. The third pillar is justice which means that the manager should consider fear of God before taking any decision, thus being fair with all his employees. Finally, *Abu Naba'a* would hope that the proposed theory be implemented in the Arab world, alongside other theories, in a way that is commensurate with the Arab mentality and environment.

Following on the growing debate in the literature about the impact of the culture on management theories and practices, *Al Qur'an* conceptual and analytical chapter (chapter 19) attempts to underline the importance of Arabian culture and particularly, Islam to management field by reviewing and analysing the assumptions of the most dominant theoretical premises to making strategic decisions within the Arabian Islamic context. One imperative component of the Arabian cultural structure is the religion. Islam is the core religion in the entire Arabian countries in the MENA region. According to *Al Qur'an* the significance of Islam among academics in business and economics is evident; however, the issue of evaluating organisational decision-making theories from an Arabian Islamic perspective was not addressed in the existing body of knowledge. As a result, *Al Qur'an* argues that his research represents a preparatory point for future research in the area of managerial decision making from an Arabian Islamic standpoint.

In the last chapter (chapter 20) in this section, *Ahmad and Handley-Schachler* examine Corporate Environmental Disclosure (CED) in Libyan companies. In addition to reviewing existing studies, which have tended to neglect both developing countries and smaller businesses and have generally failed to discuss underlying religious, cultural or political reasons for differences in levels of CED, *Ahmad and Handley-Schachler* also examine the evidence of Libyan companies' annual reports. According *Ahmad and Handley-Schachler* the practice in Libya appears to be radically different from that in developed countries, in that there is not only a low level of disclosure generally but also a very low proportion of information reported which shows the company in a good light. Finally *Ahmad and Handley-Schachler* suggest that future research agenda would be useful to address the underlying cultural differences reflected in CED practices, to address the causes of accounting absence as well as accounting presence and to provide further information on CED practices in developing countries and smaller businesses.

In the first chapter (chapter 21) of the last section (*Entrepreneurship and small Business*), *Oukil* discusses some of the key constraints and perspectives about the development of entrepreneurship in the MENA region. According to *Oukil* little has been written about the question of why entrepreneurship development is slower in the MENA region than elsewhere. By reviewing the relevant literature and making use of factual observations, *Oukil* shows that an entrepreneurship development trend has yet to emerge in the MENA region. Recourse to a strategic growth-based approach supports the argument that there is a particular need to emphasise technology entrepreneurship. Many factors make the MENA countries different. Among these factors argued by *Oukil*, the cultural factor seems common in having a negative effect on their development of growth-based entrepreneurship. Given the relatively modest efforts made across the MENA region, *Oukil* recommends that information be made available to evaluate the extent and effectiveness of progress. This will be useful when comparisons are made, between the countries concerned themselves and with pioneering countries such as Singapore, Malaysia, India, China and the USA.

In chapter 22, *Abouzeedan* attempts to answer the same question as to why the developed countries have succeeded in maintaining a healthy entrepreneurial environment while the developing countries failed to do that. In doing so, *Abouzeedan* presents the concept of the 'Entrepreneurial Recycling Model' (EREC). According to *Abouzeedan*, in case of the Arab world, the *Entrepreneurial Recycling Processes* were disrupted through mechanisms of elimination and destruction. Moreover *Abouzeedan* suggests an interlocking process where the cure to this situation is merged with the EREC to produce a new concept, the 'Entrepreneurial Remedy Model' (EREM). Running an analysis on the Western world, *Abouzeedan* found that the EREM explains why the entrepreneurial environment has kept nourishing in these countries. Finally, *Abouzeedan* suggests some macroeconomic policies and strategies-based on the EREM analysis which could help countries in the MENA region to create an entrepreneurial environment.

In the last chapter of this book (chapter 23), *Almossawi* assesses the requirements that people in the Kingdom of Bahrain will need when deciding to enter start their own business and the help that may be available, especially from the government. According to *Almossawi* the encouragement of small businesses is essential to the development of the Bahrain and that the success of these enterprises is necessary for the future growth of the country. In order to examine the benefits of the different incentive packages offered by the government, a questionnaire was developed and given to people who had experienced the ordeals of starting their own small businesses. *Almossawi* study provides different reasons as to why many people attempt to set up their own businesses and also examples of the difficulties that they encountered in the process.

6 Conclusion

This introductory chapter provides a comprehensive overview analysis of the MENA region and the different efforts made by many countries in the region to improve their business environment and achieving sustainable growth. However as we work towards achieving sustainable business growth, we must strive not to lose sight of the big picture and that we must think *and* act both globally and locally.

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