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From the Editor

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Our major feature this issue is on education, and covers personal education, national education and development policies, such as Emiratisation, education of females for lifting socio economic standards of countries, including public health, and global public education for the common good, as a means of influencing global trends, to provide sustainable development and commerce, provide parity and equity of resources for all people of the planet and for the gaining of wisdom (definition: the quality or state of being wise; knowledge of what is true or right coupled with just judgment as to action; sagacity, discernment, or insight.)

This latter area of education (public education) is contributed to by a wider array of organisations and groups, be they religions, public interest organisations, universities, governments, courts, charities and more. Eric, our Associate Editor provides some in depth insights on how this wider definition of education may be achieved through integrity, ethical leadership and emotional intelligence.

In the past two weeks we have witnessed some amazing global reports on the state of planet Earth from both a NASA funded study and the United Nations itself. I will follow with an overview of those reports so you can evaluate them for yourselves. Generally they predict disaster unless we immediately apply some wisdom to the overall and global scene. Rampant over exploitation has to stop and we need checks and balances on those robbing the planets resources for their own personal wealth. I wonder if these people wake in the morning and laugh at the rest of humanity or have they just not been educated properly due to their insulation from the real world. There will come a time when people such as these will rightly be charged with crimes against humanity -

humanity that is yet to be born and who will face massive food and other shortages, and humanity who currently exist in this rapidly depleting world and who will be faced with natural disasters from climate change, failure of crops in a hotter world, lack of biodiversity with the extinction of many animal and plant species, and wars when countries have to 'look after their own' rather than respecting the global population. The sad thing is that these troubles have been brought upon us by the very few, not the ordinary person who tends to take care of their own environment. We therefore need wise and humane leadership that looks further than personal or even national needs as none of us are insulated from the health of the planet itself.

Australia and New Zealand are also celebrating this week with a United Nations Court ruling protecting the endangered whales of the southern ocean from further commercial exploitation - both good education and a good longterm commercial strategy!

Overview of NASA report

A new study sponsored by Nasa's Goddard Space Flight Center has highlighted the prospect that global industrial civilisation could collapse in coming decades due to unsustainable resource exploitation and increasingly unequal wealth distribution.

Noting that warnings of 'collapse' are often seen to be fringe or controversial, the study attempts to make sense of compelling historical data showing that "the process of rise-and-collapse is actually a recurrent cycle found throughout history." Cases of severe civilisational disruption due to "precipitous collapse - often lasting centuries - have been quite common."

The research project is based on a new cross-disciplinary 'Human And Nature DYnamical' (HANDY) model, led by applied mathematician Safa Motesharrei of the US National Science Foundation-supported National Socio-Environmental Synthesis Center, in association with a team of natural and social scientists. The study based on the HANDY model has been accepted for publication in

the peer-reviewed Elsevier journal, *Ecological Economics*.

It finds that according to the historical record even advanced, complex civilisations are susceptible to collapse, raising questions about the sustainability of modern civilisation:

"The fall of the Roman Empire, and the equally (if not more) advanced Han, Mauryan, and Gupta Empires, as well as so many advanced Mesopotamian Empires, are all testimony to the fact that advanced, sophisticated, complex, and creative civilizations can be both fragile and impermanent."

By investigating the human-nature dynamics of these past cases of collapse, the project identifies the most salient interrelated factors which explain civilisational decline, and which may help determine the risk of collapse today: namely, Population, Climate, Water, Agriculture, and Energy.

These factors can lead to collapse when they converge to generate two crucial social features: "the stretching of resources due to the strain placed on the ecological carrying capacity"; and "the economic stratification of society into Elites [rich] and Masses (or 'Commoners') [poor]" These social phenomena have played "a central role in the character or in the process of the collapse," in all such cases over "the last five thousand years."

Currently, high levels of economic stratification are linked directly to over-consumption of resources, with "Elites" based largely in industrialised countries responsible for both:

"...accumulated surplus is not evenly distributed throughout society, but rather has been controlled by an elite. The mass of the population, while producing the wealth, is only allocated a small portion of it by elites, usually at or just above subsistence levels."

The study challenges those who argue that technology will resolve these challenges by increasing efficiency:

"Technological change can raise the efficiency of resource use, but it also tends to raise both per capita resource consumption and the scale of resource extraction, so that, absent policy effects, the increases in consumption often compensate for the increased efficiency of resource use."

Productivity increases in agriculture and industry over the last two centuries has come from "increased (rather than decreased) resource throughput," despite dramatic efficiency gains over the same period.

Modelling a range of different scenarios, Motesharri and his colleagues conclude that under conditions "closely reflecting the reality of the world today... we find that collapse is difficult to avoid." In the first of these scenarios, civilisation:

"... appears to be on a sustainable path for quite a long time, but even using an optimal depletion rate and starting with a very small number of Elites, the Elites eventually consume too much, resulting in a famine among Commoners that eventually causes the collapse of society. It is important to note that this Type-L collapse is due to an inequality-induced famine that causes a loss of workers, rather than a collapse of Nature."

Another scenario focuses on the role of continued resource exploitation, finding that "with a larger depletion rate, the decline of the Commoners occurs faster, while the Elites are still thriving, but eventually the Commoners collapse completely, followed by the Elites."

In both scenarios, Elite wealth monopolies mean that they are buffered from the most "detrimental effects of the environmental collapse until much later than the Commoners", allowing them to "continue 'business as usual' despite the impending catastrophe." The same mechanism, they argue, could explain how "historical collapses were allowed to occur by elites who appear to be oblivious to the catastrophic trajectory (most clearly apparent in the Roman and Mayan cases)."

Applying this lesson to our contemporary predicament, the study warns that: "While some members of society might raise the alarm that the system is moving towards an impending collapse and therefore advocate structural changes to society in order to avoid it, Elites and their supporters, who opposed making these changes, could point to the long sustainable trajectory 'so far' in support of doing nothing."

However, the scientists point out that the worst-case scenarios are by no means inevitable, and suggest that appropriate policy and structural changes could avoid collapse, if not pave the way toward a more stable civilisation.

The two key solutions are to reduce economic inequality so as to ensure fairer distribution of resources, and to dramatically reduce resource consumption by relying on less intensive renewable resources and reducing population growth:

"Collapse can be avoided and population can reach equilibrium if the per capita rate of depletion of nature is reduced to a sustainable level, and if resources are distributed in a reasonably equitable fashion."

The NASA-funded HANDY model offers a highly credible wake-up call to governments, corporations and business - and consumers - to recognise that 'business as usual' cannot be sustained, and that policy and structural changes are required immediately.

Although the study is largely theoretical, a number of other more empirically-focused studies - by KPMG and the UK Government Office of Science for instance - have warned that the convergence of food, water and energy crises could create a 'perfect storm' within about fifteen years. But these 'business as usual' forecasts could be very conservative.

Dr Nafeez Ahmed, executive director of the Institute for Policy Research & Development

Overview of United Nations report

The impacts of global warming are likely to be "severe, pervasive and irreversible," a major report by the UN has warned.

Scientists and officials meeting in Japan say the document is the comprehensive assessment to date of the impacts of climate change on the world.

Members of the UN's climate panel say it provides overwhelming evidence of the scale of these effects.

Natural systems now bear the brunt, but a growing impact on humans is feared.

Our health, homes, food and safety are all likely to be threatened by rising temperatures, the summary says.

"Nobody on this planet is going to be untouched by the impacts of climate change"

End Quote Rajendra Pachauri Chairman, IPCC

The report was agreed after almost a week of intense discussions in Yokohama.

The report predicts that climate change will reduce median crop yields by two percent per decade for the rest of the century. Set against a backdrop of a world in dire need of more food, this will push up malnutrition in children by about a fifth.

The warming climate will also take its toll on human health, pushing up the number of intense heat waves and fires and increasing the risk from food and water-borne illnesses.

By the end of the 21st Century "hundreds of millions of people will be affected by coastal flooding and displaced due to land loss." The majority affected will be in East Asia, Southeast Asia and South Asia.

In addition, rising sea levels mean coastal systems and low-lying areas will

increasingly experience submergence, coastal flooding and coastal erosion.

This is the second of a series from the Intergovernmental Panel on Climate Change (IPCC) due out this year that outlines the causes, effects and solutions to global warming.

This latest Summary for Policymakers document highlights the fact that the amount of scientific evidence on the impacts of warming has almost doubled since the last report in 2007.

Be it the melting of glaciers or warming of permafrost, the summary highlights the fact that on all continents and across the oceans, changes in the climate have caused impacts on natural and human systems in recent decades.

In the words of the report, "increasing magnitudes of warming increase the likelihood of severe, pervasive and irreversible impacts"

The report includes 310 lead authors from 73 different nationalities.

The work comes six months after the first volume in the long-awaited Fifth Assessment Report declared scientists were more certain than ever that humans caused global warming.

On top of limiting future climate change by reducing emissions, we need to find ways to cope with the consequences locked in by past emissions. Chris Field, co-chair of the IPCC's Working Group 2, which produced the report, tells Reuters:

"Risks are much greater with more warming than less warming. And it doesn't require 100 percent certainty before you have creative options for moving forwards ... there are compelling adaptation options."

The Reuters piece - reposted by Huffington Post and CBC - gives a slightly less pessimistic impression than one by Tom Bawden for The Independent last week.

Bawden's run down of the new report covered the major impacts but

received criticism from some scientists for "ignoring adaptation and non-climate impacts" and its over dramatic headline, 'Official prophecy of doom: Global warming will cause widespread conflict, displace millions of people and devastate the global economy'.

Richard Ingham for Agence France Presse provides a good, all-encompassing overview of the IPCC report's topline conclusions. But unlike others, the AFP piece includes more detail on what it says about the costs of climate change damages. Ingham says:

"Draft warns costs will spiral with each additional degree, although it is hard to forecast by how much."

He includes the IPCC's estimate that 2.5 degrees of warming could cost up to 2 per cent of GDP. But economists warn these estimates are likely to be on the low side, Ingham adds. He quotes economist Jacob Schewe of the Potsdam Institute for Climate Impact Research in Germany, who says:

"The assessments that we can do at the moment probably still underestimate the actual impacts of future climate change."

The Inner Game of Executive Coaching: Integrity, Leadership, and Change

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1. Introduction

Coaching is widely recognized as being an emerging discipline and profession (Parsloe and Wray, 2000). Executive (followed by organizational) coaching ignited during the 1990s, a period when boards of directors were seeking to maximize the performance of their corporate leaders, whilst simultaneously perceiving many of these executives as underperforming and/or inadequate; this growth has continued - exponentially (Feldman and Lankau, 2005).

As an industry in its virtual infancy, but one poised to mature fairly rapidly, a core concern has arisen as the result of unprofessional coaches (and coach training organizations), who have tainted the profession of coaching, whilst concurrently placing clients at serious risk (Feldman and Lankau, 2005). Practitioner-oriented authors openly mandate the need for 'professionalism' and ethical behavior within the coaching relationship (e.g., Whitmore, 2002; Neale, Spencer-Arnell, and Wilson, 2009; Nelson, 2010; Starr, 2011).

1.1 Ethics and Ethical Standards

'Coaching ethics: integrity in the moment of choice' Allard de Jong (In Neale, Spencer-Arnell, and Wilson, 2009, p. 192)

Neale, Spenceer-Arnell, and Wilson (2009, p. 210) pose the following question and guidelines:

From an ethical perspective, what has to happen in order for us to be emotionally intelligent coaches engaged in best practice, working under a strong ethical code and reflecting on our learning to be the best we can be?

- i). We have and abide by a strong code of conduct, one based on industry guidelines, preferably from a professional body whose code is accessible for all prospective coaches to see.
- ii). We conduct our business in line with that code, observing its elements of professionalism, continuing professional development and integrity. We ensure that our business practices reflect our authenticity.

Increasingly, sponsors and clients are creating professional relationships with established and reputed coaching bodies for contracting professional services from coaches. There are many such bodies in existence (e.g., the European Mentoring and Coaching Council, the International Coaching Federation, and the Association for Professional Executive Coaching and Supervision, etc.). These professional bodies, among other services and activities, offer codes of ethics, ethical guidelines, and consequential intervention and mediation for professional breaches brought to their attention.

Although each body's code has been customized to serve the purpose of the organization for which it was designed, there seems to be relative consistency as to certain areas of focus, including:

- i). coaching skills [and credentials];
- ii). [the need for] reflective learning and development;
- iii). [professional and ethical] business practices; and
- iv). recognizing coaching as a developing profession (and the open-mindedness required to contribute to it positively: Neale, Spenceer-Arnell, and Wilson, 2009, p. 195).

Ethics can be defined as 'the consequentially accepted standards of behavior for an occupation, a trade, or a profession' (Wheelen and Hunger, 2010, p. 84).

A highly accomplished corporate lawyer once confessed to me that:

'if people were more ethical and honest, and therefore lived up to their agreements and professional responsibilities, there would be little or no use for contracts, contract law, and corporate lawyers...'

According to her, in the vast majority of cases, it all comes down to trust and trustworthiness (or lack thereof).

2. Establishing Trust as a Coach-leader

'When you step into a coaching relationship, you seek to serve honestly the individual you are coaching.' (Starr, J., 2011, p. 34)

Starr (2011) refers to the coach – client relationship as one of 'service' [leadership]. And, as noted within the previous section, if a coach is responsible for raising the awareness in the client as a central aspect of the client's learning to take responsibility and control over his/her decisions and direction, then it would seem appropriate to refer to the coach as a 'servant leader'.

Greenleaf (1977) first defined the leader's role as being one centered around 'ethical leadership' through 'the service of followers'. This service focused on 'nurturing, defending, and empowering' others. Moreover, it is by way of 'attending to followers needs', that the servant leader facilitates the development of their 'health, wisdom, and willingness to assume their responsibilities' (Yukl, 2002). The vehicle by which the servant leadership succeeds is through trust (Greenleaf, 1977; Yukl, 2002).

'The servant leader must stand for what is good and right, even when it is not in the financial interest of the organization [or his/her]...Even the weak and marginal members of society must be treated with respect and appreciation...Trust is established by being completely honest and open, keeping actions consistent with values, and showing trust in followers.' (Yukl, 2002, p.40)

The GLOBE Project (Global Leadership and Organizational Behavior Effectiveness: House et al, 1999), was the largest scale global research initiative to-date, into leadership styles, traits, and behaviors, as well as their related cultural dimensions. Out of the 62 countries, and 172 social scientists and management scholars involved in the initial research, one of the major findings was that **for every national culture, regardless of region, religion, etc. integrity was at the top of the list of the most important attributes of an effective leader.**

'In order to act with integrity, a person's behavior must be consistent with a set of justifiable moral principles. Consistency between actions and immoral values does not qualify... Some examples of behaviors usually regarded as being morally justifiable include: following the same rules and standards applied to others, being honest and candid when providing information and answers to questions, keeping promises and commitments, and acknowledging responsibility for mistakes while also seeking to correct them' (Yukl, 2002, p. 408).

Gini (1998) reminds us that it is important to also consider a leader's values

as well as intentions, as unscrupulous intentions can be disguised behind seemingly innocuous and honorable deeds – for the sole purpose of gaining trust i.e., the leader must have values and intentions that align with trustworthiness.

Yukl (2002) proposes the following four personal values as being indicators of a leader's level of integrity:

- i). the extent to which a leader is honest and truthful;
- ii). keeping promises and agreements;
- iii).the extent to which a leader fulfills the responsibility of service and loyalty to followers; and,
- iv). the extent to which a leader can be trusted not to indiscriminately repeat something said in the utmost confidence (i.e., confidentiality).

When the Center for Creative Leadership (CCL) explored the reason(s) why several British companies' business leaders failed, the leadership traits identified as lacking were: integrity; emotional stability (i.e., Emotional Intelligence); and interpersonal skills (i.e., empathy and communication) (Cox and Cooper, 1989).

Establishing 'rapport', and 'being in rapport', are critical factors within the coach – client relationship (i.e., effective coaching). The lack of which can potentially derail the entire process (Neale, Spencer-Arnell, Wilson, 2009; Nelson, 2010).

'A dictionary definition of rapport is that it describes a relationship of mutual understanding of trust and agreement between people' (Nelson, 2010, p. 32)

Nelson (2010) argues the necessity of maintaining rapport as it enables the critical discourse of coaching i.e., 'challenging the client' and 'strengthening the relationship'.

Non-verbal communication is the most natural sign of rapport (or lack thereof: Goleman, 1998; Nelson, 2010).

When individuals feel a strong regard for one another, they begin 'mirroring' each other's body language (Goleman, 1998; Nelson, 2010) and even mannerisms (Neale, Spencer-Arnell, and Wilson, 2009).

McClelland's studies of non-verbal communication at Harvard University has revealed that as much as 90% of interpersonal discourse is in fact non-verbal (McClelland: In Goleman, 1998). Within the profession of coaching, rapport can lead to the ultimate success or failure of the relationship (Whitmore, 2002). After all, clients are required to open up and share some of the most sensitive – and confidential – information and feelings associated with their personal/professional lives. Given this context, it seems quite logical that the coach – client relationship is paramount in creating an atmosphere of trust, openness, and security for the coachee (Starr, 2011).

Nelson (2010) points out the value of developing not only the oral capacity to 'listen', but also the art of reading body language. He further maintains that through 'experience', the art of establishing/maintaining/assessing rapport can be spawned. But, also, that through diverse experience, coaches can better enhance their ability to accept a wider variety of clients, giving them an invaluable platform for serving a wider population of coaches in the future. This can be seen as an important element of the coach's 'awareness' that requires attention and fostering.

3. The Purpose and Process of Raising Client Awareness in Coaching

Sow a thought, and you reap an act;

Sow an act, and you reap a habit;

Sow a habit, and you reap a character;

Sow a character, and you reap a destiny. (Samuel Smiles, 1812-1904)

3.1 The Importance of Raising Client Awareness

Within coaching, 'awareness and responsibility' is the 'common ground' amidst the coaching literature (Bluckert, P., 2006). 'Awareness is the starting

point for growth and change' (Bluckert, P., 2006, p. 5). Applying Samuel Smiles' famous quote (above) to the activity of coaching, one might propose that the coaching process enables 'thought' (the coachee develops self-awareness i.e., both within and without, which generates potential options for improved 'performance'), and 'action' (challenges are agreed upon between the coach and coachee, incrementally moving towards the coachee's identified goal or objectives). Through thought and action, new habits are formed (self-destiny, personal responsibility, and accountability), the coachee is within the change process, and 'shifts into the driver's seat in reaching his/her own destiny' (Bluckert, P., 2006).

Throughout this process, the coach acts as the 'facilitator', through well-framed questions, active and empathic listening, feedback, exploration and probing – as well as assuming the role of 'enabler'; one who creates a safe environment for the process to take place; fosters trust through rapport; challenges the coachee; and demonstrates belief in the coachee, which can then be mirrored by the coachee's own growing self-belief.

The 'hinge' to this door of change is 'awareness' (Bluckert, P., 2006). 'Awareness', within coaching, has to do with 'being in the here and now' (Starr, J., 2010; Nelson, K., 2011). This 'presence' is both introvert and extrovert (Neale, S., Spencer-Arnell, L., and Wilson, L., 2009) i.e., being aware of one's self, as well as an awareness of one's surroundings, circumstances, others, etc..

Within the profession of coaching, the purpose of raising client awareness is to lay the foundation for change (Bluckert, P., 2006), due to the fact that the discipline of coaching – and its ultimate success in facilitating and enabling the enhancement of client performance – rests upon the bedrock of client change - without which, productive coaching cannot take place (Whitmore, J.,; Bluckert, P., 2006; Neale, S. Spencer-Arnell, L. and Wilson, L., 2009; Nelson, K., 2010; Starr, J., 2011 et al).

'...your job as a coach is not to take someone somewhere. Indeed if you

try to do that you will most likely engender greater resistance than already exists. This is known as the paradox of change articulated by Beisser (1970), and it is fundamental to the Gestalt approach. This states that one must first fully experience what is one's current reality, before attempting to change things. Beisser argued that the more one tries to be what one is not, the more one stays the same. A key Gestalt premise is that full awareness of current reality spontaneously leads to change' (Bluckert, P., 2006, p. 121).

Another popular author and accomplished coach, Gallway, notes the following:

'The first step in this better way to change lies in a non-judgmental acknowledgement of things as they are. Paradoxically, it is conscious acceptance of oneself and one's actions as they are that frees up both incentive and the capacity for spontaneous change' (Gallway in Bluckert, 2009, p. 121).

Zinker (1994) simplifies Beisser's (1970) Paradox of Change theory:

- i). If you support what is, and not what should be, change will take place.
- ii). If you support resistance to change, little resistance will be encountered, and change will take place.

3.2 The Process of Raising Client Awareness

According to Nelson (2010, p. 20), the process of raising awareness can be described as follows:

'Asking effective questions helps to raise awareness and focus attention. These questions are supported by deep listening as the coach attends to what's being said. This leads to the next question and so the process continues.'

Essentially, coaching is about client change through the empowerment gained by assuming the responsibility

for his/her future, and awareness sets the stage (Bluckert, P., 2006; Nelson, K., 2010). Effective questions for keeping the coachee in the 'here-and-now' i.e., raising awareness, tend to be those framed with 'what' and 'how', rather than 'why' (Bluckert, P., 2006; Nelson, K., 2010). Examples include:

- i). What are you aware of right now?
- ii). What are you thinking?
- iii). What are you feeling?
- iv). What do you notice in yourself?
- v). What do you want?
- vi). How might you get that?
- vii). What's happening for you right now? (Bluckert, P., 2006, p. 124)

These 'why' and 'how' questions do not require long explanations and justifications from the client (unlike 'why' questions), and therefore do not jeopardize the coachee's awareness building. In addition, one should note that the questions are all posed in the present tense i.e., the here-and-now (Bluckert, P., 2006). Nelson (2010) suggests the use of such questions when a client may be 'stuck' on the way to awareness.

Nelson identifies these 'potentially powerful' intervening questions as being part of the 'Drop-down Approach'. Rather than pushing a client towards offering possible resolutions to an issue that has not been deeply considered and discussed, Nelson suggests 'dropping down' with the types of questions listed above, thereby offering the coachee the opportunity to develop the awareness required, prior to moving on.

As mentioned previously, the coaching process is about change. Perhaps the most well-respected and validated change model is that of Prochaska (1979). Prochaska recognizes that change is a 'process', and one that covers a period of time, moving through six stages:

- i). Pre-contemplation
- ii). Contemplation
- iii). Preparation
- iv). Action

v). Maintenance

vi). Termination

Prochaska (1979; in Bluckert, 2009, p. 97) prescribes nine processes associated with the six stages:

i). Increased awareness – recognition of the issue(s) [pre- and contemplative stages]

ii). Emotional awareness – experiencing and expressing feelings about the issue(s) [pre- and contemplative stages]

iii). Consideration of the impact of behavior(s) on others (pre- and contemplative)

iv). Re-evaluation of self in relation to feelings about the issue(s) [bridging contemplation and preparation stages]

v). A belief that one can change and a commitment to act (bridging preparation and action stages)

vi). Experimentation with new behavior(s) and responses (action and maintenance stages)

vii). Incentives and rewards for change(s) [action and maintenance stages]

viii). Avoidance of triggers in the environment for old behavior(s) [action and maintenance stages]

ix). Development of support networks (e.g., coaches, mentors, family, friends) [action and maintenance stages] (adapted from Bluckert, P., 2009, p. 99)

In the end, coaches need to consistently remind themselves that:

‘The job of a coach is to help clients discover who they are, what they want and need, and how they can find more productive healthy ways to meet those needs’ (Bluckert, 2006, p. 122).

And this journey begins with the establishment of ‘awareness’ within the client.

‘Growth is the only evidence of life.’ (Cardinal J.H. Newman 1801 – 1890)

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Pragmatic Pathways -change is in the air

"Preparing Youth for a new alternative economy in the GCC region"

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Introduction

Background:

The development of the alternative economy in the GCC is the governmental and legislative concern to reduce the dependency on oil, and the various forms of business and commercial activities are the prospective means. To meet the growing economic needs and to enhance further the economic concerns, the advancement of the education system among business colleges in the GCC countries is necessary. The development of private higher education is emerging in GCC countries; these countries have endorsed private education as a solution to the educational problem. This paradigm shift has been observed since the 1990s, youth of less than 21-years age constitute 60%, and the access to higher education has become the national agenda for social and economic well-being (Al-Lamki, 2006). The government of the GCC has taken a strong initiative to manoeuvre education for the purpose of national development and for this purpose the government urges the need of education. Most of the education to the students is provided by the government universities, but the increasing number of students due to demographic factors has put an emphasis on the governments to endorse the private institutions to provide education.

Problem statement

GCC region oil rich countries Oman, UAE, Saudi Arabia, Kuwait and Bahrain economically depend highly on petroleum and its by products simultaneously, on the other hand suffering from a high level of unemployment of locals, mainly due to a disconnect between skill sets and market needs. Moreover these nations can foresee the scarcity of oil in the near future thus now the focus is to develop the alternative economy and start preparing their people for the market needs and challenges by providing education to the nation.

Abstract

"After bread, education." Well said by Danton, the French revolutionist. More than 200 years ago the significance of education was felt. Undoubtedly it is education that can upheave any nation's state. Quality education is targeted in providing and developing fecund nations while formulating a strategy that encompasses in it, national goals for education and sustainability.

The paper has elaborated the theory on education's role on economical development of any nation by Schultz (1961); the same theory is being implied in GCC region and the trend shift for education has been studied in light of it. The economic indicators predict the correlation of the education with economic excellence. The economic goal is believed to be achieved by education (Maroun & Samman, 2008). GCC efforts for the same have exhibited improvement in both the quality and quantity of the education. The current business development scenario in the GCC region in the form of the advancement of the education system among tertiary education is an attempt to meet governmental provision of economic growth beyond the oil industry. As of today 90% of enrolled students are being served by public universities (Abouammoh, 2009).

Keywords: Alternative economy, GCC region, education system, Advancement of education system

Research Questions

1. What is the role of government in developing the alternative economy in GCC countries?
2. What is the role of government in preparing their youth for new market needs?

Research Objectives

The research objectives are as follows:

1. To understand effect of schooling on national income of GCC
2. To analyse the thought process of youth in GCC region
3. To analyse the theoretical foundations of education from literature in a developing country, socioeconomically

Literature Review

The question in discussion is why is there "change in the air". GCC region are investing an ample portion of GDP on education, as they seek to develop human capital. Is there a need or evidence that by accomplishing this they will be able to maintain the GDP growth rate even if their oil reserves have limits. The answer is, that there is indeed a chance as per the model given by ManKiw, Romer and Weil (1992).

The theory by Schultz which is the pivot of this study was also incorporated and endorsed by Mankiw, Romer and Weil 1992 in their model of national income (Y)

$$Y = KHL$$

In the model it is explained that the national income is the sum of three factors which are labour L, Physical Capital K and Human Capital H.

The current economy of the GCC region is dependent on the revenue earned from oil resources, petroleum products and by products. However the risk of decreasing oil reserves has threatened these oil dependent economies, with the result that these nations need to increase alternate business and commercial activities. Therefore if they need their economy to solidify and able to combat future challenges, they need to prepare the nation by giving them quality education. The same was also theorized by Schultz economically; no country can proceed if the nation is incapable of utilizing physical as well as human capital effectively, moreover he also emphasized that human capital has to amplify along with the physical capital to ensure economic success Schultz (1961).

Application of Income model evident in GCC region

Dynamics of National income model

From the broad perspective, overall literacy rate in GCC region is at a low level. The Arab countries are suffering from brain drain, and low level of literacy and education has resulted in the scarcity of skills and expertise (Abdelraheem, 2006). Indeed these levels are not affecting the economies of these oil rich nations so far however in the coming years where oil scarcity is most foreseen the alternate perspective of business and commercial growth is mandatory. To meet this challenge both govern-

ment and private sector in education fields are playing their role so that they can develop business leaders.

As per the statistics revealed by United Nations, youth means the population between 15-24 years of age; therefore targeting youth may bring the major educational change in the GCC countries. The literacy rate for the GCC countries for age 15-24 is as per Table 1 below.

Effect of factors on National income

The above figure clearly implicates the relationship between schooling and national income; moreover it also shows a direct relationship of schooling with human capital and market economy. The same model has seemingly been adapted by the GCC region where in order to remain in the growth zone of national income they have harvested a crop of education so that they will be able to harvest in the near future. As per Table 1 above it can be easily comprehended that the GCC region plans to have approximately 100% literacy rate by year 2015.

Almost all GCC countries are expected to achieve the literacy rate of 100% by 2015, and the literacy rate is the cornerstone of higher education. Higher education plays an important role, as it creates knowledge base while promoting creativity and innovation; it bears social responsibility for fostering valued citizenship and civic engagement. Higher education creates human capital and fulfils the needs of the labour market (Masri & Wilkens, 2011). Higher education has a necessary role in the development of advanced knowledge and with the higher education the contextualized knowledge as well as the

Table 1: Literacy rate

Country	1990 (%)	2006 (%)	2015 (Expected %)
Bahrain	95.6	99.7	100
Qatar	87.5	98.4	100
Kuwait	85.6	97.6	99
Oman	90.3	99	100
Saudi Arabia	85.4	97.3	99
UAE	84.7	95	99

Source (United Nations, 2005), (AlMunajjed & Sabbagh, 2011).

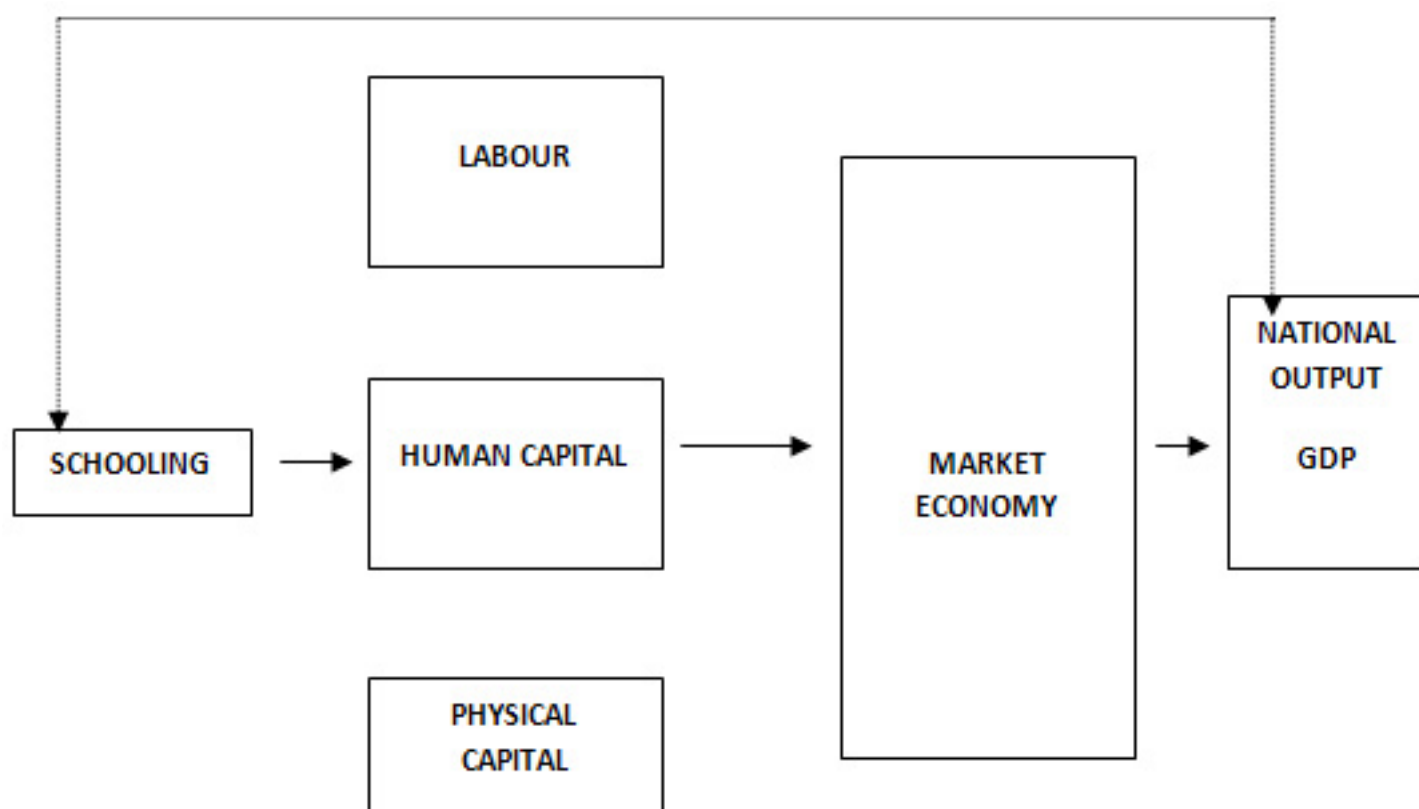


Table 2: Ambition of youth in GCC countries

Ambition	1 st Priority of respondents (% of Response)	2nd Priority of respondents (% of Response)	3 rd Priority of respondents (% of Response)
Completing Education	46	12	5
Finding a job	17	20	9
Getting married	10	19	20
Setting up a business	9	15	10
Lifestyle for self and family	9	12	22

(AlMunajjed & Sabbagh, 2011)

theoretical knowledge enhances. Higher education, by providing the appropriate workforce to the industry fulfils the needs of the labour market as well. The same was evident when the data was collected and comprehended from the GCC market where the youth is now inclined towards completing their studies first; they have prioritized their motives and ambitions. From Table 2 from 5 parameters of ambitions which were questioned from the subjects results, illustrated that 46% of GCC youth have education as their first priority.

This automatically has given rise to more private universities, institutes and colleges in the region.

The role of education in GCC countries

In the development of economy there is a major role of investment in education as agreed by many economists. Studies by them have proved that a more literate workforce is more effective and productive, Psacharopoulos and Patrinos, (2004). We see the acceptance of the same concept now for the nations which in past relied on oil income only but now are investing huge amounts of budget on education. The effort of youth is the driving force to bring the change in the economic stratification, but to bring the change, certain conditions are required, and business education is one of the most vital conditions.

The nature of business education is the proactively driving force, which does not only fulfil the need of the labour market, but also creates new opportunities in the labour market. Technological education can make good employees, but business education provides good entrepreneurs, managers and leaders to the economy. The small business sector has a significant position in the economy of the country (Carland et al., 1984). Although large-scale business sectors have a significant portion of the revenues collected by the companies, but this is the small-scale business, which is transformed to large business. New business formation is the most common economic development focus of business incubators; business

training and education are provided and the incubator programs and the purpose are to nurture businesses until they become stable (Al-Mubarak & Busler, 2010). The present status of the economy is the utilization of God-gifted resources for creating wealth.

Despite the Business opportunities, required capital and talent, ventures fail and the cause of this is an inappropriate business model and lack of business research and management competencies. (Morris et al., 2005).

There are also the examples of the developed countries, which have emerged through business and trade, and America is one of the examples of this phenomenon. The business education at the college level is the show of the increasing demand of economic growth and it conversely indicates the further growing concerns for the economy. The community based colleges have grown tremendously to provide the local workforce needs; the degrees that are offered are vocationally oriented and these programs also lead to further studies such as bachelor studies; business education has become the second most popular major for certificates and third most in associate degrees (Kasper, 2003).

Human Development Index

The Human Development Index (HDI) is a sum of three factors that includes 1- life expectancy, 2- education, and 3- income.

As per the UNDP Release 2010 HDI ratings of GCC region clearly indicates the improvement of these nations vis a vis human capital, education etc. Kuwait has been ranked 4th in the GCC region while UAE is 23rd in the world but first in Arab nations. Qatar is on 38th in world ranking but second in GCC region, last but not least KSA was ranked 5th in Arab nations.

Number of students are increasing in the GCC countries and more than one-third of the population is under 21. This is the age where most of youth is engaged in getting education. Almost one-half to one third of the population of GCC countries is young and therefore the majority and the most important priority of the youth is education as per Figure 1.

Education Expenditure as a percentage of GDP and GNP

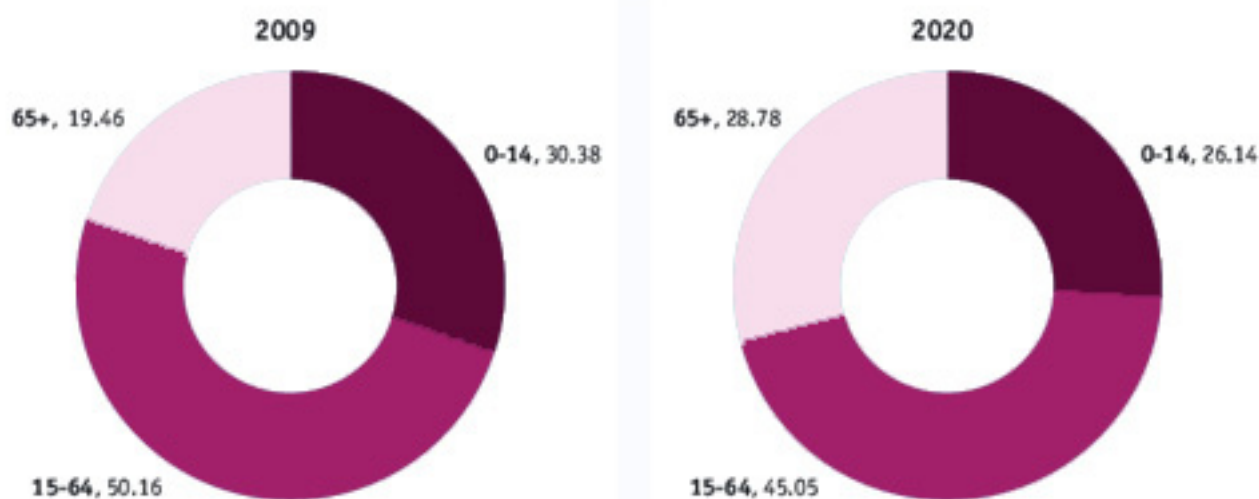
There is a high oil dependency for GCC countries and Oman has the highest

contribution to government revenue from the oil; the second most dependent country is Saudi Arabia, and the third most dependent country is Qatar, whereas in general context the percentage of the overall GCC countries in case of oil dependency is around 70%. The oil dependency for the UAE is relatively lower; however still around 50% of the revenue of the UAE comes from oil, and from the decreasing oil reserves perspective, this dependency is alarming.

In GCC countries, Saudi Arabia has the highest spending of gross national income on education by 7.2%; the world average is 4.2%. These trends are constant for almost all GCC countries for 3 years; though the world average is declining but the expenditures of Bahrain, Kuwait, and Qatar are opposite of the World's Trend which clearly exhibits the commitment of the GCC region towards education spending. Other problem which these countries are facing due to lack of skilled workforce whether technical, business and or soft skills is highly dependent on expatriates. This has also lead to unemployment of their own citizens since most of the citizens lack education. The trend of foreign workforce of expatriates workforce is evident from Table 6.

Figure 1: Demography of Population

Age breakdown
(% of population)



(The Economist, 2009).

Table 3: Education Expenditure (As a percentage of Gross National Income)

Country Name	2009	2010	2011
Bahrain	3.0	3.0	3.0
Kuwait	3.2	3.2	3.2
Oman	4.2	4.2	4.2
Qatar	1.9	1.9	1.9
Saudi Arabia	7.2	7.2	7.2
World	4.3	4.2	4.2

Source (WorldBank, 2013).

Table 4: Annual GDP growth percentage

Country Name	2009	2010	2011	2012
Bahrain	3.1	4.3	2.1	3.4
Kuwait	-5.2	-2.4	6.3	N/A
Oman	1.1	5.6	0.3	N/A
Qatar	12.0	16.7	13.0	6.2
Saudi Arabia	1.8	7.4	8.6	5.1
UAE	-1.6	-1.8	3.9	4.4
World	-2.9	4.0	2.8	2.2

Source (WorldBank, 2013)

Table 5: Foreign Labour force

Country	Percentage of foreign labour force
UAE	91.6
Kuwait	82.2
Bahrain	75.8
Oman	74.5
Qatar	62.3
Saudi Arabia	50.2

Source (SAMA, 2010)

The foreign labour force is critically high in all countries and on average 72% of the labour force are non citizens. This indicates one of the main reasons for unemployment as well since the the local population either lacks education or is not up to the requirement of the labour market.

Educational stratification and trends in GCC countries

The Government of these GCC regions since last half a decade are not only spending ample on education but also not leaving any stone unturned to enhance the quality of education in the region. For the same purpose the business schools are now been included in the top 50 world rankings and con-

sequently the unemployment is also decreasing gradually (Davis & Hayashi, 2011). The business colleges of the GCC countries are progressing.

Statistics of enrollment in GCC Region

OMAN

The percentage of enrollment in Oman in 2007/08 constituted 46% in science majors, 35% in the humanities, and 19 % in commerce and Economics; the present enrollment of 80,000 students represents 19% of 18-24 year age population, and private education constitutes a 27% of country total enrolment in higher education (Al Shmeli, 2009). Private education has a high participation in the Omani education system.

UAE (UNITED ARAB EMIRATES)

The number of students enrolled in the UAE is 77,000 out of which 770 are international students. The population is 4,798,491 which is 62 times of the number of students enrolled; the number of government universities are 3, whereas the number of private/non-state universities are 33 (The-Chronicle-of-Higher-Education, 2013). The ratio of the students receiving higher education is 1:62, with the inclusion of international students, there are 77,000 students, however most of the employees in GCC countries are from abroad, which means that mostly the local people, are receiving higher education. The business and commercial scenario of the GCC countries is depending on the imported skills, foreign people are coming, and this is the reason that the unemployment rate for locals is high.

KINGDOM OF SAUDI ARABIA

The youth (15-24) literacy rate for males in Saudi Arabia in the four-year period of 2007-2011 is 99%, whereas for females, this is 97% (UNICEF, 2013).

The universities such as King Fahad University, King Saud University, and King Abdul Aziz University are among the top business schools in Saudi Arabia. King Fahad University has the highest-ranking university (Eduniversal-Ranking, 2013). King Abdul Aziz has the highest number of students, whereas Princess Nora University is also included in one of the biggest universities. The ranking of the universities is determined based on the level of research conducted and therefore research and development plays the part in the adaptability to macroeconomic changes. The adaptability of the economic environment to changing trends will result in the increasing dependency on trade and commerce, and this will result in the more demand of education in the country, as well as the share of non-oil based economic activities will increase.

Methodology

The scope of this study is to analyse the literature and the statistics of tertiary education in general and tertiary business education in particular. Secondary

Academic Institution	Professor	Associate Professor	Assistant Professor	Lecturer	Instructor	Teacher	Total	Students
Umm Al-Qura University	328	489	1255	492	1219	84	3,867	61381
Islamic University	51	109	200	95	113	217	785	17120
Al-Imam Mohammad Ibn Saud Islamic University	209	336	775	466	781	47	2,614	54302
King Saud University	659	839	1536	690	1102	126	4,952	51168
King Abdulaziz University	505	931	2174	966	2094	558	7,228	52450
King Fahd University of Petroleum and Minerals	118	168	340	309	51	59	1,045	8911
King Faisal University	91	183	526	218	325	44	1,387	21856
King Khalid University	84	277	881	344	743	0	2,329	41620
Qassim University	114	190	714	292	727	16	2,053	31549
Taibah University	65	157	574	225	612	0	1,633	45787
Taif University	91	189	617	214	544	60	1,715	37558
King Saud bin Abdulaziz University for Health Sciences	14	13	189	36	90	9	351	900
Jazan University	108	138	490	572	338	67	1,713	44225
University of Ha'il	17	75	532	417	402	15	1,458	27696
Al Jouf University	10	39	205	267	269	20	810	19855
University of Tabuk	27	50	285	166	330	23	881	17565
Al Baha University	29	59	324	189	230	5	836	14,290
Najran University	19	21	175	153	314	8	690	9662
Princess Nora bintAbdulrahman University	35	76	498	329	136	0	1,074	22317
Northern Borders University	16	29	89	113	94	15	356	9244
Shagra University	15	35	200	281	198	32	761	10767
Al Kharj University	26	64	201	189	320	7	807	22547
University of Dammam	120	276	933	393	624	37	2,383	30234
Almajmaah University	9	18	225	104	123	8	487	12333
Government Universities Total	2734	4709	13858	7504	11682	1440	41,927	666475

Table 6: Educational Institutions in KSA

data has been for the purpose of statistical analysis, whereas the literature will provide understanding and clarification to the issue being discussed in the paper.

The objective of this paper is deductive and is qualitative in nature. The main aim of the paper is only to determine the underlying phenomena of education

advancement, and not to generalize a new theory. The paper is qualitative methodology as it suits understanding the motive of this study.

Analysis of Findings:

The main aim of the paper is to study the direct effect of education on GDP growth.

The evidence from the current study signifies that education and an educated workforce has positively effected the productivity of nation's economy in the GCC as a whole. From the literature review it is evident that GCC region is intensely spending on the education sector and there is a change in the thought process of the youth who are more ambitious in completing their education.

Country	Percentage of GDP expenditure on education 2009	GDP growth 2009	Percentage of GDP expenditure on education 2010	GDP growth 2010	Percentage of GDP expenditure on education 2011	GDP growth 2011
Bahrain	3	3.1	3	4.3	3	2.1
Kuwait	3.2	-5.2	3.2	-2.4	3.2	6.3
Oman	4.2	1.1	4.2	5.6	4.2	0.3
Qatar	1.9	12	1.9	16.7	1.9	13
Saudi Arabia	7.2	1.8	7.2	7.4	7.2	8.6
UAE	4.3	-1.6	4.2	-1.8	4.2	3.9

Table 7

Conclusion and Findings:

This paper was not aimed at developing a new theory, but to comprehensively study Schultz's theory and try to find out if the new trend of allocating extensive budget for education in the GCC region has some authentic milestone. The following was concluded:

Kingdom of Saudi Arabia has the highest spending budget for education followed by UAE, Oman and Kuwait.

The struggle of these Arab nations to improve education has resulted in upgrading their ranking on world HDI ranking in first 50 countries of the world.

The Youth of GCC region now believe in completion of education as their first target on their priority list as in 2011 approximately 1.3 million students were enrolled in tertiary education in the GCC region.

The thought process of youth of this region is the result of continuous struggle by the governments of GCC region to develop a skilled and educated workforce.

Currently the GCC region has employed on an average 75% of foreign workers with UAE topping the list followed by Kuwait, Bahrain, Oman, Qatar and Saudi Arabia due to which unemployment for locals has tremendously increased which in turn has pressurized the governments to produce a skilled workforce from locals.

By 2015 all six subject countries of the study aim to reach almost 100% literacy rate in the country which is indeed a huge success.

Saudi Arabia has the highest budget for education and therefore the same has resulted in jump of literacy rate from 33% in 1970 to 91% today (Saudi Arabia general investment authority)

Education is a central agenda for these major oil rich countries since they spent more than the world's average on their education budget. World average is 4.4% of the GDP.

Research limitations:

This paper has focused on six oil rich nations of the GCC, UAE, Kuwait, Bahrain, Oman, Qatar and Saudi Arabia only due to time and budget constraint.

Implications

The research implies that oil rich countries of GCC, to meet the growing economic needs and to enhance further economic concerns have focused towards advancement of the education system. The development of private higher education in GCC countries is evident. Moreover these countries are spending ample percentage of their GDP on education which is higher than the world's average.

Future Research

Future research can be conducted while taking the trend of all OPEC nations to see if the same trend of developing alternative economy and preparing nation for same is observed in them as well like these six oil rich countries of GCC region.

Originality

The paper has elaborated the theory on education's role on economical development of any nation by Schultz (1961), the same theory is being implied in GCC region and the trend shift for education has been studied in light of it.

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Enforcing Nationalization in the GCC: Private sector progress, strategy and policy for sustainable nationalization

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Introduction/Background of problem

The Gulf Cooperation Council (GCC) countries have been continuously struggling to develop effective Nationalization strategies that will provide adequate government enforcement, training programs and employment opportunities for Nationals in the private sector industries. Yousef (2010) states one of the main problems related to this topic is that the GCC nations have many Nationals who are university graduates with BA, MBA or PhD degrees, yet they have little actual workplace knowledge and no job skills or work experience. Henderson (2011) states another problem is the GCC governments do not want to alienate multinational corporations by forcing them to hire Nationals who may not be qualified enough to fill their job vacancies.

This paper examines qualitative and quantitative data. A literature review of published academic materials related to GCC Nationalization made up the secondary research, while the primary research involved interviews with three questions distributed by email to 350 GCC University students seeking jobs. 279 of those responded. The theoretical frameworks were then applied to the survey results to develop analysis, conclusions and proper recommendations for how GCC governments can improve their strategies to become knowledge

economies where Nationals will gradually become proficient, experienced and qualified knowledge workers. The GCC countries have recently been developing more suitable Nationalization enforcement strategies that they hope will compel private sector companies to hire Nationals in order to train them and give them work experience in all private sector markets. GCC governments can enforce Nationalization by upgrading knowledge, education and job skills training for Nationals to prepare them for working in the private sector (Carson, 2013, 1-24)

Research Question

"How can GCC governments enforce Nationalization to upgrade knowledge, education and skills training for Nationals to prepare them for working in the private sector?"

Background of GCC

According to the GCC Council (2013), the Gulf region is a regional economic trade agreement established in November 1981 that consists of six nations, including the UAE, Saudi Arabia, Qatar, Kuwait, Bahrain and Oman. According to the CIA World Factbook, the GCC has over 42 million people and an annual Gross Domestic Product (GDP) of over

\$1.4 trillion with an average GDP per capita of \$33,000 per person. According to the World Economic Forum (2013), the GCC economies will earn over \$2 trillion by 2020, and the population will increase by 30% to reach almost 53.5 million people (Fahad, 2013, 1-5) (Carson, 2013, 1-24) (Al-Makahleh, 2013, 1-9)

The Economist Intelligence Unit stated this will be mainly due to the many global strategic alliances of government and private company partnerships in industries like alternative energy, construction and tourism. Davis (2013) states this increase in population will provide many problems for GCC Nationals needing jobs since the developing economies will attract even more experienced qualified foreign workers to the region. According to the Saudi Arabia Central Bank Governor Muhammad Al-Jasser, as of March 2012, the GCC has finalized preparations for developing the regional trading bloc into an official confederation that will eventually have a single universal Khaleeji currency and Arab Common Market to encourage and facilitate more commercial business activity between these nations. 'The economic conditions in the Gulf are excellent for forming a monetary union and that a plan to launch a Gulf single currency was on track', stated Al Jasser (John, 2011, 1-6) (Martin, 2013, 1-4).

According to UAE Central Bank Governor Sultan bin Nasser Al-Suweidi, the main objectives of the GCC include establishing governmental regulations for trade, finance, legislation, tourism, customs and administration and to develop regional joint ventures. In the majority of the GCC nations such as the UAE, there are up to 88% foreign expatriate workers who have overtaken the private sector markets. International Monetary Fund (IMF) liaison Kent Larson (2012) states this has created problems for the GCC Nationals who are often overlooked due to being less qualified than many global expatriates for various private sector positions. Fasano (2013) states the GCC governments have

GCC Profile Chart

GCC Demographics				
Country	2012 Population		Workforce	
	Nationals	Non-Nationals	Nationals	Non-Nationals
Bahrain	510,000	540,000	36%	64%
Kuwait	1 mill	2.4 mill	17%	83%
Oman	2.4 mill	1 mill	29%	71%
Qatar	220,000	1.1 mill	5%	95%
Saudi Arabia	21 mill	7.8 mill	51%	49%
UAE	950,000	4.3 mill	6%	94%
GCC	26 mill	17.1 mill	24%	76%

Table 1: Source - Forstenlechner, 2013

begun to realize that Human Resource Management (HRM) job skills training programs and private sector on the job work experience are needed to coordinate with university education institutions to provide a proper knowledge and skills foundation for all GCC Nationals (Anderson, 2012, 1-8) (Al-Khouri, 2010, 1-25).

GCC Country Socio-Economic Profiles

According to the CIA World Factbook, the GCC country economic profiles can be broken down by population, Gross Domestic Product (GDP), GDP per capita (per person), and real growth rate or similar traits for comparison:

o **Bahrain**-1.2 million people; \$32 billion GDP; GDP per capita of \$28,200; 2% growth rate

o **Kuwait**-2.6 million people; \$166 billion GDP; GDP per capita of \$43,800; 6% growth rate; 9% of world's oil reserves

o **Oman**-3 million people; \$91 billion GDP; GDP per capita of \$28,500; 5% growth rate

o **Qatar**-1.95 million people; \$189 billion GDP; GDP per capita of \$103,000; 6% growth rate; 13% of world's gas reserves; 3rd worldwide for natural gas provision

o **Saudi Arabia**-26.5 million people; \$741 billion GDP; GDP per capita of \$25,700; 6% growth rate; 9% of world's oil reserves

o **UAE**-5.3 million people; \$271 billion GDP; GDP of \$49,000; 4% growth rate (Newman, 2013, 1-9).

The chart below explains how the GCC countries differ greatly in population and National participation in the private sector workforce for diverse socio-economic and cultural reasons. Saudi Arabia has the largest National population by far and an almost equal and the only majority workforce (51%) of Nationals and non-Nationals in the private sector. This is mainly due to Saudi's limited freedom, conservative laws for women

like not being able to drive, and lack of recreational activities for foreigners involving alcohol, nightclubs and bars (Carson, 2013, 1-9).

Bahrain has the most equal National and non-National population and the second highest National workforce in the private sector at 36% due to not being as wealthy and Bahrainis having an almost equal population to foreigners in the country. Oman has the fourth highest National workforce in the private sector at 29% since many Omanis work in lower social class jobs like as taxi drivers due to the country not being as wealthy as the other GCC nations. Kuwait has the fourth highest National workforce in the private sector at 17% due to having many private sector partnerships and options for Kuwaitis (Gernal, 2013, 1-7).

UAE has only 6% Nationals in the workforce, mainly to the combination of being one of the wealthiest and most westernized countries that has all the major attractions for foreigners, such

as high salaries, low competition for jobs, and many recreational freedoms. UAE has the second largest difference between foreigners and Nationals in the entire population after Saudi, yet with all the appeal that many of the other nations lack, including the oil wealth, westernization and many job opportunities with the fun lifestyle for foreigners, making it the most attractive of all the GCC countries (Fasano, 2013, 1-6).

Qatar as the wealthiest country worldwide is similar to UAE for the many benefits, high salaries and freedoms, yet it lacks the many diverse recreational fun activities because it is such a small country. For UAE and Qatar, the GCC Nationalization strategies are most important since the governments have the oil wealth, foreign private sector partnerships, innovation and new technologies, highly educated Nationals, and other necessary resources, but the Nationals still lack the practical knowledge, job skills and work experience needed to be efficient performers in the private companies (Faizy, 2012, 1-6) (Forstenlechner, 2013, 1-17)

The GCC country workforce comparisons from the past are shown in the chart opposite to display the changes over time in the region from 1975, 1985, 1990, 1999 and 2008. The chart shows since 1985 there has always been oil wealth resulting in a fairly consistent ratio of foreigners in the GCC due to small National populations who were not qualified enough to work in the private sector jobs (Saudi is the exception since it has such a huge National population) (Al-Khouri, 2010, 1-9).

GCC Governmental Responsibilities

According to the GCC Council (2013), the GCC governments' main functions are the development of the country and provision of adequate education, employment, healthcare and other relevant services for the people. The GCC governments' main services must coordinate strategies between federal and local official authorities to improve the city's economic and social development. The United Nations (2012) states the emphasis in GCC is now on upgrading the enforcement of Emiratization govern-

mental initiatives related to education and the economic development of the countries for the future using their oil revenues for improving their human capital job skills. Qatar Ministry of Labor official Al-Hassan (2012) stated the GCC governments' past focus was mainly on the public sector development, especially the infrastructure, transportation, telecommunications, justice and safety programs during the expansion phase. However, the current and future focus is on support and expansion of the Emiratization initiatives as one of the many ways the government hopes to help GCC Nationals obtain good jobs in all industries (Abu Baker, 2013, 1-4) (Al-Kuwari, 2012, 1-15) (Mendoza, 2013, 1-7).

According to Shehadi (2011), GCC Nationalization requires a comprehensive strategic approach to resolve the many issues related to preparing Nationals for Human Resource Management (HRM) recruitment in the private sector. "Addressing this challenge will require companies to overcome significant cultural, social, and legal issues. Booz & Company has developed a framework to help companies in this effort, consisting of three key elements: defining a company's strategic vision in employing more GCC women, developing strategies to attract, develop, evaluate, and promote the right Nationals for their workforce needs, and implementing a change management strategy to ensure success during the transition", stated Booz & Company manager Tom Richardson (Shehadi, 2011, 1-24).

Bashar (2012) states that to aid Nationals in earning competitive salaries that will help them cope with the rising inflation costs, some GCC governments like the UAE have given all public sector employees raises of between 70%-100% within the past few years. This included the UAE National police, immigration, military and governmental ministry employees. According to the United Nations Human Development Report 2012, the GCC governments have been gradually increasing their social services sector allowances in accordance with the federal budgets to improve the education and training services provided to Nationals from the Ministries of Health, Education, Social Affairs and Culture and Youth and Community Development

(Bartridge, 2005, 51-67) (Abu Baker, 2013, 1-4).

GCC Nationalization Strategies

According to the Ideas Group (2013), an international Human Capital Development and Learning Company based in the GCC that specializes in teamwork and leadership development to develop organizations into high performance firms showing sustainable growth, due to the immense wealth of the GCC oil sector, the region has attracted millions of highly-qualified expatriate workers seeking employment with high tax-free salaries. Peterson (2011) states to respond to the huge amount of foreign workers in the GCC region that has caused high unemployment rates for Nationals, the governments have launched many Nationalization strategies (Atallah, 2011, 1-8) (Ghafour, 2012, 1-8).

Al-Lamki (2010) states the main purpose of these GCC workforce Nationalization programs is supposed to be increasing employment opportunities within the private sectors. Each individual GCC government has launched their own Nationalization initiatives called Emiratization in the United Arab Emirates (UAE), Saudization in Saudi Arabia, Qatarization in Qatar, Kuwaitization in Kuwait, Bahrainization in Bahrain, and Omanization in Oman. However, there has been limited success in enforcing these strategies in the past due to the private sector companies refusing to comply with governmental initiatives. Megarbane (2001) states stronger enforcement with benefits for adherence and penalties for private sector companies who refuse compliance to Nationalization initiatives must be developed in order to adequately implement these strategies for the future. The GCC strategies are explained by country in order of their future potential effectiveness (Anderson, 2012, 1-4) (Fasano, 2012, 1-5).

The Saudi Arabian government recently launched one of the most effective Nationalization programs referred to as Nitaqat which allowed the Ministry of Labor to categorize private sector companies into various color-coded classes. Firms who have refused to hire any Saudi Nationals are considered Red

GCC Country Workforce Comparisons: 1975, 1985, 1990, 1999 & 2008

Nationals and Expatriates in the GCC Labor Forces, 1975-2008 ('000)

Country	Nationals	Foreigners	Total	% Foreigners
1975				
Saudi Arabia	1,027	773	1,800	42.9
Kuwait	92	213	305	69.8
Bahrain	46	30	76	39.5
Oman	137	71	208	34.1
Qatar	13	54	67	80.6
UAE	45	252	297	84.8
Total	1,360	1,393	2,753	50.6
1985				
Saudi Arabia	1,440	2,662	4,102	64.9
Kuwait	126	544	670	81.2
Bahrain	73	101	174	58.0
Oman (a)	167	300	467	64.2
Qatar	18	156	174	89.7
UAE	72	612	684	89.5
Total	1,896	4,375	6,271	69.8
1990				
Saudi Arabia	1,934	2,878	4,812	59.8
Kuwait	118	731	849	86.1
Bahrain	127	132	259	51.0
Oman	189	442	631	70.0
Qatar	21	230	251	91.6
UAE	96	805	901	89.3
Total	2,485	5,218	7,703	67.7
1999				
Saudi Arabia	3,173	4,003	7,176	55.9
Kuwait	221	1,005	1,226	82.0
Bahrain	113	194	307	63.2
Oman	312	503	815	61.7
Qatar (b)	36	244	280	87.1
UAE (b)	124	1,165	1,289	90.4
Total	3,979	7,114	11,093	64.1
2008				
Saudi Arabia	4,170	4,280	8,450	50.1
Kuwait	445	1,780	2,225	80.0
Bahrain	140	438	578	24.2
Oman	374	795	1,169	68.0
Qatar (c)	62	766	828	92.5
UAE	455	2,588	3,043	85.0
Total	5,646	10,647	16,293	65.3

Table 2: Source - Thompson, 2009.

Class, while Yellow class relates to companies who have employed a few Nationals. The Green class refers to companies who have adhered to the minimum requirements the Saudi government have proposed from the Ministry of Labor in the past. The Excellent class is set aside for the private companies who have a majority of Saudi National employees in their workforce. This system is now the center of all Saudi Ministry of Labor services, and there are many benefits that are included for companies who comply with the highest Nationalization standards (Faizy, 2012, 1-6) (Carson, 2013, 1-9).

If a firm has an Excellent Nationalization rating, then they are fast-tracked through the Ministry of Labor processing, they get more employee visas allowed, and they can hire expatriates from the other categories without the need for sponsor company approval. This means the companies that adhere to the Excellent class will be able to hire the most qualified expatriate workers from all over the country without having to worry about any restrictions from stealing them away from lower category firms. This strategy shows how the companies that hire the most Saudi Nationals will be allowed to have the most skilled and experienced expatriates to help them train them. They will become the market leaders with the most capable employees who have the capacity to train Saudi Nationals and enjoy more efficiency and productivity resulting in higher market share and profitability in the long term as their reward (Faizy, 2012, 1-6).

The UAE has shown gradual success in their Emiratization program over time due to new Ministry of Labor penalties for non-compliance and governmental strategic alliances, personal contacts and business networking shown as benefits to private firms who comply with the program. Many UAE firms have also started realizing the long-term advantages of Emiratization privatized training programs since the Nationals remain in their companies longer than many other expatriates who often leave after about three years. By 2012, 72% of the UAE banking sector had complied with the 20% Emiratization quota due to partnerships with the govern-

ment. By 2006, 88% of all private firms employed 2% of Emiratis, totaling 3700 employees (Verma, 2011, 1-7).

In Kuwait by 2008 the Ministerial Decree 1104 stated 15% Kuwaitization was needed for real estate firms and 2% in manufacturing sectors. The Kuwait National Assembly then passed a law stipulating extra government subsidies would be paid to private companies and additional employee salary allowances would be paid to Kuwait Nationals who took private sector jobs. This helped Kuwait National unemployment rates decrease from 8.5% in 2000 to 2010's rate of less than 4.9%. Since Qatar's rapid expansion over the past several years has made them the wealthiest country in the world attracting hundreds of global firms, their 25% population is made up of Qatari Nationals. The Qatar government has launched a National Qualification Framework to increase English skills and vocational educational opportunities for Qataris. Both the Bahrain and Omani governments have similar Nationalization strategies and Oman now issues Green Cards to firms that reach their Omanization quotas so they receive preferential treatment in government processes (Randeree, 2012, 1-20) (Beaugrand, 2012, 1-6).

Epistemology Approach

Everest (2012) states the study of epistemology is the division of philosophy that researches knowledge in order to answer the basic question of "what distinguishes true (adequate) knowledge from false (inadequate) knowledge?" This concept relates to scientific methodology because it studies how scientists can develop theories or models that are superior to those that already exist. This idea also refers to the study of cognition, which developed from artificial intelligence studies and the data processing approach to psychology. It is used to create computer programs that copy people's ability to use knowledge intellectually (Heylighen, 2008, 116-139).

Cochran (2000) feels the original theories of epistemology involve how knowledge emphasized its total, enduring nature. However, more current

concepts relate to its reliance of specific situations, how knowledge changes over time, and how it interacts with the world around it. Knowledge is adaptable to different circumstances, and according to ancient Greek philosophers like Plato, "knowledge is merely an awareness of absolute, universal ideas or forms, existing independent of any subject trying to apprehend them." Aristotle stresses more logical and empirical processes for obtaining knowledge, and he believes that "knowledge is an apprehension of necessary and universal principles" (Heylighen, 2008, 116-139) (Cooper, 2012, 61-84) (Johnson, 2011, 61-93).

Research Methodology/Research Methods

This paper includes both primary and secondary research methods using qualitative and quantitative analysis. A literature review of published academic materials related to GCC Nationalization makes up the secondary research, while the primary research involved interviews distributed to 350 GCC University students seeking jobs. 279 responses was an excellent response and clearly showed the topic is of keen interest to students.

This project also includes information about how the GCC governments are developing new Nationalization initiatives to replace their outdated or ineffective strategies from the past. The data gathered was compiled on related Nationalization strategies that are proving to be most effective in the GCC countries. The examination of the secondary research method results will be analyzed to provide useful insight into the GCC governments' future Nationalization strategies to enforce the initiatives throughout the countries in all private sector industries. The qualitative research will involve providing an overall analysis of how the theoretical frameworks and models from the literature review could be applied to real-world scenarios for the GCC governments. Suitable conclusions and recommendations will be formed to develop effective strategies that could be implemented into the GCC government to enforce Nationalization for the future. This project will use the

ontological epistemology positivist approach and deductive reasoning to test the assumptions about GCC governments enforcing Emiratisation to provide more jobs for Emiratis in the private sector. This positivist approach will use empirical evidence gained from the research methods and qualitative research analysis to provide an overall perspective on the GCC government Nationalization programs (Zikmund, 2012, 173-185).

Overall Interview Results & Analysis

An overall analysis of the interview results shows many valuable insights from National perspectives related to the topic of how to enforce GCC Nationalization. The interviewees stated some of the problems relating to GCC Nationalization being fully integrated and successful for the long run deal with Nationals' attitudes about longer working hours, increased duties, commitment to the companies and feelings of entitlement due to their past cultural experiences. Although the GCC governments have tried to request Nationalization strategies to be accepted, they need to create stricter guidelines and punishments for private sector companies that do not adhere to these policies if they want them to be properly implemented. The interviewees stated all of the GCC nations have strived to create more enforcement for their individual Nationalization strategies to help locals get jobs in private sector companies. Although many governmental initiatives have been passed, enforcing them has been difficult due to the governments in each country not wanting to alienate multinational corporations by forcing them to hire Nationals who may not be qualified enough to fill their job vacancies.

The interviewees explained how many GCC nations are formulating innovative approaches to coping with this ongoing problem. The UAE has continuously faced the challenges of promoting Emiratisation in order to compel private companies to at least hire Emiratis for one year as part of probation training programs with government subsidiaries contributing to their monthly salaries. This has led to partial acceptance on

the part of some private firms who are willing to participate in the Emiratisation training programs as long as the government continues to subsidize their salaries. However, other GCC nations have not always been so successful in persuading private sector companies to accept the changes being proposed.

The interviewees described how when they have gone on job interviews they have seen how employers are reluctant to hire them because they feel they lack the work experience and may not perform well or be efficient in their jobs. They stated there has been major resistance to these Nationalization strategies by some foreign private companies that feel it may jeopardize their overall efficiency and profitability if they spend so much time and effort training new unqualified employees. The interviewees stated some firms said that with so many global recruitment possibilities providing specialists with exceptional qualifications to hire, it is not fair that they should sacrifice their potential profitability by being forced to hire unskilled or unknowledgeable employees. The interviewees stated that on the other side of the issue, the GCC governments explain that without their ongoing financial support and reforms that keep expanding the countries and providing new economic opportunities and projects for foreign companies, they would not even be able to operate in the region.

Conclusion

The topic of enforcing GCC Nationalization strategies and implementing them properly into the private sector industries to provide more job opportunities for Nationals has created many problems within the region. For foreign companies wanting to control their employee HRM recruitment and selection processes, the issue of compliance with governmental Nationalization quotas of up to 20% has been described as difficult for them to maintain their current efficiency standards. There has been a lot of change resistance by GCC private sector companies to hire Nationals due to their lack of skills, qualifications and experience in different sectors. However, by 2025, nearly 95 million people liv-

ing in the MENA region will be between the ages of 15 and 24. This represents an approximately 8% increase from 2005 and it will peak at 100 million in 2035' (Hodgson, S., & Clausen, T. 2012) so with many GCC National college graduates seeking employment yearly and not enough available public sector jobs in government positions, it is essential that they enter the private sector to reduce unemployment rates.

The key to coordinating an effective solution to this complicated problem is for GCC governments to take a strategic approach to HRM recruitment by making Nationals much more appealing to private firms through extensive job skills training programs. This will require private companies to be included in this long-term strategy to help provide work experience and on the job skills training, so the GCC governments need to provide administration discounts and benefits like salary subsidies for it to be an attractive option for them. All the GCC governments are asking is for private sector companies to spend short periods of time helping them provide on the job skills training to assist in upgrading the qualifications and work experience of Nationals with sufficient subsidiaries to compensate their time and effort. This controversial issue has been ongoing for many years with only a few small successes being recorded.

However, now that all of the GCC countries have strong governmental enforcement policies in place, there should be many more effective enforcement strategies being implemented in the near future. Developing effective Nationalization strategies to enforce private company participation in GCC governmental programs is a complex and challenging issue that is currently underway in the Gulf region. However, the key to long-term success is government-supported National knowledge-sharing and job skills training programs. These programs will involve coaching and mentoring by private sector firms to help improve Nationals' qualifications and provide more employment opportunities for them in the private industries. Many experts believe that as the GCC Nationals gain job skills and work experience in the private sector, the negative stereotypes and resistant

attitudes toward Nationals will also change. As more GCC Nationals enter the private sector and improve their skills and experience, they will prove their capabilities and that will result in making it easier to enforce Nationalization quotas in the future.

Recommendations

Due to the GCC labor market challenges and how they differ by country, the implementation of governmental strategies and policies must focus on creating new job opportunities for Nationals. This will involve altering the workforce to suit market requirements.

It will also involve encouraging GCC Nationalization in the private sector with motivational incentives like foreign partnerships with governments and fast-tracked trade license processes for firms who comply with set quotas. Some of the recommendation policies that will help the GCC governments upgrade their Nationalization strategies to make them more effective include:

- Create job opportunities in private sector by forcing companies to offer positions specifically made for Nationals to meet their Nationalization quotas
- GCC governments must launch new educational and economic reform policies and HRM job skills training programs for Nationals to better prepare them for the private sector workforce
- Barriers to entering the private sector workforce must be removed for Nationals, including cultural prejudices and a lack of qualifications
- Nationals should have job search assistance coordinated with local GCC recruitment agencies supported by governments
- GCC governments should launch educational awareness programs on new Nationalization initiative enforcement to motivate private firms to meet their quotas and to encourage Nationals to improve their job skills training and pursue higher educational opportunities or IT and computer institute training programs
- GCC governments should subsidize National salaries to help private firms afford them as employees and to encourage National applications for recruitment
- Enforce Nationalization strategies with appropriate governmental administrative measures, like private sector firm trade license registration and renewal involving compliance checks to ensure they have hired the minimum number of Nationals
- Enhance private sector benefits like reduced governmental fees for compliance with Nationalization initiatives
- Stricter regulations for monitoring private firm recruitment of Nationals
- Allow for Nationals to be dismissed like expats if their performance is not up to private sector managerial expectations
- Develop HR employee relations program for addressing possible future equity issues related to GCC Nationals earning higher salaries than expatriates for the same job

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The Impact of Emiratisation on Job Description Issues

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1. Introduction

Job description can be defined as the duties and the responsibilities that an employee needs to carry out when employed in an organisation. All organisations should clearly define the job role so that the employee knows what he/she is supposed to do and what he/she is accountable for. The Job description helps employees know what an organisation expects them to do and how they should go about achieving that expectation. The greater the clarity of job role, the better is the coordination between employees and organisation and lesser the disputes. The various advantages of clear job description are as follows: (Sims, 2007)

- It helps to coordinate an organization's vision and mission with the employees' responsibilities and accountability
- It helps the recruiting department to adopt strategies so that applicants clearly know their duties and responsibilities before joining the company
- It helps the recruiting department to devise interviews based on job description so that the right candidate for the particular job gets recruited.
- It helps an organization to figure out what type of training should be given to the candidate so that his/her efficiency increases which in turn increases efficiency of the organization. Proper training also helps in overall development of the employee.
- It helps an organization to determine the proper remuneration according to the degree of responsibilities and accountability.
- It helps in performance management because clear job description makes employees understand what is expected and what they are supposed to do.
- It reduces the disputes between organization and employees thereby increasing the productivity of an organization.

Abstract

Job description plays a key role when hiring or applying for any job at any organization. It details the job to be performed, and roles and responsibilities involved clearly so as to clarify the applicant with his work. There are many associated issues with job description in the current industrialised world as employees who are not very well clear of their job description are just made to perform any task that is highly critical. This activity is leading to major failures and losses in the business to lack of expertise of the work force deployed for performing the action. All these related issues are caused due to various factors including Governments quota, policies to allow few employees without proper qualifications or skills, leading to job dissatisfaction, stressful work environment and many other issues. This study aims at studying such job description related issues, factors causing such issues and their significance along with statistical hypothesis testing. It also aims at studying various measures adopted by the UAE government and private organizations to overcome such job description related issues. Further discussion on the research is found in the sections below in detail.

Keywords: Job Description, Emiritisation, Hypothesis testing, Job dissatisfaction, Ghost employees

Thus we can see that presence of good job description has many advantages for the individuals as well as the organisations. (Amos, Ristow, Pearse, & Ristow, 2009)

The UAE labour market consists of expatriates and UAE nationals. In 2010, in private sector companies in UAE only 7% of employees are Emirati while the remaining 93% are expatriates. (Thompson, 2011) So in order to lessen this difference the UAE government brought in the Emiratisation policy. It's the strategy that the UAE government has adopted to increase the participation of UAE nationals or the local workforce in the private sector companies. According to which all private sector companies should reserve at least 15% of jobs for the UAE nationals. This has led various private companies to create non-jobs for UAE nationals. Non jobs are the jobs where there are no responsibilities while the employees earn easy salaries. (How can Emiratisation affect your business?) However such non jobs can affect the performance of the hard working foreign employees or expats in the organisation and affect their performance and they may also resign.

Also most of the UAE youths want to join the government sector organisation after graduation (Almazroui, 2013) as government companies offer more salaries and perks as compared to private sector companies. Also the working hours in government companies are less compared to private companies.

The major obstacles that the UAE government is facing are as follows:

- UAE nationals lack the skill, motivation and the expertise that is required for working in a private company. (Randhawa, 2007)
- UAE nationals have unrealistic expectation of salaries and perks which private sector companies cannot afford.
- Also there is large difference between salaries in government and private sector companies so local workforce prefer government companies over private sector companies. (Price, 2011)

1.1. Research Objective

The objective of this research is to study the job description issues in the various organisations in UAE and find out the factors responsible for them. Also our objective is to find out whether the Emiratisation policy that the government has developed for the benefit of the UAE nationals is in any way linked to the job description issue in most of the organisations in UAE. In this research we will also determine how the issues of job description can be handled by the organization in an effective way. In this research we will be discussing the joint initiatives that the government and private organisations can take to implement the Emiratisation effectively. It will also help government identify what it should do to make UAE nationals as competitive as the foreign expats and increase their presence in the private sector companies. It will also help in evaluating the government approach for the development local workforce. Also the purpose of the study is to recommend to companies how they can solve issues related to job description. (Randhawa, 2007)

1.2. Research Question

- What are the factors which lead to job description issues in most of the organizations in UAE? Is Emiratisation one of them?
- What government should do to implement Emiratisation effectively in the organization without affecting efficiency of the organization?
- What steps can be taken by organizations in the UAE to manage job description issues?
- How government and private sector companies can come together to solve the issue of unemployment in UAE? (Gary, 2011)

1.3. Hypothesis

- The Emiratisation policy of government which enforces organisations to hire a certain quota of UAE nationals is one of the main reasons behind the job description issues in most of the organizations.
- People get hired even when their qualifications and skills are not

matched to the job description.

- The Emiratisation policy of government is leading to job-dissatisfaction and stressful work environment.
- Job description issues affect motivation of employees.

1.4. Project Outcome

The result or the outcome of the research will be helpful for the companies to learn the impact of Emiratisation on the job description issues in UAE and various other factors that lead to the job description issue. Also it will help companies to know what steps they could take to reduce these problems and help them formulate policies accordingly. It will help government to review its policies regarding Emiratisation and make changes accordingly. Also recommendations will be for government to develop its work force effectively for the future. Also it will help researchers in their future research work.

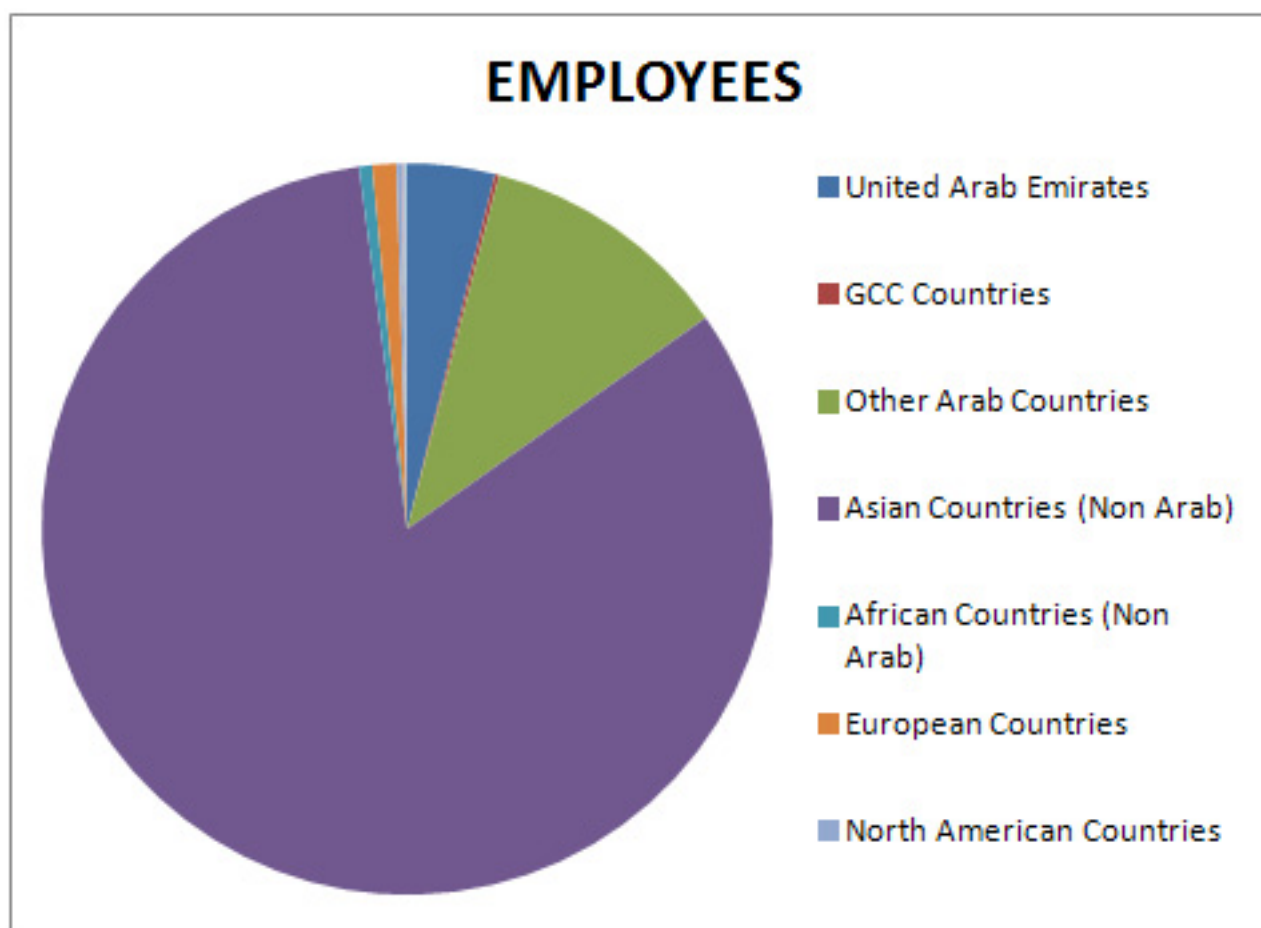
2. Literature Review

The United Arab Emirates has employees working in different sectors from different countries. Every one performs their roles and duties and abide the organizational norms. Job description is what clarifies the employees about their roles and duties. The classification of employees working in the UAE is as depicted below, as obtained from the statistic bureau of Dubai as on 2008.

The data clearly depicts the distribution of employees, working in different sectors, from different nations. The different services include legislators, senior officials, managers, professionals, technicians, clerks, service workers, market sales man, skilled agricultural and fishery workers, craft and trades man, P & M operators, Assemblers, Elementary occupations.

2.1 Impact of Emiratisation on Job Description Issues

Emiratisation is the policy that the government of the UAE has adopted to increase the UAE nationals in the private sector industries. The government



(Khan, 2012)

has been pursuing this policy for a long time but it has not been able to find success. According to an official report, in 2009-10 UAE nationals accounted for less than 1% of its private sectors workers. (Khan, 2012) According to government rule at least 15% of employees in private sector must be UAE nationals. Also the government has devised the policy to impose fines on the companies which do not follow this rule. Also it has imposed fines Dh 20000 on companies who have 'ghost employees'. (Shaheen, 2010) The ghost employees are those UAE nationals who receive the payment but they don't work in the company. (Salem, Firms face big fines for 'ghost emiratization', 2010) These UAE nationals didn't have any job description. They were just hired and no work was allotted to them. This shows they were given money without doing any work. The companies employ them so that they can abide by the rule of UAE government. The government policy regarding ghost workers shows that companies were involved in such type of activities. Thus we can see that Emiratisation resulted in job description issues in private organisations.

The private companies did not have any clear job description for the UAE nationals that they employed in order to abide by government law. They were considered as additional expenditure by the companies. The UAE nationals were considered as an obstacle by private companies. Thus we can see that Emiratisation was the main reason behind the job description issues in private organisations in UAE. These job description issues may also affect the expatriates working in the company as it would lead to their dissatisfaction and frustration. This may lead to a decrease in the productivity of their employees and the organisation as whole. The improper job clarity also leads to disputes between the organisation and the employees. So the organisation must clearly specify the job description. A clear job description helps employees know what is expected of them and how they are supposed to carry out the job. It also helps HR in hiring the right person for the job. It helps an organization to figure out what type of training should be given to the candidate so that his/her efficiency increases which in turn increases efficiency of the

organization. Proper training also helps in overall development of the employee and thereby his/her satisfaction. It helps an organization to determine the proper remuneration and rewards according to the degree of responsibilities and accountability. It helps in alienating an organization's vision and mission with the employees' responsibilities and duties. It also helps a company in retaining its best employees and attracting new employees. Thus job description is something that a company should not take lightly and care should be taken to make proper job description so that there is no conflict of interest. (Khan, 2012)

2.2 Private sector and government view on Emiratisation

The private sector considers UAE nationals as less productive, less motivated, and unprofessional as compared to expatriates. Also private companies believe that UAE nationals don't have the skills that are required to work and their English language proficiency is not good. This is the general belief that is associated with the UAE national.

There is large difference in working hours and remuneration level between private sector companies and government companies. The UAE nationals therefore are more interested in doing government jobs as there are more benefits associated with a government job as compared to private sector jobs. (Emirati graduates choose government over private sector jobs, 2013) The private sector considers UAE nationals as a liability as they have to pay higher salaries to them as compared to expatriates. So the private sector considers Emiratisation policy as a liability.

According to government, private companies hire employees but they don't treat them well as a result of which they get frustrated and leave the job. Government is firm on its decision to implement Emiratisation. It's on the top of its agenda. (Salem, FNC advocates Emiratisation quotas for the private sector, 2013).

Thus there is conflict of views regarding Emiratisation between the private sector companies and the government. For government to implement Emiratisation it has to work in coordination with private sector companies. The government and the private sector companies should iron out their differences and make a joint effort to implement Emiratisation.

The Government are taking various steps to make the working environment similar in the private and the public sector organization. Also government is planning to reduce the salary difference that exists between private and the public sector employees through government subsidies to the private companies. All these steps are being taken by government to make the private sector attractive for the UAE nationals. Also government has mentioned the minimum wages that can be given to the local workers in its rule that private companies have to follow. Also private companies are made to follow various other rules for the benefit of UAE nationals. Also government has concentrated on developing skills of UAE nationals by focusing on the education systems. It should give vocational training to its nationals so that they

are job ready. Also the UAE government helps the youth who are interested in self employment by funding their projects. Thus UAE government supports self employment. (Salem, FNC advocates Emiratisation quotas for the private sector, 2013)

But for Emiratisation to be successful, government effort alone will not be sufficient. The private sector should also honestly put in an effort to implement the Emiratisation. It should provide training programmes to UAE nationals so that they can adjust to the working culture in the private organisation. The private companies have to change their outlook. They should also provide proper job description to the UAE nationals so that applicants know what they are supposed to do. Also government should come out with strict rules that the private sector has to abide by and the fine should be high. (Salem, FNC advocates Emiratisation quotas for the private sector, 2013)

2.3 Government failure to implement Emiratisation

The idea of Emiratisation dates back to the 1990's. However, initially government was lax at implementing Emiratisation. It was after 2004 that the government became serious and Emiratisation became the top priority because the unemployment rate was increasing among nationals and the number for nationals in private sectors was very low. This failure of the Emiratisation added to the stereotyping of nationals as less productive, less efficient and unmotivated. The nationals themselves as well as expatriates started believing that they are incompetent, lowering their self esteem (Al-Waqfi & Forstenlechner, 2010). However Government was to some extent successful in implementing Emiratisation in the banking and insurance sector but the target could not be achieved (Baik, 2010)

3. The Research Methodology

The research is supported with the help of quantitative methodology which is done as per the following steps:

- As a part of the first step, secondary data from various journals, articles, research works and websites have been collected and analysed to frame the objectives and identify the factors that show some significant impact on the job description issues. This data collection is discussed in detail in the literature review section. This is accomplished by studying various articles, journal and the previous research related to our study and drawing a conclusion.
- The second step of the research which plays the key role in the research study is the primary data collection. This is done with the help of a questionnaire study by preparing an online questionnaire which was circulated across various organizations and their responses were recorded. The details of questionnaire are attached in the appendix. The questions are framed such that the responses are recorded on a Likert scale varying from 1 to 5 corresponding to strongly disagree, disagree, neutral, agree and strongly agree.

There are total 11 questions that are framed and each of the questions corresponds to a specific factor to analyse the impact on Job description issues. Along with the questionnaire, demographic parameters including Nationality, gender and age group were also collected through the response sheet. The data sheet is attached in Excel format.

MS Excel was used as a tool to perform the hypothesis testing which is explained in the next section in detail.

Hypothesis testing

Hypothesis testing is one of the statistical methods used to measure the significant relationship between two variables. It is assumed on the basis of two hypotheses, Null Hypothesis (H₀) and Alternative Hypothesis (H₁).

H₀: this hypothesis assumes that there is no significant impact of variable 2 on variable 1

H₁: this hypothesis assumes that there is significant impact of variable 2 on variable 1

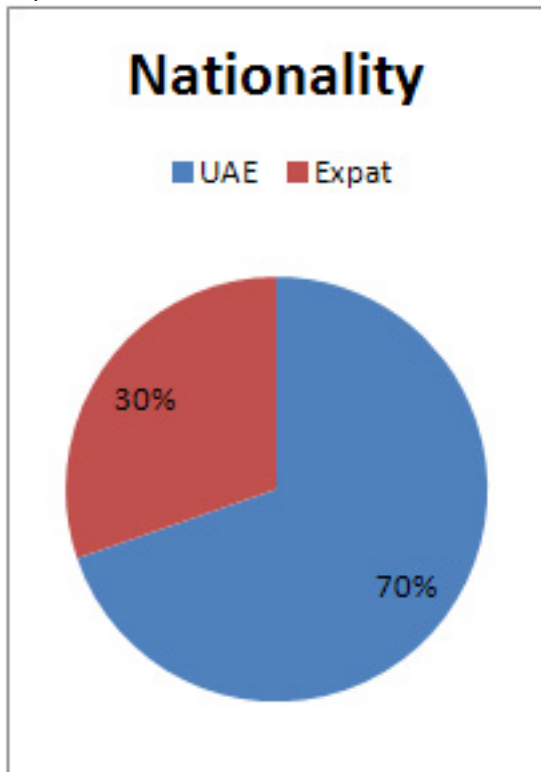
The acceptance and rejection of null hypothesis is based on t-statistic or p-value. If the t-statistic value calculated is in the range of critical values at assumed significance level, the null hypothesis is accepted or else it is rejected.

Similarly, if the p-value is less than the significance level then the null hypothesis is rejected (H.McColl).

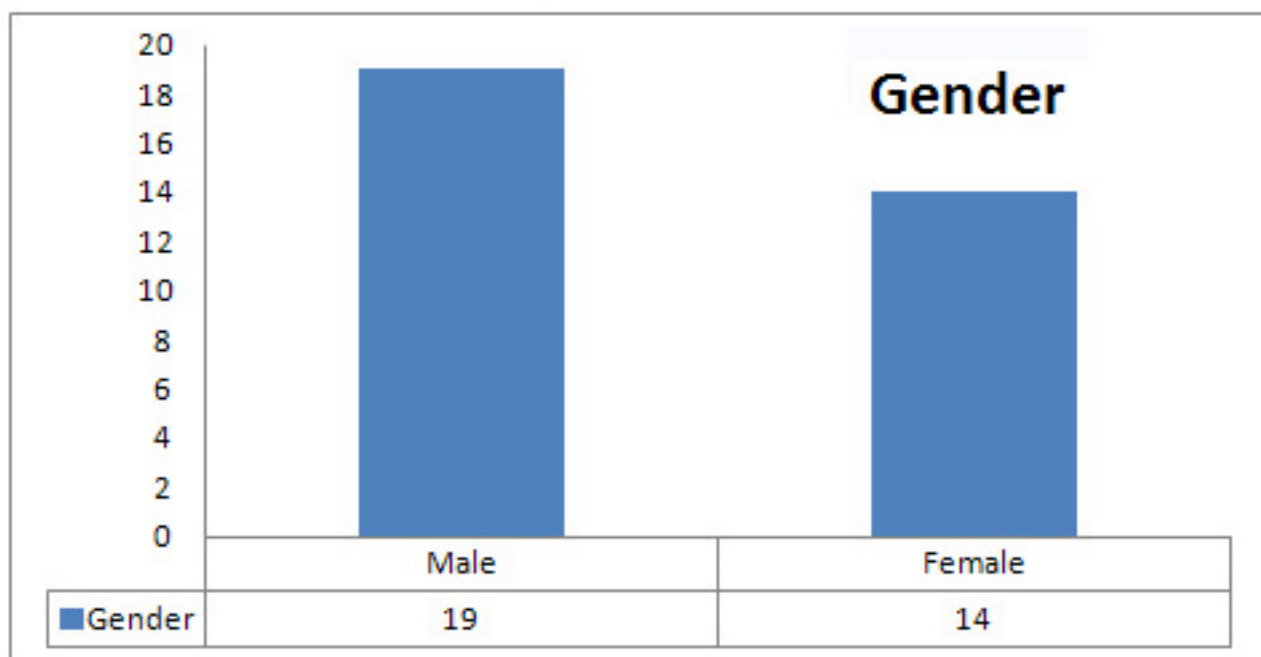
In our study, the variables considered include Job description as the main variables and Emiritisation & Hiring, Qualification & Skills, Emiritisation & Job satisfaction, Job Motivation as the factors having impact on the job description issue.

Data Analysis

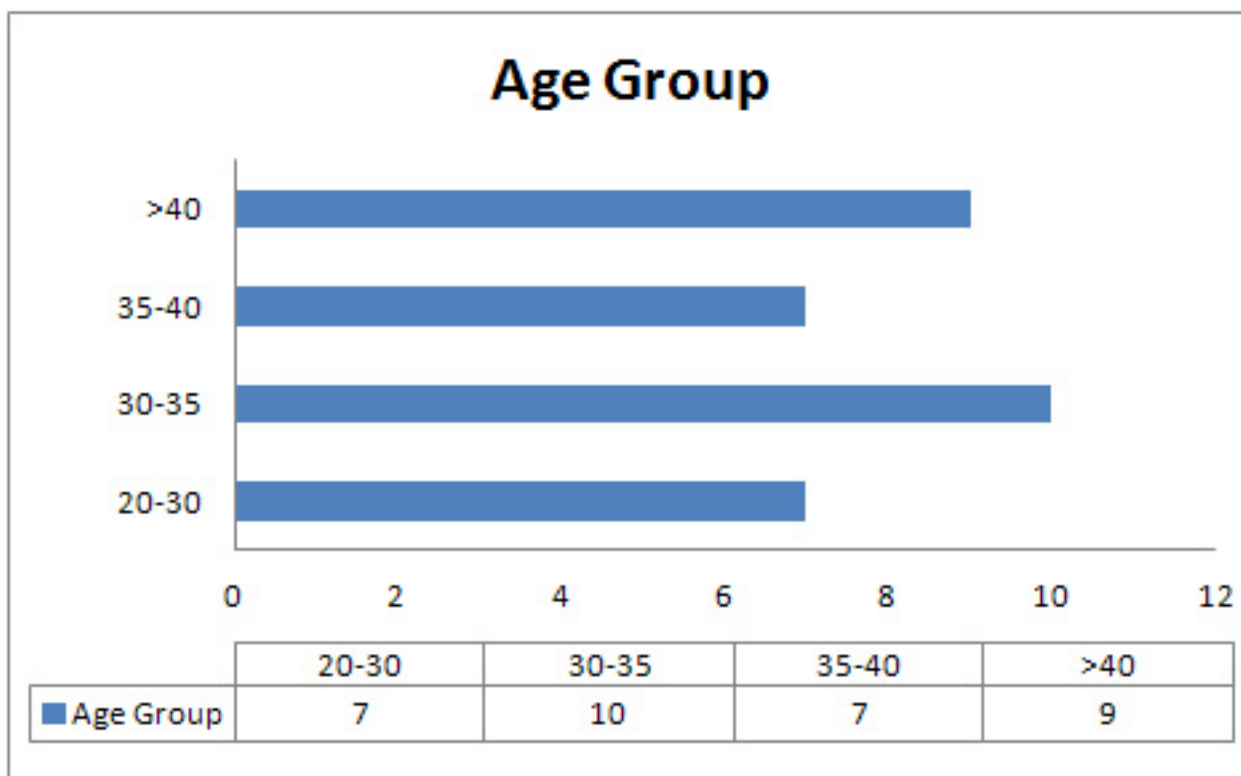
As mentioned in the methodology, the primary data is collected through online data survey and a sample of 33 is selected for the research analysis. The data sheet of the 33 sample is attached in MS excel. The demographic distribution of data is as depicted below:



Out of the respondents, it is observed that 70% of them belong to UAE nations and 30% are expatriates from foreign nations working in UAE. Thus, the responses include data from both UAE nationals as well as from foreign nationals thus avoiding the data risk of nationality or partiality.



On basis of gender, the data responses are mixed both from male as well as from female. Out of the sample data of 33, 19 are from male and 14 are from female thus distributing the responses evenly avoiding the data partiality on basis of gender..



Similarly, on basis of age group as well, the data is distributed evenly among all working class age groups above 20 thus avoiding the risk of partiality on basis of age. The distribution of data on basis of age group is as depicted above.

Thus, three major key demographic factors nationality, gender and age group are considered to verify and avoid data partiality on basis of these factors.

Further, the responses on each question are recorded and are summarised as per the factor corresponding to the question. These summed up variables are sent through t-test for testing the hypothesis framed above in 1.3.

The hypothesis framed is as listed below:

Hypothesis

STATEMENT I

The Emiratization policy of government which enforces the hiring of a certain quota of UAE nationals is one of the main reasons behind the job description issues in most of the organizations.

H0 : Emiratization policy affecting the hiring of work force has no significant impact on job description issues

H1 : Emiratization policy affecting the hiring of work force has significant impact on job description issues

STATEMENT II

People get hired even when their qualification and skills are not matched to the job description.

H0 : Qualification & skills based hiring has no significant impact on job description issues

H1 : Qualification & skills based hiring has significant impact on job description issues

STATEMENT III

The Emiratization policy of government is leading to job-dissatisfaction and stressful work environment

H0 : Emiratization policy leading to job dissatisfaction has no significant impact on job description issues

H1 : Emiratization policy leading to job dissatisfaction has significant impact on job description issues

STATEMENT IV

Job description issues affect motivation of employees

H0 : Motivation of employees has no significant impact on job description issues

H1 : Motivation of employees has significant impact on job description issues

MS Excel is used as a tool for performing the t-tests for testing the hypothesis framed above. The data was summed into factors and analysed in Excel, with the following steps needing to be performed.

- Click on Data tab -> data analysis -> t-test for sample means
- Select variable 1 range as the input responses on the job description issue related responses and are same for all other variables as this is the main variable on which significant impact needs to be tested.
- Select variable 2 range as the input responses on the factor being considered every time.
- Select the confidence level of 95% and check mark labels if the first data of the selected columns is the label of the column
- Choose the output range where to display the results and click ok
- The t- statistics results are as discussed below:

t-Test: Paired Two Sample for Means for STATEMENT I		
	<i>JDI</i>	<i>Em-Hi</i>
Mean	6.18	5.94
Variance	4.59	5.18
Observations	33.00	33.00
Pearson Correlation	-0.13	
Hypothesized Mean Difference	-	
Df	32	
t Stat	0.42	
P(T<=t) one-tail	0.34	
t Critical one-tail	1.69	
P(T<=t) two-tail	0.68	
t Critical two-tail	2.04	

Table 1

The above table shows that the t-statistic value is 0.42 which is less than the t-critical value of 1.69 at 95% confidence level and also the p-value is 0.34 greater than the alpha value of 0.05 indicating that the null hypothesis is not rejected or accepted. Thus, the Emiratization policy based hiring has no significant impact on the job description issues. That is, the Emiratization policy of government which enforces the hiring of a certain quota of UAE nationals is not one of the main reasons behind the job description issues in most of the organizations as per statistic results above. This is a contradictory result but is quite possible as there are other factors based on Emiratization policy which might have significant impact leading to job description issues. This is also discussed in the literature review for the support of secondary data results and observations.

From the next table (Table 2 top of page 32) it can be noted that the t-statistic value is less than the t-critical at 95% confidence level and the p-value is greater than the alpha=0.05, thus the null hypothesis is accepted stating that the qualification & skills based hiring has no significant impact on the job description issue.

The table opposite (Table 3) shows that the t-statistic value is -8.6 and thus falls outside the critical region of normal distribution at 95% confidence level and also the p-value is much less than the alpha value =0.05 and thus the null hypothesis is rejected.

Thus, alternative hypothesis is accepted which states that the Emiratization policy leading to job dissatisfaction has significant impact on job description issues. That is, The Emiratization policy of government is leading to job-dissatisfaction and stressful work environment further contributing to the job description related issues. Thus, Emiratization policy is causing job description issues but through job dissatisfaction and stress environment not because of quota reservation to UAE nationals.

t-Test: Paired Two Sample for Means for STATEMENT II		
	<i>JDI</i>	<i>Q & S</i>
Mean	6.18	5.73
Variance	4.59	3.89
Observations	33.00	33.00
Pearson Correlation	0.09	
Hypothesized Mean Difference	-	
Df	32	
t Stat	0.94	
P(T<=t) one-tail	0.18	
t Critical one-tail	1.69	
P(T<=t) two-tail	0.35	
t Critical two-tail	2.04	

Table 2

t-Test: Paired Two Sample for Means for STATEMENT III		
	<i>JDI</i>	<i>Em-WE</i>
Mean	6.18	9.79
Variance	4.59	4.61
Observations	33.00	33.00
Pearson Correlation	0.37	
Hypothesized Mean Difference	-	
Df	32	
t Stat	-8.60	
P(T<=t) one-tail	0.00	
t Critical one-tail	1.69	
P(T<=t) two-tail	0.00	
t Critical two-tail	2.04	

Table 3

t-Test: Paired Two Sample for Means for STATEMENT IV		
	JDI	JDMot.
Mean	6.18	5.70
Variance	4.59	4.22
Observations	33.00	33.00
Pearson Correlation	-0.15	
Hypothesized Mean Difference	-	
Df	32	
t Stat	0.87	
P(T<=t) one-tail	0.19	
t Critical one-tail	1.69	
P(T<=t) two-tail	0.39	
t Critical two-tail	2.04	

Table 4

Motivation for employees includes additional benefits that the company provide to the employees like additional earned leave where employees are paid even on obtaining leave, rewards and awards on sincerity, timely attendance and so on which would further show impact on job satisfaction and job performance. This factor also corresponds to the boost up of employees to perform well towards the company's objectives and profit and thus job description issues and motivation factor could be interlinked but the table above shows that the null hypothesis is accepted and thus there is no significant relationship between the job description issues and motivation of employees as per statistics. The t- statistical value is less than the t-critical value and p-value is higher than the alpha value at 95% confidence level indicating that the null hypothesis is accepted.

Thus as per statistical analysis from the data collected through online survey conducted based on the questionnaire in the appendix, Emiratization policy leading to job dissatisfaction and stressful environment is the major contributor towards job description issues and other factors including qualification & skills related; quota based hiring and motivation does not have significant

impact on the job description related issues.

Conclusion

The research study aimed at understanding the job description related issues in the United Arab Emirates nations, factors responsible for job description issues and their significance along with the study on Emiratization policy has been successfully completed as discussed in the above sections. The entire details above regarding job descriptions, factors causing job description related issues which includes Emiratization policy, qualifications & skills, motivation are discussed in detail through supporting literature and previous research works. Further, hypothesis is framed so as to analyse the impact of these factors in causing job description related issues. It is understood from the statistical analysis that the Emiratization policy implemented by the government is causing job dissatisfaction and is creating stressful work environment at a significant level compared to all other factors.

Further the research study can be more accurately conducted with the help of correlation and regression analysis

which helps in establishing any linear relationship among the factors and the job description issues. This could be the future scope for the existing research study.

Thus, it can be concluded that the Emiratization policy leads to job dissatisfaction and a stressful work environment leads to job description related issues in the work place.

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Exploring the Brand Image of an Islamic Higher Educational Institution: A Qualitative Approach

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1. Introduction

As a marketing concept “brand” is treated as some eminent elements like name, term, value, sign, symbol or grouping of them that is anticipated to identify the product and service and make a distinction from others (Keller, 2008). It is something that exists more in mind of consumers rather than only in the product or the organization itself (Wæraas & Solbakk, 2008). In higher education, the students’ behaviour is very much similar to consumers of corporate and other products (Maringe, 2006). But it is different in many aspects from the corporate practice (Whisman, 2009) and needs to be customized in a certain manner. Due to immense competition nationally and internationally, to attract students and academic staff and to differentiate themselves (Chapleo, 2010), branding concept has gained an increasing popularity in the higher education industry over the last few years.

Brand image is something that attached with the mind and can be reflected by the consumer sensitivity of the brand (Keller, 2008). According to Reizbos (2003), the brand image is associated with the mental picture which is shared and subjective in nature. In generating good flow of positive words of mouth, increasing loyalty and to reduce the effect of price on the product, a positive and a favorable image of the brand is fundamental. In developing the brand building agenda, the higher education industry should take care of the thoughts of its target group (Mourad et al., 2011).

As exploring the brand image is a crucial part of building higher educational brand (Mourad et al., 2011), the study intends to discover the image of IIUM as a higher educational brand among its current students. In the exploration process of brand image, the study considered strength, uniqueness and the favourability of the brand (Keller, 2008). The interviews, hence, ranged from questions asking about the brand knowledge of the respondents, the brand image that they imagine about their university, the strength and uniqueness of the brand,

Abstract

The purpose of the study is to explore the brand image of an Islamic higher educational institute among the current students. A qualitative (phenomenology) approach is applied, using the interview method. A total of 7 students were selected purposefully as the respondents from different disciplines, study levels and gender. To apply the rigorous qualitative analysis, it follows several procedures like audio recording, immediate transcripts and the cross checks of the write up. The study found the students aware about the brand image of the concerned university. The study reveals that “International Islamic University Malaysia (IIUM)” as a higher educational institute has a positive brand image among the current students though the level of positivity varies from case to case. Respondents’ brand feeling about “IIUM” is constructive as a higher education provider. A more comprehensive research can be done including a greater number of respondents as the study includes only seven. The study shows the preliminary way to explore the existing students thoughts about the image of a higher educational institution. It may assist the university’s top management or marketing division to explore the brand image of their institute and take on brand building programs accordingly. The study is exclusive to explore the students’ thoughts about the brand image of a higher educational institute.

Keywords: Brand Image, Higher educational institution, Students, Qualitative approach

and any negative linkages to that brand to the overall brand feeling of the respondents.

Branding in higher education:

As an established brand carries a good sense of personality and distinguished character, people rely on it and have their confidence in it for the long term. The brand is treated as the important tool in dealings with consumer choice particularly as a service industry. Branding activities in a service organization is more critical since it has transaction with the intangible entities in most of the cases (Laing et al., 2002). Hence, in the higher education (HE) industry, most of the universities are not reluctant to establish their good brand image all around.

After defining the branding, the difference between brand identity and branding needs to be understood. Many people involved in higher education just take branding as only brand identity. Brand identity is a primary step in overall branding and there is clear evidence of differences between these two issues even in branding of higher education (Bunzel, 2007). Having the brand identity as a whole of branding, many universities only take promotional activities as a main or as a part (in a sense) of branding. But there is substantiation that internal branding plays an imperative part in branding of higher education apart from promotion and this is incorporated with the students' facilities and most importantly the image of the university among its current students. And hence, it is different from the branding programs of traditional corporate houses and products (Whisman, 2009). According to (Maringe, 2006), in identifying marketing mix on the other hand, more importance should be given to programs (product) and cost (Price) of the institution.

Chapleo, (2010), has a close study on the definition of a successful university brand. He suggested that, some brands that look successful, have so many challenges like lack of in house brand commitment and inequitable worldwide timbre.

In deciding the branding approach of a university, the higher educational body needs to have the basic segmentation, targeting as well as positioning looms or approaches and this ought to come from the concerned student's perspective. The government of Canada has shown a model of educational co-operative branding engaging all its states as well as provincial universities under a very useful branding effort internationally taking the valuation of the students into consideration. After its inauguration in 2006, it has given very good results up to now.

Brand Image and higher educational branding:

Brand image is the core part of a long period of customer devotion and the greater brand equity, hence to define the brand image in a comprehensive manner like Keller (2008) shows its linkage with the association of the strength, uniqueness as well as favourability of the brand. In dealing with the brand image, Duncan (2002) suggested that it comes as a result of brand experience to take place in the mind of the consumers with the flow of information.

To influence the customer and make sure of their brand loyalty, one needs to give importance to the brand image of the organization taking brand identity into consideration.

In defining the strength of the brand association Keller (2008) suggested that direct experience can be useful for the determination of brand attributes as well as brand benefit. Brand attribute includes the physical features that are associated with the product directly. Conversely, brand benefit attaches the personal value with the distinguished meaning of the product. The other supply of direct experiences can be quality, and word of mouth along with price. In terms of uniqueness of the brand (USP) which is termed as the prime reason to buy anything, it may be the direct comparison or non product related attributes even. In many aspects the uniqueness is also termed as points of difference (POD).

In HE branding and marketing activities, image related factors are far more significant than the traditional awareness related determinants and due to the immense competition worldwide, the universities as a whole should consider the students' view and the social requirements into their strategies along with other factors in terms of their marketing and other branding activities (Mourad et al., 2011).

Moreover, branding of a higher educational institution is significantly involved with the emotional attachment and the brand feeling of the current and future students (Durkin et al., 2012). Despite giving importance to exploring brand image in higher education among the current students, most of the study basically gave weight to the program of brand development, to enhance brand loyalty and students' enrollment. Hence, the study tends to discover the students' (consumer) perception about the image of their university in terms of the higher educational branding. The study chooses the students of International Islamic University Malaysia (IIUM) to explore its image as a higher educational brand.

Methodology

Sampling:

As the objective of this study is to explore the students' perception about the image of IIUM as a University brand, the research is taking both undergraduate and post graduate students into consideration. It also considers gender as an important demographical issue and takes both males and females as participants of the study. Participants were selected from a variety of the faculties (discipline). As six or more interviews are good for presenting the "metathemes" as basic elements which follows the similarity pattern within the data set (Guest, 2006), the study took 7 students as the sample. In terms of Gender, there were four male and three female participants. Purposively they were not from the same country of origin to distinguish their own thoughts from the students of other places. Considering the depth of interview and the time in hand to conduct the research, this number of respondents can also be justified. The respondents were

volunteers and they were not rewarded for the interview.

Data collection procedure:

In the data collection stage, the research was conducted in the physical setting that the respondents prefer. The researcher was trying to make sure that the respondents were feeling unbiased in opening their minds. As they are the current students of the university, respondents are guaranteed for data not to be disclosed to anyone. As the goal of the research is to explore the students' thoughts about the image of their concerned university as an educational brand, the questions ranged from their familiarity of the branding concept in the traditional aspect, their thoughts about brand image of IIUM and to their brand feelings about the university as a student. It was a semi structured interview and the flow of the discussion was free from every sort of control.

Data analysis:

We do consider our study as phenomenological research. The phenomenological research usually shows the embodied and experiential meaning as our central concern and the researcher goes for fresh, rich and complex portrayal of the phenomenon as it is strappingly lived (Finlay, 2009). The approach was found suitable in exploring the students' own understanding about the brand image of an educational institution. The form of interview was flexible in character. It was recorded and transcribed immediately after completion of one interview to overcome the remembrance and understanding error. Considering the small numbers of respondents, no software was used in data coding rather it was done manually. Transcripts of the interview were re-checked many times to make sure that the content and the procedure of the interview were free from any sorts of inaccuracy. After transcription, the researcher highlighted every similar and dissimilar, relevant and even seemingly unrelated items and came up with every aspect regarding the students' thoughts about general branding concept, their degree of association and justification about the image of IIUM as a educational brand, uniqueness of IIUM as a higher educational institution, the things that

do not fit with IIUM as a good educational brand and their brand feeling about IIUM (warm, excitement, superiority etc).

Results

Students' awareness about brand and branding:

Most of the respondents seem to have a very clear idea about branding. Some of them are treating it as the prior knowledge to choose a product or service and differentiate that from others whereas some others termed it as the package to deliver the commercial item. The result is similar to the outcome of the study of Chapleo (2010). According to the study, it is quite unlikely to find an individual involved in higher education discover the term "brand" is unfamiliar or little familiar.

In terms of respondents' knowledge about the brand and branding, the study finds many interesting expressions. The typical answer of the question is

"Basically when I plan to buy anything; I would like to buy something that allows me to be different from others... That should match with my need as well."

One of the respondents termed herself as a "novice" to define the brand matters but gives a very clear idea about it. She defines branding as the fact that uncovers the inside of the thing to the consumer. The respondent said:

"I am not a marketing guy. So, my answer may not portray the real situation. To me, brand brings the essence of something from inside. Islamic banking as such portrays everything Islamic. Brand gives the first expression to know the product or thing."

However, two of the respondents do not take branding as a prime issue in their choice criteria rather they take it as one of the general items like price, quality, design and other issues. They thought about the brand as the way to become familiar with the product or services

and take it just as a status symbol. One of them looked a bit furious about mentioning the brand in choosing anything. He says...

"In general sense, I am not brand oriented, as long as it fulfils my demand, I am satisfied"

Interestingly, at the latter part of the interview, in choosing a school for his higher study, he expressed that he is very cautious about brand image of the university as it is going to assist him to search for a good job after graduation. He portrays ones' justification to identify the brand as the means of familiarity and its applicability to match with the person.

In summary, the study observes that either in cautious or impulsive manner, in general, most of the respondents have a very clear idea about the brand and they are treating the term "brand" and "brand image" as one of the significant issues. Some of them are reluctant to call themselves expert but their consequent responses give a clear idea that they are not lacking opinion about the matter.

Brand image the students are associated with:

A considerable number of respondents find education branding is similar to the conventional product or service branding. It is dissimilar from the idea generated by the study of Maringe (2006). The study shows that the brand image of the higher educational institution is not similar to traditional branding. However some of the respondents are treating it a bit dissimilar in terms of marketing promotion tools.

Fundamentally, many of the respondents take IIUM with the association of "Internationalization of Islam". Some of the respondents mention the two names ("Islam" and "international") separately while others mention these together. They argue that from academic staff to support staff, the whole IIUM keeps upholding the virtue of Islam. The typical answer of the question is

"The first thing that comes in my mind that it is the Islamic university. This is the brand image I am associated with. Another important thing is that the university is an international institute. These two are the most important thing(s) to me about IIUM"

In addressing the brand image of IIUM, important numbers of the respondents show its picture as a true international institution. They term it as the university that delivers knowledge and makes people aware of their responsibilities and ethics toward the betterment of human life. One of the respondents portrayed IIUM as an institution that guides the students towards success here in life and life hereafter.

Apart from these two issues, in defining the brand image of IIUM, an international respondent included the word "Malaysia" also. To him the quality of Malaysian education is "racing" upward and IIUM is very much part of it. The voice of the respondent...

"...And again "Malaysia" is also (a) very important word here... Now it is improving and shows the improvement in education to provide the good quality education like any develop(ed) nation in the world"

In summary, the study observes, unlike other aspect of the interview, almost every respondent expressed the same view that portrays the brand image of IIUM with the involvement of "Islam," "international standard education quality" and the application of Islam in modern science and technology almost in every discipline available here.

Uniqueness of IIUM as an educational brand:

Like all the traditional product or service organizations, a university should have its core stand (uniqueness) with all other value enhancement activities that guide a university to become a strong HE brand (Pinar et al, 2011). Many of the respondents found IIUM as a specialized institute to serve the Muslim Ummah. They treated it as the university that is committed to uphold the norms

of Islam and try to do everything according to this. Most of them said that they could have been in another place if it was not an Islamic university while they also expressed their satisfaction about the quality of education here. One of them said

"I came here at my masters and found every Kulliyya (Discipline) try to relate Islam in every aspect of academic and extracurricular activities"

Apart from it, one respondent posed IIUM in almost the same but a bit different angle by pointing out the equal treatment he learned and found from the university. He said

"IIUM is the place, where I do find equality in every cases and gestures regardless of the race, colour, and everything even the non Muslim students are respected equally here. Most of the students were enjoying the one Ummah concept here that treats everyone equal."

A respondent found IIUM as a university where apart from the learning; she can also pursue her advancement in the ethics development issues. In viewing the image of IIUM, one respondent said that she had known only few names of higher educational institutions before she came to Malaysia and IIUM was one of them. She heard the name because it is reputed in her country as one of the best Universities in the Muslim world. She said

"Even in Malaysia there are lots of universities. But before I came here, though there are some universities which are ahead, we did not know them. But we knew about IIUM it's famous in terms of image, familiarity and everything. But basic reason for that I am here is its Islamic"

In summary, significant numbers of students found the university as the unique educational institution treating it as the specialized university to serve the Muslim Ummah. They appreciate the university to uphold the name and tradition of Islam and its application to the conventional disciplines and extracurricular activities.

Things that do not fit with IIUM as a good university brand:

Most of the students expressed their satisfaction about IIUM as a good education brand with a few of them identifying some areas that IIUM can have some improvements. Some of them pointed to the external brand image oriented factors while most of them were very specific about some internal service.

Large numbers of the postgraduate students emphasized to prologue the more effective "research environment" to enhance its capacity to become a more prestigious and effective brand in higher educational industry. To do so, their expectation is to get more funds for the research works that may allow the research students to let them concentrate more on study. A typical voice about the issue is...

"Most importantly... and the fund should be available for the research students so that they can concentrate only on study."

Along with the research fund one respondent asks for some other facilities, she says...

"Most importantly, and the fund should be available for them so that they can concentrate only on study. And the research student should be given the most importance like lab, good accommodation and some other infrastructure facilities and foods"

Few respondents give importance to practice the Islamic norms even more productively and advising the university to uphold their mainstream as a true Islamic university. They also argue for moral counselling to be part of the regular activities of standard curriculum of the university to motivate the students towards human betterment.

One of the respondents gives importance to enrol the better raw material (good students). He argued that IIUM can go for brand building programs and attract the good students. He says...

"They can introduce (IIUM) admission test to find the good raw materials. Entry should be good enough for good raw materials. Thus, fewer efforts may need to guide the good raw materials for producing the good works and creating the competitive environment"

Despite the presence of the necessary infrastructure they often cannot utilize that properly, some of the undergraduate students expressed their thoughts about the improvement area of IIUM. They complain about the WI-FI connection and its swiftness while some of the research students demand for the research lab to be full of the necessary and upgraded services.

In summary, the area where the university can improve, respondents ranged their ideas from very wide to very specific perspectives. Most of the PG students suggest a robust research environment and ask for adequate research funds while the undergraduate students are looking for improvement of infrastructure facilities like library and internet connection.

Associated brand feeling of the students:

Theory suggests that brand feeling of the concerned incumbent plays a significant role in long term brand equity (Durkin et al., 2012). Hence the study tries to explore the brand feeling of the students of IIUM. The majority of the students stated their positive feeling about IIUM as a higher educational institution. A typical voice...

"Well I came here in 2008. Today I feel the confidence that I am going anywhere in the world and can be competitive to change and I am fully confident about myself. So that's a great thing I have got from IIUM."

Some of them are very much satisfied and treat themselves as the agent to change the wide spread immorality and unethical manners all around. They also care for IIUM as a house of change makers in the world.

"So far... I have talked with so many Malaysian and international people. Visited many places...Malaysian and others, they take IIUM as a very good university and they treat it as one of the ethical universities in many terms. I am proud to be a student of IIUM..."

However, the level of satisfaction was not unique for every case. Some of the respondents show the excitement for becoming the part of the university where some others express that they are not excited rather they are proud or feel warm to be with it. A respondent says...

"No... overall feeling are not negative at all... it's not so exciting as well. My overall feeling is positive; still it's not extremely well in many senses. It's warm; it's very good and very cool though I am not calling it superior."

In summary, a number of the students compare the university with other higher educational institutions and express their satisfaction about IIUM calling it superior in terms of "ethics" and "values" provision. Many of them love to present IIUM as a "garden of knowledge and virtue" in true sense and found warmth and feel proud to be part of it.

Limitation and Scope of the future research:

The study includes only seven students as the respondents. Moreover, the study used only interview as a data collection method. More robust research can be done with increasing number of respondents and having at least a couple of focus group discussions prior to the interview. Furthermore, the respondents' total number ought to be improved for inclusive result.

Recommendation and Conclusion:

Like every other conventional product and service organization, the HE industry is also becoming very competitive day by day. Thus, all the universities are racing towards the improvement of their brand image. The study finds awareness of the brand image among

the student is very high. Taking IIUM as a target university, the study reveals some factors about it in terms of brand image and students' brands feelings.

As the study found that most of the students of IIUM are very much brand concerned, the university should look after their thoughts in any proposed brand building programme. The study found the image of IIUM as an Islamic university that provides quality education and tries to relate Islamic ideology in its entire academic and other curricular aspects. And that is the image IIUM has been carrying out since its establishment. So, the result of the study found the university a successful institution that can convey its core image towards its target group. Moreover, in portraying the uniqueness of the university, the study found it similar to the core image of the institution. The application of Islam in every aspect or "Islamization" is identified as the core stand of IIUM by most of the respondents. Hence, the university should keep upholding its stand and can move onwards. The overall brand feeling of the respondents is positive though some of them gave some feedback that the university should take care of.

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How to prepare a thesis for submission

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Introduction

Education and research are the backbone of national development and economic advancement as well as personal development. This is particularly so for the MESA region with record numbers of young people participating in higher education. Students in diverse disciplines often need to prepare a thesis at the end of their period of study. Given the importance and difficulties in preparing a thesis, students need some guidelines to follow in order to make sure that they can pass this important final part of their studies with as few as possible problems. Tutors and supervisors will provide specific topic based guidelines; the chief aim of the present article is to provide some common sense general guidelines for students in preparation of a thesis.

Guidelines

1. Writing a thesis provides many lasting opportunities; it should represent your best work and be in a neat and clear format to better convey your results or conclusions. Optimum presentation of your thesis therefore is vital.
2. There are two important early issues for preparation of a thesis. The first issue is to find a suitable topic that lies within your interests and ability. Preparation of a thesis by itself is a difficult, time consuming and painstaking task. Therefore, you should select a topic that you have a personal interest in, to make all the efforts worthwhile, or choose a topic that contributes positively to society, which will see your thesis consulted and quoted into the future.
3. The second most important early issue is finding the best supervision possible. It is important that preferably you work under the supervision of an academic member who has been successful in supervisory tasks and who is also familiar with your topic, if your educational institution allows you to choose. Therefore, look at the CVs of the academic members of your institution. Find two to three possible candidates and talk to their recent or past students. In many universities you will be allocated the supervisor most suitable or most qualified on the topic of your thesis.
4. When you find the best possible supervisor you should finalize your topic with them. You should have already done extensive literature review for your topic, if required by your chosen subject. However, it might be possible that your supervisor asks for more literature review. In today's era of knowledge, literature review with a critical view is an art that every student should be familiar with. If you do not have appropriate skills in

Abstract

Preparation of a thesis is a very important, and at the same time, a painstaking task. However if one follows some common sense guidelines, this vital period of your study will have a more fruitful outcome. The aim of the present article is to provide fifteen important guidelines in the preparation of a thesis.

Keywords: Thesis, preparation, guidelines

literature searching, with the help of your supervisor try to participate in some relevant courses and/or workshops. In some topics however literature review will not be relevant, rather you may be required to do aspects such as field work, or extensive experimentation.

5. As soon as the topic is finalized it would be necessary that with the help and support of your supervisor, you select other academic members as your supervisory team if they are not already allocated by the university. It is highly suggested that at the very least one of your supervisory team should be familiar with the methodology of research and biostatistics. Preferably all members of your team should be able to bring some skill sets to the work. This tactic helps you to make sure that in your thesis the necessary methodological issues are taken into consideration and that you use statistical analyses and data presentation correctly.
6. In the next step you should prepare the proposal of your topic under the supervision of your academic team. As has already been mentioned literature review is often the most important part of this step. Always remember this important quote. "It is by standing on the shoulders of giants that I can see further". Therefore, carefully and critically review the literature relevant to your work that has been prepared by the scholars before you.
7. It is worth mentioning that during the writing of your proposal you should also take extreme care towards the material and methods of your study. Remember that this section of your thesis operates as the heart of it. It means that no research can survive with a weak or flawed heart. It is also worth emphasizing that you should pay extra care to follow any relevant ethical guidelines related to your topic.
8. After finalizing the proposal it is time to register the topic at your school or university. The topic should be accepted by the research council and also the ethical committee of your school as well. Keep the details of such registrations and acceptances

since you might need them whenever you decide to write an article based on your thesis.

9. At this stage the actual research begins. It is highly suggested that you have a logbook for registering all issues that you may confront during your research, no matter whether you are working in a lab, at the bed site, in an organization, in the field or within a community. During this stage you should keep close contact with your supervisor and other members of your supervisory team. If you find something peculiar during your research it would be better to ask for opinion early. Follow the ethical guidelines during your research. In the health domain we especially need to consider ethical issues in our research (such as patient privacy) again no matter whether we work in a lab, at the bed side or within the community.
10. Your research when finished should provide appropriate answers for all your research questions or be able to test all your hypotheses. Your supervisor usually announces this important moment and by announcing it you will enter the final part of your thesis, which is the writing up period.
11. Before entering the writing up period or during it some supervisors may ask their students to publish an article. However, it might depend on the time schedule of the students. If you have a strict time schedule to follow you might postpone the publication of the article to after your graduation. Nonetheless, if you have enough time, publication of an article would be of great help to you. By trying to publish an article you will let other scientists critically review your work and provide you with constructive criticism. Besides having published at the very least one article in a renowned journal will show your thesis reviewer the importance of your work. In some universities finding someone to publish your thesis is an absolute requirement.
12. The writing up period by itself is the most painstaking part in preparation of a thesis. You should prepare various drafts of different chapters and hand them out to your

supervisor and other members of your supervisory team and then collect their feedback after a while. Again having a logbook at this stage would be of a great help. You should keep all the feedback in your logbook. It is also highly important to avoid any kind of plagiarism since that might ruin all your efforts.

13. Step by step, write down your thesis based on the feedback that you receive from your supervisory team. You should also follow any guidelines that your school prepares for writing a thesis up. Carefully type and format your thesis. The final draft should be as neat as possible. Consistency is very important therefore, follow similar formats for each chapter. Be careful to present your tables and graphs correctly. Check your references. Ask one of your friends to read your final draft since there might be still mistakes that are overlooked by you and your supervisory team.
14. Based on the guidelines of your school or university prepare the appropriate copies of your thesis and soft bind them. Select an appropriate cover for each copy. The lettering on the cover is also important to be attractive and in accordance with the rules of your school or university. Double check the final copies and submit them to the appropriate authorities of your school.
15. All you should do is to wait for your viva. Sometimes it would be very helpful for you to have a 'mock viva' (oral examination). Your supervisor might schedule such mock viva. The actual viva might take a couple of weeks to take place. During this time you might take a rest or prepare the first draft of a few articles based on your thesis. However, it is highly suggested that before taking part in your viva, you should carry out another literature review since it would be possible that you will find some new articles relevant to your topic. Remember that your examiners might even ask you questions from those recent articles.

Conclusion

In order to get the most out of your thesis you should select an important topic which matches your interests. You should also support your topic with extensive literature review under the supervision of a strong supervisory team. You should also follow any relevant guidelines which are issued by your school or other scientific bodies. Having some publications based on your thesis will also help you to prepare a final acceptable work.

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Does Corporate Social Responsibility Expenditure Affect Financial Performance of Islamic Banks in Bangladesh?

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Abstract

The aim of this study is to measure the impact of corporate social responsibility (CSR) expenditure on Islamic banks' financial performance in Bangladesh. The Return on Asset (ROA) and Return on Equity (ROE) are used as proxy for financial performance of bank for this study. The data of CSR expenditure and the performance variable are collected from all seven full-fledged Islamic banks in Bangladesh for the period 2007-2011. The simple regression analysis is applied to test the association between CSR expenditure and the bank's financial performance. The results show that there is no significant impact of CSR expenditure on Islamic banks' financial performance.

Keywords: Corporate Social Responsibility; Financial Performance; Islamic Banks; Bangladesh.

activities on the banks' profit in the short-run. Though the cost of the banks enhances with the CSR activities in the long run it has a good impact on a bank's performance. CSR builds up stakeholders' confidence and creates a good corporate image of the bank.

CSR activities are relevant with Islamic laws. As per Islamic Shariah all Islamic financial institutions should be involved and perform social responsibility to the society. According to Sadeq (2007) the prime objectives and functions of Islamic banks are the betterment of general human being; bringing about social and economic benefits to the Islamic world; making brotherhood, social equality and equitable distribution in Muslim societies; establishment of distributive justice; development and support of small scale enterprises; discharging of corporate social responsibility, including its disclosure. Farook (2007) identified the three major foundational principles for Islamic Corporate Social Responsibility i) The principle of vicegerency ii) The principle of divine accountability iii) The principle of enjoining good and forbidding evil. In the view of Sairally (2005), Islamic banks should be accountable not only to the success of the industry but also towards the community, on top of being responsible to Allah. In other words, to be consistent with the objective of Islamic moral economy, Islamic banks need to realize social responsibility in order to promote socio-economic development.

1. Introduction

Corporate Social Responsibility (CSR) has become an issue of global concern. CSR is the process by which an organization evolves its relationships with stakeholders for the common good. Social responsibility means not only fulfilling legal expectations, but also going beyond compliance to fulfill social needs. Through CSR corporate entities visibly contribute to the social good. Thus CSR is no charity or mere donations. Socially responsible companies use CSR to incorporate economic, environmental and social objectives with the company's operations and development.

CSR activities practiced by banks can create awareness about banking activities and increase loyalty among customers, depositors, and employees of the bank. The banking sector contributes to the society as part of CSR in the form of education, health, and environment etc which can stimulate sustainable economy developments. Through CSR activities, a bank overcomes the barrier between bank and society. As a result, both deposit and investment improves with the increase of CSR expenditure. On the other hand, implementing CSR activities is costly for banks and it enhances the total cost which might reduce the impact of CSR

In the context of Bangladesh, the practice of CSR prevails in the banking sector of Bangladesh. Islamic banks can play a significant role towards stakeholder and towards the society through CSR activities. But do CSR activities have any positive or negative impact on their financial performance? In this paper I have tried to find out the answer of this question. Many studies have been conducted and various arguments have been made regarding the relationship between financial performance and CSR. However, the existing evidence is inconclusive and hence there is need for more studies to provide research evidence in this context.

CSR activities are in a naive stage and proper application of CSR is not present at this moment in Bangladesh. Therefore, the findings of this study would be helpful to the society, depositors, investors, employees, and decision makers regarding the impact of CSR on Islamic Bank's performance. It is expected that the study would enrich the existing literature by providing empirical evidence from Bangladesh in this regard.

The remainder of this paper is organized as follows. Section two outlines the research objectives of the study. Literature review and hypotheses development are discussed in section three and four. Section five describes research method. Section six discusses findings of the study and section seven makes concluding remarks of the study.

2. Objectives

The main aim of this study is to measure the impact of CSR expenditure on the financial performance of Islamic Banks. To achieve the objective, two sub-objectives have been set which are as follows:

1. To find the relationship between CSR expenditure and ROA of the Islamic banks.
2. To find the relationship between CSR expenditure and ROE of the Islamic banks.

3. Literature Review

A number of studies have been carried out in both developed and developing countries to measure the impact of CSR

on banks' financial performance. Margolis, Elfenbein and Walsh (2009) stated that there are more than 200 published studies on this subject and yet there is no clear consensus on the relationship between CSR and corporate financial performance.

Wright and Ferris (1997) found a negative relationship between CSR and financial performance of a firm but Posnikoff (1997) reported a positive relationship and McWilliams and Siegel (2000) found inconsistent results regarding the relationship between CSR and short run financial returns. Teoh, Welch and Wazzan (1999) found no relationship between CSR and financial performance. Konar and Cohen (2001) argued that a firm with a better environmental performance has a significant positive impact on its market value. According to Dam (2006), there are in fact strong linkages between corporate social responsibility and financial performance. Fauzi (2009) found that CSR has no effect on financial performance. Arshad, Othman and Othman (2012) stressed the impact of CSR on Malaysian Islamic banks' performance and found that CSR was significantly positively related to firm performance as measured by ROA and ROE. Samina (2012) found a strong positive correlation between CSR Expenditure and Bangladeshi Islamic banks' performance (Investment, Deposit, Profit). Weshah, Dahiyat, Awaad, & Hajjat (2012) found a significant positive relationship between (CSR), bank size, the level of risk in the bank on one hand and financial performance on the other hand in the Jordanian banking companies. Islam, Ahmed and Hasan (2012) revealed that the average return on asset ratios of the banks having high Corporate Social Performance (CSP) is higher compared to that of the banks having low CSP, though this could not be proved statistically. Hossain and Alam (2012) indicate that the relationship between investment in CSR and market price per share is statistically significant; on the contrary the relationship between investment in CSR and net asset value per share is not statistically significant at 5% level of significance. Malik and Nadeem (2012) verified the relationship between EPS, ROA, ROE, Net Profit and CSR using regression models and found that there is positive relationship between profitability (EPS, ROA, ROE, and Net Profit) and CSR.

Flammer (2013) argues that adopting a CSR-related proposal leads to superior financial performance.

4. Hypotheses

Based on objectives of the study two specific hypotheses have been formulated.

Hypothesis 1:

There is positive correlation between CSR expenditure and ROA of the Islamic banks.

Hypothesis 2:

There is positive correlation between CSR expenditure and ROE of the Islamic banks.

5. Methodology

Out of banking institutions, the study concentrates only on the listed Islamic Shariah-based banks in Bangladesh. On December 31, 2012 there were 7 full-fledged Islamic banking companies listed on Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). All seven banking companies listed on the DSE and CSE are selected. The study is based on secondary data. Necessary data have been collected from annual reports, web-sites and publications of Bangladesh Bank. The period of the current study covers five years from 2007 to 2011.

Model Development

To investigate the impact of CSR expenditure on ROA, it is assumed that-

$$Y1 = a + b1x1$$

Where, Y1 = ROA in terms of percentage,

a= constant term,

b1 = Regression coefficients for the independent variable,

x1 = CSR expenditure in BD Taka

Here, Y1 (i.e. ROA) is the dependent variable, while the x1 is the independent variable.

To investigate the impact of CSR expenditure on ROE, it is assumed that-

$$Y2 = a + b2x2$$

Where, Y2 = ROE in terms of percentage,

a= constant term,

b_2 = Regression coefficients for the independent variable,

x_2 = CSR expenditure in BD Taka

Here, Y_2 (i.e. ROE) is the dependent variable, while the x_2 is the independent variable.

6. Findings

6.1 Descriptive Statistics

Table 1 reports the descriptive statistics of the ROA, ROE and CSR expenditure of sample banks. The table indicates that the mean of CSR expenditure is about 44176782 BD Taka. It also shows that the extent of CSR expenditure has a considerable range. While the minimum is 0.00 BD Taka, the maximum is 410700000 BD Taka. As indicated in the table, ROA and ROE of listed banks have also wide ranges. ROA ranges from -10.92 % to 3.54% while ROE ranges from -46.45% to 30.71%.

Table 1: Descriptive Statistics for Independent and Dependent Variables

Variable	N	Mean	Minimum	Maximum	S.D.
ROA (Dependent variable)	35	.7714	-10.92	3.54	3.40893
ROE (Dependent variable)	35	11.3511	-46.45	30.71	17.17288
CSR expenditure (Independent variable)	35	44176782	0.00	410700000	89326415.12

6.2 Regression Analysis

6.2.1 CSR Expenditure and ROA

The results of the regression analysis of the association between ROA and CSR expenditure of listed Islamic banks are documented in the following section.

Table 2: Regression Results

Panel A: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.170 ^a	.029	.000	3.40960

a. Predictors: (Constant), CSR expenditure

Panel B: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.469	1	11.469	.987	.328 ^a
	Residual	383.637	33	11.625		
	Total	395.107	34			

a. Dependent Variable: ROA

b. Predictors: (Constant), CSR expenditure

Panel C: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.484	.645		.751	.458
	CSR expenditure	6.502E-009	.000	.170	.993	.328

a. Dependent Variable: ROA

The previous table reveals that F value is not significant at .328 level. This indicates that the variation caused by CSR expenditure in the ROA is not significant.

The value of Correlation Coefficient (R) and Coefficient of Determination (R square and Adjusted R square) of the model are also shown. The value of correlation coefficient is .170 and R square is .029. These show that the independent variable under reference has very low degree of correlation with ROA. According to the results, we can conclude that CSR expenditure of Islamic banks have no significant influence on their financial performance measured by ROA. Thus, Hypothesis 1 is not supported.

6.2.2 CSR Expenditure and ROE

The results of the regression analysis of the association between ROE and CSR expenditure of listed Islamic banks are documented in the following section.

Table 3: Regression results

Panel A: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.221 ^a	.049	.020	17.00166

a. Predictors: (Constant), CSR expenditure

Panel B: ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	488.005	1	488.005	1.688	.203 ^a
	Residual	9538.862	33	289.056		
	Total	10026.867	34			

a. Predictors: (Constant), CSR expenditure

b. Dependent Variable: ROE

Panel C: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.478	3.215		2.948	.006
	CSR expenditure	4.241E-8	.000	.221	1.299	.203

a. Dependent Variable: ROE

The above table reveals that F value is not significant at .203 level. This indicates that the variation caused by CSR expenditure in the ROE is not significant.

The value of Correlation Coefficient (R) and Coefficient of Determination (R square and Adjusted R square) of the model are also shown. The value of correlation coefficient is .221 and R square is .049. These show that the independent variable under reference has a very weak degree of correlation with ROE. According to the results, we can conclude that CSR expenditure of Islamic banks have no significant influence on their financial performance measured by ROE. Thus, Hypothesis 2 is also not supported.

Ullmann (1985) stated that as there are many variables in between CSR and a firm's financial performance, it is very difficult to find any significant relationship between these two measures. McWilliams and Siegel (2000) stated that if any kind of relationship prevails between CSR and financial performance, it would disappear with incorporation of more accurate variables such as R&D into the economic models. Another cause might be that CSR often provides indirect competitive advantages which in turn make it difficult to measure its connection to financial performance. These arguments are supported from the findings of this study.

7. Conclusion

The practice of CSR in financial institutions has brought a new dimension to the social economic scenario of Bangladesh. Though CSR activities are being practiced by Islamic banks to a certain extent, doubt remains as to whether such initiatives could potentially lead to better performance and sustained competitive advantage. Previous studies have provided conflicting results regarding the relationship between CSR and financial performance. Our findings from this study suggest that CSR activities of Islamic banks do not have significant influence on their financial performance.

Although no significant relationship has been found between CSR and financial performance, the management of Islamic banks should be committed to CSR activities in the future as it will be a prerequisite to attract and retain customers and employees and thus survive in the market. It is to be noted that performing some CSR activities is not enough to contribute financial performance. Islamic banks should properly select the right kind of CSR activities and perform them with great care. It should be consistent with a long-term plan rather than a short-term business solution.

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(Appendices - next pages)

Appendices

Appendix 1: Sample Banks' CSR Expenditure 2007-2011 (Figures in Taka)

Sample Banks	2007	2008	2009	2010	2011
Al Arafah Islami Bank Ltd.	0.00	12500000.00	8030000.00	70400000.00	20900000.00
Islami Bank Bangladesh Ltd.	0.00	0.00	116270000.00	232631000.00	410700000.00
Shajalal Islami Bank Ltd.	19501000.00	0.00	10237000.00	24033300.00	10700000.00
EXIM Bank Ltd.	0.00	19300000.00	0.00	231825000.00	180900000.00
Social Islami Bank Ltd.	0.00	0.00	0.00	24689080.00	24484990.00
First Security Islami Bank Ltd.	400000.00	1000000.00	0.00	43630000.00	80850500
ICB Islamic Bank Ltd.	0.00	125000.00	0.00	2518000.00	562500.00

Source: Bangladesh Bank (2012)

Appendix 2: Sample Banks' ROA 2007-2011 (Figures in Percentage)

Sample Banks	2007	2008	2009	2010	2011
Al Arafah Islami Bank Ltd.	1.15	1.80	1.77	2.65	2.06
Islami Bank Bangladesh Ltd.	0.84	1.27	1.34	1.47	1.35
Shajalal Islami Bank Ltd.	2.60	2.26	2.08	3.01	1.26
EXIM Bank Ltd.	2.00	1.83	2.19	3.54	1.65
Social Islami Bank Ltd.	2.00	2.03	2.08	2.39	2.72
First Security Islami Bank Ltd.	.47	.61	1.56	1.89	1.75
ICB Islamic Bank Ltd.	3.49	-3.93	-10.92	-7.29	-9.97

Source: Annual Reports 2007-2011

Appendix 3: Sample Banks' ROE 2007-2011 (Figures in Percentage)

Sample Banks	2007	2008	2009	2010	2011
Al Arafah Islami Bank Ltd.	17.05	24.70	24.10	20.01	18.34
Islami Bank Bangladesh Ltd.	13.00	19.02	16.93	19.00	17.42
Shajalal Islami Bank Ltd.	23.21	25.58	25.10	30.71	13.80
EXIM Bank Ltd.	23.00	21.97	25.22	27.87	13.87
Social Islami Bank Ltd.	10.00	10.82	12.12	15.31	11.51
First Security Islami Bank Ltd.	2.77	4.11	11.41	13.99	12.75
ICB Islamic Bank Ltd.	-7.36	-26.49	-46.45	-23.40	-23.63

Commercial Arbitration: Factors making it lose out against other processes

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Abstract

Today the problems in litigation processes are well recognized. Arbitration's place in alternative process is also not free from controversy. Arbitration has become one of the principal means of settlement of commercial disputes especially in international trade; however, it is not unreasonable to predict that its original value against other processes is being lost. The principal objective of this article is to find out the various vehicles that are responsible for losing out against other alternative methods. It also attempts to explore how and why do such factors facilitate it to lose its credit. The parties of disputes especially commercial disputes will increasingly turn to arbitration for resolution, if arbitration can act with positive results including less adversarial relationships, faster decisions and lower dispute resolution costs. The paper is mostly analytical in nature and largely based on secondary materials of law like books, articles, theses, and several online writings. Primary sources of law are also used in this study. The paper mainly focuses on certain issues of arbitration dealing with commercial disputes rather than arbitration conducted in other fields, but electronic commerce issues will not come under ambit of it.

Keywords: commercial arbitration, commercial disputes

(Rashid, 2006, p. 6). Due to dissatisfaction with the administration of justice, alternative processes have emerged. The main purpose of emergence of alternative process to litigation is to ensure access to justice through avoiding rigidity of procedure, unnecessary delay, and excessive costs that are in existing traditional litigation process.

Arbitration is a traditional alternative to litigation process where a third party is appointed as arbitrator who controls the outcome of the process. Arbitration process is mostly regulated by legal authority. Final decision is imposed on the contending parties which is called an 'award', based on the merits of the case, and such award usually is binding and not appealable except under certain circumstances. A good definition of arbitration is given by Fiadjoe (1999, p. 203) as "a consensual system of judicature directed to the resolution of commercial disputes in private" (as cited in Fiadjoe, 2004).

1. Background

There are numerous unavoidable problems attached in the justice system. A distinguished American Legal scholar Pound (1912-13) found delay and excessive cost in suits as the obstacles to enter into administration of justice. He also identified existence of contingency fees which do not guarantee civil justice or even access to the courts rather it may increase the tendency for corruption or unethical practices in legal proceedings due to the fact that payment is made only in the event of a successful or satisfactory outcome. An

American Lawyer Olson (1991) identified in his book that enmity is being made between parties as win-lose situations exist in the court process as they fight to establish their legal rights, as well as people spending excessive time and money to such fight. Hence, various factors were responsible for the emergence of alternative dispute resolution as an alternative access to justice in the modern world. One of those factors is that the judicial system is fundamentally incapable of living up to the ideal of 'access to justice' for all

Commercial arbitration is in fact not a recent concept of dispute resolution for commercial transactions. Lord Mustill (1989) has stated that "commercial arbitration must have existed since the dawn of commerce. All trade potentially involves disputes, and successful trade must have a means of dispute resolution other than force. From the start, it must have involved a neutral determination, and an agreement, tacit or otherwise, to abide by the result, backed by some kind of sanction. It must have taken many forms, with mediation merging no doubt into adjudication. The story is now lost forever. Even for

historical times, it is impossible to piece together the details, as will readily be understood by anyone who nowadays attempts to obtain reliable statistics on the current incidence and varieties of arbitrations. Private dispute resolution has always been resolutely private (p. 43).“Over the years, however, reputation of arbitration in resolving commercial disputes has suffered. Hence, due to various causes the parties of disputes are being discouraged to come before arbitration, mainly because it has become increasingly costly and proceedings have extended as much as court timetables (Mackie, Miles, and Marsh, 1995).

The paper has been categorized into two broad chapters: to begin with, it tends to enumerate in very short the governing laws of arbitration dealing with commercial disputes including domestic and international, and their administration. The second one as the most crucial and main part of this writing attempts to evaluate and analyze certain problems, in the form of issues and challenges, faced in the arbitration proceeding. And in the closing remarks, this article tries to address briefly the findings on the issues and to provide certain possible recommendations to overcome identified obstacles in arbitral process in settling commercial disputes.

2. Legal Framework & Administration of Arbitration

2.1. Governing Instruments

The UNCITRAL Model Law on International Commercial Arbitration (1985), at international level, provides a sophisticated and modern framework of international commercial arbitration within which global business disputes can be resolved. Actually, national laws of different jurisdictions governing international trade created obstacles to the flow of trade; hence, the UNCITRAL was formed as a vehicle by the General Assembly in 1966 through a Resolution 2205(XXI) for the purposes of modernization, harmonization and making uniform shape of rules on international trade or business of various jurisdictions (<http://www.uncitral.org>). Although the model law is considered

as soft law i.e. it doesn't have binding force, it is being successfully used as a model of international arbitration law especially in commercial matters. Based on provisions of the model law, various countries enacted laws regarding arbitration. Moreover, the UNCITRAL Arbitration Rules 1976 (as revised in 2010) is also adopted for international arbitration to supplement the UNCITRAL Model Law. In addition, in order to recognize and enforce foreign arbitral awards, Convention on the Recognition and Enforcement of Foreign Arbitral Awards was adopted in 1958 which is popularly known as the New York Convention. The New York Convention seeks to provide common legislative standards for the recognition of arbitration agreements, court recognition and enforcement of foreign and non-domestic arbitral awards. It has been pointed out that The UNCITRAL Model Law on International Commercial Arbitration is the part of a clear international movement, starting with the New York Convention of 1958, towards harmonization of the law and practice of commercial arbitration (Smith, 1994).

Han & Poon (2010) suggested to adopt these types of laws for other non-arbitral alternatives to ensure legal enforceability of such alternatives. Authors also commented that the Model Law on Arbitration and the New York Convention have enabled rapid development of established principles governing the enforceability of arbitration agreements and these international laws are the basis for many national arbitration legislations which, in turn, are keys to the enforceability of arbitration agreements (Han & Poon, 2010). Legal enforceability of alternative dispute resolution agreement means whether it is binding on the parties and whether it is enforceable in the court of law or not. The Model law lays down as to enforceability that “a court before which an action is brought in a matter which is the subject of an arbitration agreement shall, if a party so requests not later than when submitting his first statement on the substance of the dispute, refer the parties to arbitration unless it finds that the agreement is null and void, inoperative or incapable of being performed” (art. 8(1)). Based on the Model law, most of the countries enacted the law containing the same pro-

visions of enforceability of arbitration clause. In the light of article 8 of Model Law, for example, Malaysia sets out rules about binding arbitration agreement in its Arbitration law as “a court before which proceedings are brought in respect of a matter which is the subject of an arbitration agreement shall, where a party makes an application before taking any other steps in the proceedings, stay those proceedings and refer the parties to arbitration unless it finds that the agreement is null and void, inoperative or incapable of being performed” (Arbitration Act, 2005, s.10(1)).

Under the above authority, if there is any arbitration clause in any agreement, arbitration procedure must be followed first, and then the court proceedings will be continued. Before conducting arbitration process agreed in clause if any action is brought, the court will not allow to continue proceeding rather will stay such, and will refer the parties to arbitration. The provisions of stay proceeding, but not dismissal, were inserted to avoid unnecessary delay as when a newly come new case has to be filled if it was dismissed. There is a reference to arbitration because a result in the form of award will come as there is a certainty.

2.2. Arbitration in Different Jurisdictions

Arbitration proceedings including international commercial arbitration in different territories are being administered by various arbitral institutions either regional or international. For example, International Council for Commercial Arbitration (ICCA) dedicates to promoting and improving the use, and the processes of arbitration, conciliation and other forms of international commercial disputes resolution. Moreover, Permanent Court of Arbitration (PCA) established by treaty in 1899, International Chamber of Commerce (ICC) International Court of Arbitration, ICC Paris, The London Court of International Arbitration, London Court of International Arbitration (LCIA), Canadian Commercial Arbitration Center (CCAC), and British Columbia International Commercial Arbitration Centre (BCICAC) are examples of well known arbitral organizations providing international

commercial dispute resolution services through arbitration proceedings conducted by their own enacted Rules, such as ICC Rules of Arbitration 2012 which is now widely used, and every institution providing dispute resolution services through arbitration has their own rules to conduct the arbitration process.

Besides those international arbitration institutions, there are some Regional Centres or Regional Arbitration Institutions for international commercial arbitration in Asia and Africa established under the auspices of Asian-African Legal Consultative Organization (AALCO), in order to fulfill its demand as international commercial disputes are increasing and arbitrations of Europe were very busy with the disputes. Under the auspices of the AALCO, the Kuala Lumpur Regional Centre for Arbitration (KLRC), the Cairo Regional Centre for International Commercial Arbitration (CRCICA), and the Lagos (Nigeria) Regional Centre for International Commercial Arbitration (Lagos Centre) were established respectively in 1978, 1979 and 1989. Moreover, the Hong Kong International Arbitration Centre (HKIAC) the foremost venue for alternative dispute resolution in Asia, was established in 1985 by a group of leading business people and professionals in an effort to meet the growing need for arbitral services in Asia.

3. Issues & Challenges in Commercial Arbitration

3.1. Unnecessary Delay, Excessive Costs and Complexity of Procedure

Due to various problems in the litigation process including delay, cost, complexity, and bias; the alternatives to litigation were instituted as mentioned earlier. It was expected that alternatives will be able to avoid the obstacles to get justice. However, arbitration, as an alternative, especially commercial arbitration is suffering the same diseases as were suffered by the litigation process. Mustill (1989) agreed that arbitration particularly commercial arbitration is excessively costly as in his words that "it is to my mind undeniable that international commercial arbitration faces some serious problems. At

least in its larger manifestations it can be too slow, too formalized and too expensive. It also lacks the procedural teeth which are the prime advantage of the courts" (p.56). The same problems were identified in arbitration process as "these may be controversial, but it is true, in some special arbitration e.g. trade, commodity, and maritime disputes that arbitration fees are very high, and the parties have to pay for the hotel accommodation and the physical facilities of arbitration" (Fiadjoe, 2004). It is against the interest of parties as they have to pay, even sometimes costs of arbitration may be higher than litigation process. Dispute usually is not referred to arbitration process unless the monetary amount is higher because if it is for a claim of a lower amount, arbitration process cost may not be sufficient. Can it be imagined how much money arbitrators are taking? Their fees are charged to about RM 5000 at domestic level and \$ 5000 at international level for conducting arbitration in each day; even fees are being increased day by day. Additionally, accommodation cost of arbitrator is to be paid by disputed parties. The whole amount was spent for one arbitration process earlier; such an amount is being spent in a day of arbitration now (referred by Rashid, S.K., a Prof. of Law, IIUM). Due to dissatisfaction with higher fees and accommodation costs, arbitration is losing its ground, and parties of business disputes are being discouraged to proceed with arbitration.

The arbitration process is not fast and it may not be inexpensive particularly when there is a panel of arbitrators. Arbitration delays to resolve disputes like court process as taking too much time. One of the legal maxims is justice delayed is justice denied. As litigation takes excessive time to resolve a case for several years that's why people prefer the arbitration process as an alternative to get speedy remedy. But unfortunately the court is competing with arbitration as arbitration is also too slow like the court process in some cases. Malaysian Arbitration Act 2005 states that any question of law arising out of an award may be referred to the High Court either by arbitrator or the parties (s.42). The law prescribes any question of law, but doesn't define it. It also does not state time limit of deter-

mination and how many times it can be referred. In this case, the court is not being blamed for delay as it has to deal not only with the present referred case, but with many other cases. Moreover, other proceedings are also followed by court when it deals with the case i.e. cross examination, adjournment of hearing through time petition etc. Hence it takes a long time to decide such question of law referred to it. Indian Supreme Court decided that Indian Arbitration Act 1940 contributed to the excessive delays and high costs as ".....the way in which the proceedings under the Act are conducted and without an exception challenged in Courts, has made lawyers laugh and legal philosophers weep. Experience shows and law reports bear ample testimony that the proceedings under the Act have become highly technical accompanied by unending prolixity, at every stage providing a legal trap to the unwary. Informal forum chosen by the parties for expeditious disposal of their disputes has by the decisions of the Courts been clothed with 'legalese' of unforeseeable complexity" (According to Desai, D. A. J., Guru Nanak Foundation v. Rattan Singh & Sons).

3.2. Existence of Bias

The racial and/or ethnic bias or discrimination exist in the court systems, and people are being deprived from justice (Neely, 2004). The same issue, either cultural or ethnic bias, exists in the arbitration proceeding, as such arbitrator sometimes does not play a neutral role. For instance, when an arbitrator is appointed from West, and if dispute raised between East and West, he will favour west as being influenced by cultural bias. If there is a possibility of bias, how can it be ensured to get justice from the arbitration process? What is happening in the arbitration process, particularly in the Arab area? Those arbitration proceedings are witnessing that when a western arbitrator is appointed to solve a dispute between Arab and West, many biased decisions are awarded by such arbitrators.

ICC Rules of Arbitration 2012 states that the arbitrator should not be appointed from the disputed parties' countries (rule 13(4)). It indirectly means that there is a chance of miscarriage of

justice in arbitration through bias. It is mentioned in ICC (Paris) books on corruption and misconduct in international commercial arbitration that they appointed a committee to find out corruption etc in international arbitration, and the committee found that corruption exists. The appointment of arbitrator from disputed parties may be prevented, but how can we stop monetary bias, that is to say, bribery or other corruptions. Recently, in the case of ST Microelectronics N.V. v. Credit Suisse Securities (USA) LLC (STMicroelectronics), where a party argued that an arbitrator had failed to disclose prior experience that rendered the arbitrator potentially biased, the United States Court of Appeals for the Second Circuit refused to vacate an arbitral award under the US Federal Arbitration Act (FAA). That is to say, the American court rejected arbitrator bias challenges during enforcement proceedings. In this case, the attitude of the USA court regarding bias of arbitrator is negative.

Arbitration is a confidential proceeding. Private arbitration i.e. arbitration between two parties, is being converted into public arbitration to avoid bias in arbitration proceeding. When it is public, State is involved with the proceeding; as such, the possibility of bias will be reduced (Lipman & Smithberg, 1996/1997). Similar trends can be adopted in the business arbitration process in order to facilitate the traders to come before arbitration for dispute resolution.

3.3. Application of Amiable Composition and of Equity

Whether amiable composition is allowed in arbitration proceedings, it is debatable. The stance of civil law and Islamic law are almost same as the reason may be civil law countries had been controlled by Muslim rulers for long time. Amiable composition is very often defined synonymously with arbitration in equity or *ex aequo et bono* (Herboczko, 2008). An arbitrator acting as amiable compositeur is deciding the dispute before him according to law and legal principles, nevertheless is authorized to modify the effect of certain non-mandatory legal provisions, but *ex aequo et bono* is a dispute settlement

out of law, according to moral principles (Dumisci, 2009). An arbitrator deciding as *ex aequo et bono* is allowed to disregard not only the non-mandatory rules, but also the mandatory provisions of law, as long as they respect international public policy (Dumisci, 2009). Most notable authors define amiable composition as a mission where an arbitrator decides a dispute before him according to law and legal principles, but nevertheless is authorized to modify the effect of certain non-mandatory legal provisions (Herboczko, 2008).

Islam recognizes the distress a trial can cause and therefore encourages alternatives whenever it is possible. It also encourages people to solve their matters amicably rather than in an enmity creating manner. Amiable composition is the concept of arbitration in Islam. Throughout the Prophet Muhammad's life there are numerous examples of his settling disputes in an amicable and equitable manner. The Quran encourages settling disputes amicably as such actions are ennobling. Allah states in the Quran: *"O you who believe! Stand out firmly for Allah as witnesses to fair dealings and let not the hatred of others to you make you swerve to wrong and depart from justice. Be just, that is next to piety. Fear Allah, indeed Allah is well-acquainted with all that you do"* (The Holy Qur'an, 5:8).

Unlike Islamic law and continental law, classical common law completely rejected this concept on the ground that the arbitrator will decide dispute according to laws, case laws, customary laws, or legal norms or principles, without taking its own equity (Yu, 2000). In other words, under common law the arbitrator must apply laws relating to arbitration during proceeding, but not according to his own conscience as arbitrators cannot make laws. If an arbitrator does it, he will be removed on the ground of misconduct. On the other hand, under Islamic arbitration process, the arbitrator will resolve the dispute not only according to black letter law, but also the spirit of such laws, that is to say, arbitrators can exercise their own conscience and equity as they understand, in order to ensure fairness and justice. Not only Islamic law but also continental law (civil law system) recog-

nizes amiable composition. They argue that the contract entered into one situation, such condition may be changed at any time; therefore, the own conscience of the arbitrator can be used for the sake of justice. All forms of arbitration based on equity as the only legal source were rejected for a long time. This was a consequence of differences between common law and civil law.

In making a comparison with both, amiable composition is preferable as through application of strict law, people may not get justice always. In the UK, the trend has been changed as they accepted amiable composition with modification. It is decided that if parties give written consent, only then can the arbitrator use his own conscience in the arbitration process. By contrast, by virtue of natural jurisdiction (no consent is required), the arbitrator under continental and Islamic law is allowed to make amiable composition through exercising his good conscience. In Malaysia, there is no provision or restriction of amiable composition in law, but it is open to parties to give written consent to arbitrator to use equity and good conscience. The term misconduct is no more in Malaysian Arbitration law, so judges can be an arbitrator.

After the 2nd World War, the number of contracts increased as trade increased, and dispute on various issues of trade is arose. So, the UN Commission on International Trade Law (UNCITRAL) formed to harmonise or to make uniformity of laws of various jurisdictions, which is making model law on international trade. In commission, all blocks joined. Islamic law and civil law countries agreed and proposed above the concept of Islamic arbitration for international arbitration, but all disagreed on that (Mustill, 1989, pp. 53-54). Finally, all blocks agreed that if there is any written agreement which authorized arbitration proceeding to arbitrators, then it is allowed (UNCITRAL Rules, art. 33(2)). The UNCITRAL Model Law on Arbitration provides that the arbitral tribunal shall decide *ex aequo et bono* or as *amiable compositeur* only if the parties have expressly authorized it to do so (UNCITRAL Rules, art. 28(3)). A similar provision is found in article 17(3) of the International Chamber of Commerce

arbitration Rules 1998. All of the arbitration rules allow the arbitrator to decide a dispute as *amiable compositeur* if duly authorized by the parties prior to or during the arbitration. In Islamic law, written agreement is not compulsory. Ultimately such Islamic concept of arbitration is barred in international regimes.

To some extent amiable composition and equity are not same, but they overlap each other. It is now established that the UNCITRAL model law allows use of amiable composition in arbitration proceedings if written consent to apply that is given by the parties. Based on model law, amiable composition is allowed upon written authorization. But, they don't allow use of equity for settlement through arbitration proceeding as the settlement is not considered as a part of arbitration. Lachs (n.d.) stated that it would be wrong to consider equity solely as a product of contemporary courts or arbitral tribunals, or contemporary law (p. 130). Author quoted a suggestion from Grotius writings that "law includes everything, which it is more proper to do that to omit, even beyond what is required by the express rules of justice" (pp. 130-132), and thus equity had ancestors in the remote past. Equity is acquiring an ever greater role in both arbitration and judicial settlement as covering increasing domains of international relations and deciding issues of major importance; as such equity enriches international law and in many domains of life, makes it respond effectively to the needs of the international community in the interest of peaceful cooperation (Lachs, p.131). History of equity in the English system is witnessing how equity was introduced in the system, and it is also known that arbitration is conducted not only by arbitration law but also by other relevant laws. Hence, if equity is strictly prohibited in arbitration proceedings, how will history of common law sustain it? Unlike common law, continental law allows arbitrator to use equity in arbitration proceedings. Similarly, Islamic law always encourages the arbitrator to use equity for the purpose of fairness and justice in any settlement process. Apart from many authorities, in one verse Allah states in the Quran: "If you judge, judge in equity between them,

for Allah loves those who judge in equity" (The Holy Qur'an, 5:42).

Unlike continental law as well as Islamic law, common law particularly in the United Kingdom does not allow the use of equity in arbitration proceedings. What is the reason behind this; to some extent it is still undiscovered. I think the reason is only to maintain their political stance as what you do shouldn't be irrespective of its quality or standard.

3.4. Combination of Different Forms of Alternatives

The issue is whether an arbitrator can refer disputes to mediation. In common law, especially in the UK, a combination of various alternative processes to resolve a dispute were not allowed (Yu, 2000). They argued that there should not be any mixture of two processes as there are some technical difficulties in combining arbitration with other forms of ADR process. Under this system, if an arbitrator allows or facilitates to conciliate during the arbitration process, he or she may be removed from his post on the ground of misconduct.

However, the mixture should be allowed irrespective of forms as objectively both alternative processes (arbitration & mediation) are to settle disputes as it is good for the interest of dispute settlement. This view of combination i.e. conciliation comes with arbitration is supported by Houzhi as it is mentioned that the idea of combining arbitration with conciliation, even with other ADR forms in existence and is expanding (1996, pp. 101-108). It is also corroborated that conciliation is a part of arbitration as many countries including some common law countries have allowed both together recently. The evidence is shown that nineteen countries and WIPO countries encourage combining arbitration with conciliation, through statutory provisions or directions, in various ways and manners (Houzhi, 1996, pp. 101-108). For example, India enacted the Arbitration and Conciliation Act 1996 containing the provisions of combination (s.80); the USA has also contained this provision in the Alternative Dispute Resolution Act 1998. Moreover, Bangladesh, Nigeria,

Singapore, Australia and many other countries incorporate by laws that an arbitrator can facilitate the parties to mediate (Houzhi, 1996). It might be argued that since many courts of law in the world have linked court proceedings with alternative forms in one way or another (court annexed ADR process), why should arbitration proceedings not be linked with ADR procedures in one form or another (Houzhi, 1996, p. 109). By quoting the statement of Prof Pieter Sanders, Honorary Chairman of ICCA, made in his 1996 Alexander Lecture that "the general provisions of clause 33 of the English Bill provides that the tribunal shall adopt proceedings suitable to the circumstances of the particular case... it seems to me that it is not excluded that arbitrators would invite the parties to use one of the available means of ADR to settle their dispute....", it is stated that Prof Sanders has told us clearly that the possibility of combining arbitration with conciliation procedures is there. That is to say, although combination is not allowed in the UK, the Bill did not exclude the combination.

However, there are two major concerns about the combination of arbitration with conciliation i.e. 'natural justice' or 'due process' violation, and 'same person acting as mediator as well as arbitrator' (Houzhi, 1996, pp. 110-112, & Peter, 1997, pp. 91-98). People, who are against the combination, may argue that there is a private 'caucusing' or 'shuttle diplomacy' in combining processes, so there is a possibility of violation of natural justice or due process (Houzhi, 1996, & Peter, 1997). The mediator privately is caucusing with each side. Private caucus is intended to remain confidential, but a fundamental to our notion of justice is the right to know and be able to answer an opponent's case. Therefore, private caucusing will result in the breach of natural justice (miscarriage of justice) as the question of bias or partiality during process may be raised in the minds of the parties. Moreover, mediation is not bringing any outcome as mediator is not giving the award, hence there is an uncertainty. Secondly, the validity of Med-Arb process might be challenged, because of questions whether the mediation and the arbitration parts of the process can

both remain valid while conducted by the same person. When the mediator has the power to decide the dispute, he may coerce the parties into settlement.

In reply to the first concern, Houzhi (1996) suggested the following significant solution in order to avoid a possibility of violation of natural justice or due process (pp. 111-112):

- As private caucusing is not compulsory in the mediation process, therefore, the mediator can avoid it; or
- A contractual provision to override the requirement of natural justice or due process may have between the parties, or
- Private caucusing may be on a fully informed basis.

Moreover, though the mediator is not giving the award, there is a fifty percent chance of settlement in mediation process as it may pass or fail, and there is no harm to the parties, then why not should we take this chance through attempting mediation process. In reply as to the second concern that the key point is that the arbitrator or mediator must be impartial, whether they are same or different it doesn't matter (Houzhi, 1996, p. 113). It is best that the same person arbitrate the case just because he knows everything about the case, as such it is easy for him to assist the parties to reach the settlement (Houzhi, 1996, p. 113). However, this solution can be denied on the ground that he might be influenced in many ways as he is a human being. Another way out is that it is not required an arbitrator and mediator would be the same person. Hence, if the arbitrator and mediator are different persons in the combination process, this problem can easily be solved.

By contrast with common law, this supporting view is also recognized by Islamic law as well as continental law as the prime objective of any alternative methods is to settle the dispute. This view is corroborated by the Islamic law provisions as any form or its combination which is not inconsistent with Shariah can be used to settle a dispute.

The hybrid of both the Sulh and tahkim processes in order to arrive at an amicable resolution of the dispute is allowed as prescribed by the Islamic sources of law. The basis of Med-Arb is given in the following legal text as contained in the Qur'an: "If you fear a breach between them (the man and his wife), appoint (two) arbitrators, one from his family and the other from hers; if they both wish for peace, Allah will cause their reconciliation. Indeed Allah is Ever All-Knower, Well Acquainted with all things" (The Holy Qur'an, Surah al-Nisa: 35). Under this authority, conciliation can be considered as a part of arbitration process, and conciliation is permitted during the arbitration process. Shariah has not completely separated sulh and arbitration (Al-Ramahi, 2008). Hence, the disputing parties in sulh, also have the option to use an arbitrator in order to work towards a settlement. The 'Medjella' of the Legal Provisions' (the Medjella), the first codification of Shariah under the Ottoman Empire, confirmed the conciliatory nature of arbitration ((Al-Ramahi, 2008).

The idea of combining Mediation and arbitration is now being universally accepted. In China, Japan, Korea, Vietnam and Malaysia, for example, these processes are combined. According to article 18 of the Rules of the Korean Commercial Arbitration Board, conciliation may be possible even after the start of arbitration proceedings. If the conciliation fails, arbitration starts; if it succeeds, it is incorporated into the arbitral award. Similarly, article 28 of the Rules of Maritime Arbitration of the Japan Shipping Exchange, revised in 1996, allows mediation at every stage of the arbitration proceedings. Article 35 of the Arbitration Rules of the Vietnam International Arbitration Center allows the parties to arbitration to go to mediation on their own and if they succeed, the settlement is recorded as the arbitration award. Article 34(1) of the (revised) Kuala Lumpur Regional Center for arbitration Rules, 2001 is also to the same effect. Recently, in the UK to some extent hybrid process is allowed that if parties give written consent, only then can the court allow other alternatives during arbitration proceeding.

3.5. Over Legalization

Over legalization or theorization is another factor to lose arbitration proceeding's credit. While everybody is supposed to know law, but they don't know all the laws because there are too many laws involved in an issue. Auerbach (1983) tried to prove that law is not only a forum to get justice, but justice does not always come from laws through courts or lawyer as sometimes case is decided through expert determination, not by court. Arbitration is so instrumentalised or theorized through statutory provisions or case laws, or directive rules. The objective of alternatives is to achieve the goal, either through instrumentalisation or the ideal way (Noce, 2002). It is said that we are not concerned with the form of resolution (with the subject), but with the objective to achieve goal (settlement). Though the author commented regarding mediation matters, arbitration proceedings should be on same footing. In order to avoid formal, legal and complex procedures in litigation process, alternatives to litigation including arbitration have emerged. But laws, case laws, principles are strictly followed in arbitration. It cannot be said only standardization of rules or theory or institutionalization can make arbitration successful. Over or unnecessary theorization or legalization is not good rather it may create complexity. It is not being said that theory is not needed as it is needed for the sake of something understandable and acceptable to the parties, rather attempting to say over theorization which is unnecessary or theorization is only for theorization, is not preferable in arbitration process.

3.6. Over Localization

Another issue is whether arbitration should come under judicial control or intervention. The two concepts or principles need to be understood; one is localization theory and another is delocalization theory, as well as their impacts on arbitration. Arbitration agreement can be entered between parties on any matters or subjects; arbitration law only deals with the procedures of arbitration, but the question is what about other substantive law's provisions on the subject matters of agreement e.g. contract law, business

law etc. Under localization principle, all relevant local laws shall be applied unless otherwise agreed, whereas under delocalization concept, no local court under local laws can interfere in arbitration proceedings. The advantages of delocalized arbitration are: it guarantees neutrality of forum with respect to procedure and substance; it limits the role of national courts in the process; it overcomes limitations of the *lex fori*; it offers state agencies and governments the possibility to enter dispute resolution agreements without submitting themselves to the laws of a foreign state; it eliminates conflict of laws problems; it enables parties to create procedural rules, which best fit the specific features of the transaction and parties' interests (Paulsson, 1983, p. 57, as cited in Janicijevic, 2005). However, demerits also exist in delocalized arbitration. The view may be cleared with the help of example of Malaysia. The KLRCA was established in 1978 to deal with international commercial arbitration in the region in Malaysia. After reviewing, it was seen that no disputes were coming to the centre, and it was found that the localization was the main culprit i.e. application of local laws through interference of local courts. Hence, it was decided that if Malaysia wants to attract the international community to come for international arbitration through the KLRCA, local courts must not interfere in arbitration proceedings, and thereby the Arbitration Act was amended in 1980 and section 34 inserted, which provides that when an arbitration is started under the KLRCA, no local courts under local laws have jurisdiction over arbitration proceedings. It can be said that localization was converted into delocalization in Malaysia through inserting section 34.

Arbitration is always criticized by many lawyers because appeal rights are severely limited. One issue which has to be faced is whether arbitration must be subject to judicial control in Malaysia, in other words, can the parties be restricted from judicial review. New section 34 was tested by the Malaysian courts and held that the present section has forbidden them from applying local laws in arbitration proceedings. The validity of this ouster of the court's jurisdiction has been upheld in two decisions at first instance. The first case was *Klockner Industries-Anlagen GmbH v*

Kien Tat Sdn Bhd. (1990), where the High Court held that section 34(1) meant that it could not exercise its supervisory functions in respect of Regional Centre arbitration. The 'written law' in that case was the Companies Act 1985, but the statutory definition of 'written law' is such as to include all legislation and subordinate legislation. A further challenge was made recently in *Soilchem Sdn Bhd v. Standard-Elektrik Lorenz AG* (1993), which followed the earlier decision and held that sub-sec (1) excludes the jurisdiction of the court, including any jurisdiction to quash an award by way of *certiorari*. English courts decided in several cases on award given by delocalized arbitration that an award resulting from delocalized arbitration conducted in any country will be fully respected by its national courts, as the same applies if the award is rendered in a foreign jurisdiction (*Walkinshaw v. Diniz*, 2000, & *Minmetals Germany GmbH v. Fercor Steel Ltd.*, 1999). In the USA, a court may vacate an award in extremely limited circumstances. That is to say, only on the ground of corruption, fraud, undue means, partiality or bias, or arbitrator exceeded its powers, an award can be vacated (the USA Federal Arbitration Act, s.10).

In the arbitration process, there may be two types of judicial intervention:

a) One is beneficial intervention, e.g. injunction, production of witness: Suppose, if arbitrator issues a notice to bring someone before arbitration as a witness, and if such person refused to come, what will the arbitrator do as he cannot bind to bring him or her. Court can bring him by issuing a notice or arrest warrant. So, without court intervention, the arbitrator can do nothing here. Recently, one question came before the US court and that was can arbitrators compel discovery from non-parties; the court held that arbitrators have no authority to order third parties to produce documents for discovery purposes before the hearing (*Life Receivables Trust v. Syndicate*). Therefore, it is suggested that there should be a balance between localization and delocalization. If there is no balance between them, i.e. over localized or over delocalized, and if all powers of court are taken by law or policy, international commercial arbitra-

tion will not be effective.

b) Another is malignant intervention i.e. over localization.

Although to a large extent Malaysian arbitration has been delocalized by section 34, it is localized to some extent. They amended the law in 2005, but a referable provision to High Court on any question of law is retained there (Arbitration Act, 2005, s.42). Law is silent as to how many times it can be referred; time limit of settlement the question referred. Except Malaysia, every country has dropped this provision as all agreed that maximum cases as to arbitration on the reference of interpretation of question of law were brought before the court. It is actually reopening litigation again. This reference prolongs the time to decide a dispute being conducted through arbitration. However, why did Malaysian legislature do it? Their positive attitude may be that the court is the ultimate authority to interpret laws; if there is any conflict on laws in arbitration what will they do? They fail to decide it, that's why they are sending to court as the court's decision is binding, but before making a final award, the decision of the arbitrator is not binding. Actually, legislatures or drafters of arbitration law may retain it for their own benefits as drafters were lawyers; and they would want to bring case to court.

3.7. Over Lawyering

Over lawyering is also blamed for losing arbitration's credit. Lord Mustill stated in the International Arbitration Conference held in Malaysia that it is one of the defects of international arbitration (referred by Rashid. S. K., Prof. of Law, IIUM). The legal profession is often held responsible, usually by non-lawyers, although lawyers have been known to cite this as explanation to their clients for some of the delays, on the problems of the litigation system. The more cynical claim that lawyers control the system to generate revenue for themselves, in the same way as other businesses seek to generate income from the ventures they control (Mackie, 1995, p. 5). A panel of arbitration includes more than one arbitrator where justice, lawyers, and other legal professionals are involved.

3.8. Problems in the Enforcement of Arbitral Award

On the basis of verse 35, Surah al Nisa, it is observed that the use of word 'reconciliation' in the present verse indicates that an arbitral award in Islamic arbitration is not binding (Rashid, 2006), and Imam Shafie also held that arbitral awards are binding if parties mutually agree to enforce them. However, the trend has been changed from classical view to modern view in Islam; if award is conformed to Shariah, it can be enforced under modern Islamic perspective. On the other hand, in common law, award will be taken by one party to the court and court will record it, then it is binding on parties, whether parties want it or not. There is a convention known as 'New York Convention 1958' on recognition and enforcement of arbitral award given by particularly international commercial arbitration. Based on the international law, Malaysia enacted provision on this that if the high court, with the award given by arbitration, is satisfied, such award will be implemented (Arbitration Act 2005, s.38). The present law prescribed certain grounds when the court may refuse to recognize and enforce such international commercial arbitral award (s.39). Hence, the problem is that if court is not satisfied and refuses to enforce decision given in arbitration, how arbitral award will be implemented. Moreover, as it is known that every international commercial arbitration is governed by their own rules; such a rule may be the factor of losing arbitration credit. For example, under ICC Rules of Arbitration 2012, an original of each award made in accordance with the Rules shall be deposited with the Secretariat (art. 34(4)). Therefore, arbitrator cannot give award directly to the parties. Arbitrator will deposit to ICC who will revise it, and revised version of award will be given to parties. From my understanding, it should not be considered as fair as the parties do not get original award directly from the arbitrator.

4. Concluding Remarks

It is undeniable that alternative processes are rapidly becoming an accepted method to resolve disputes including trade disputes to individuals as well as to the government. The people realize

its various advantages against court processes, and government thinks that money is needed to continue court processes, the bulk of litigations are in pending, disputes are being increased day by day, and hence alternatives are able to solve it. However, unfortunately arbitration process covering commercial arbitration as an alternative to court process has been affected by the same diseases as litigation is suffering. Due to various problems of arbitration, people's aim to solve business disputes through arbitration is being affected. The main factors are too much delay, too expensive and too much rigidity, although arbitration is preferred to resolve commercial disputes in order to save time. Moreover, various issues relating to commercial arbitration are still unsettled, for instance, issue on the application of equity in arbitral process. The solution can be the adoption of Islamic arbitration process as the history of Islam is witnessing successful arbitration conducted between the Caliph Ali bin Abi Taleb and Muawya bin Abi Sofian. Every essential which a modern arbitration requires was presented in that arbitration agreement, and there was no question of existence of cost, delay, rigidity and bias. Therefore, although solving political dispute was the objective of such arbitration, such form of arbitration agreement can still be used in modern commercial arbitration. Moreover, to facilitate business people to resolve commercial disputes through arbitration, the issue relating to hybrid process needs to be settled as the world witnesses the combination of various forms of alternatives is working successfully. Alternatively, to overcome the problems raised in commercial arbitration process, adaptation of 'fast track' arbitration in order to solve the business dispute quickly which is suggested in Australia for settlement of construction disputes (Tyrril, 1992), and making a balance between localization and delocalization principles might be the solution. Moreover, amiable arbitration has a great potential impact in all the disputes including commercial disputes where the parties need a rational reasoning and not only a black letter law. It can improve the institution of arbitration and promote equitable results to international commercial disputes (Dumisci, 2009). Arbitration can be a powerful tool against the

backcloth of existing litigation process. If the diseases of arbitration are cured properly, arbitration including commercial arbitration would be sustained for future with its original credit, and can also be retained as a quick solver of commercial disputes.

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Efficiency and Performance of Conventional and Islamic Banks in GCC Countries

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Abstract

This paper examines the efficiency and performance of 58 publicly listed conventional and Islamic national banks in the Gulf Cooperation Council (GCC) countries between 2003 and 2011. A translog cost function is used to evaluate the efficiency of the GCC banking sector and multiple regression analysis is employed to identify factors affecting the performance of the 58 national banks. Empirical findings reveal that Masraf Al Rayan of Qatar (an Islamic bank) was the most efficient bank while Kuwait Finance House (also an Islamic bank) was the least efficient bank during the study period. Conventional banks were more profitable, liquid, and solvent than Islamic banks during the earlier years of the study period while Islamic banks were more profitable, liquid, and solvent than conventional banks during the later years of the study period. Regression results indicate that economic conditions, bank size, financial development, operating costs, and type of bank (conventional or Islamic) are significant variables affecting return on average assets.

Introduction

This paper examines the efficiency and performance of 58 publicly listed conventional and Islamic national banks in the Gulf Cooperation Council (GCC) countries between 2003 and 2011. GCC has six member states: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE).

The banking sector is crucial to the development of any economy; it is also one of the major driving forces of economic growth in developing countries. Banks are special financial intermediaries whose operations are unique in financial markets and impact strongly

on an economy. Hence, research on efficiency and performance of the banking sector has important policy implications. A higher degree of efficiency and performance in banking markets is expected to provide welfare gains by reducing the prices of financial services and thereby accelerating investment and growth.

The objective of this paper is to study the efficiency and performance of conventional and Islamic banks in GCC countries. As commercial banks play a vital role in the financing of an economy, banking efficiency exerts an

important impact on a country's economic development. Bank performance has been a key issue particularly in developing countries as commercial banks are the dominant financial institutions in these countries and they represent the major source of financial intermediation. Evaluating their efficiency and performance is crucial to depositors, owners, potential investors, managers, and regulators.

GCC Economic Review

The GCC is an oil-based economy with the largest proven crude oil reserves in the world. This region ranks as the largest producer as well as exporter of petroleum. The economies of GCC countries have been growing very rapidly during the 2000-2008 period. This spectacular economic boom came to a sudden halt in 2009 after the emergence of the global financial crisis in late 2008. Growth resumed in 2010.

Table 1 (top of next page) displays the real GDP growth rate for the six GCC members and three industrialized countries between 2000 and 2011. Compared to the world's three most industrialized countries, the GCC economic growth has been very impressive and all six GCC countries outperformed the three industrialized countries. In particular, Qatar's economic growth has been phenomenal, with double-digit average growth rate over this period.

Table 1: Real GDP Growth Rate (%), 2000-2011

	Bahrain	Kuwait	Oman	Qatar	Saudi	UAE	USA	Germany	Japan
2000	5.2	0.1	4.6	10.9	4.9	12.3	4.1	3.3	2.3
2001	4.6	0.7	5.6	6.3	0.5	1.8	1.1	1.6	0.4
2002	5.2	2.8	2.1	3.2	0.1	-0.7	1.8	0.0	0.3
2003	7.2	17.4	0.3	6.3	7.7	16.4	2.5	-0.4	1.7
2004	5.6	11.2	3.4	17.7	5.3	10.1	3.5	0.7	2.4
2005	7.9	10.4	4.0	7.5	5.6	8.6	3.1	0.8	1.3
2006	6.7	5.3	6.9	26.2	3.2	8.8	2.7	3.9	1.7
2007	8.4	4.5	5.3	18.0	2.0	6.6	1.9	3.4	2.2
2008	6.3	5.0	12.9	17.7	4.2	5.3	-0.3	0.8	-1.0
2009	3.1	-5.2	1.1	12.0	0.1	-3.3	-3.5	-5.1	-5.5
2010	4.5	3.4	4.0	16.6	4.6	0.9	3.0	3.6	4.4
2011	1.8	8.2	5.5	18.8	6.8	1.8	1.7	3.1	-0.7
Average	5.5	5.3	4.6	13.4	3.8	5.7	1.8	1.3	0.8

Source: Knoema.com

Given the volatility in oil prices, the GCC countries have realized that economic diversification is the only feasible way forward to create long-term, sustainable growth. They have focused their development on industries such as tourism and financial services. As a result, the GCC banking industry is gearing up for change in a region that is accelerating its growth.

Table 2 shows the number of publicly listed national banks for each GCC country at the end of 2011. UAE has the largest number of conventional and Islamic banks. There is no Islamic bank in Oman.

Table 2: Number of Public National Banks by Country and Type, 2011

Country	Conventional	Islamic	Total
Bahrain	4	2	6
Kuwait	8	1	9
Oman	6	0	6
Qatar	5	3	8
Saudi Arabia	10	1	11
UAE	14	4	18
Total	47	11	58

Source: Gulfbase.com

Table 3 presents four selected banking indicators for GCC banks for 2011. Saudi Arabian banks have the highest average total assets, average total deposits, average loans and advances, and average capital and reserves, while Bahraini banks have the lowest.

Table 3: Selected Banking Indicators (End of 2011 average per bank, in billions of USD)

	Bahrain	Kuwait	Oman	Qatar	Saudi	UAE
Total assets	2.17	7.20	2.81	10.59	17.91	8.87
Total deposits	1.02	4.38	1.92	5.24	12.79	5.71
Loans and advances	0.55	5.41	1.91	6.70	9.45	5.72
Capital and reserves	0.16	1.29	0.35	1.34	3.17	1.38

Source: Central Bank Statistical Bulletins, 2012.

Literature Review

A large number of studies have been conducted in measuring efficiency and performance in the banking industry. In the literature, two major approaches have been taken to measure efficiency in the banking industry: parametric and nonparametric. Nonparametric approaches like data envelopment analysis (DEA) consider the whole distance from the frontier as inefficiency. These methods are therefore deterministic as they do not include the possibility of measurement errors in the estimation of the frontier and hence they may overestimate the inefficiencies. DEA approach has been used by Ozkan-Gunay & Tektas (2006) to study the efficiency of the Turkish banking sector, by Chang & Chiu (2006) to examine the efficiency of Taiwan's banking industry, and by Fitzpatrick & McQuinn (2005) to investigate the efficiency of UK and Irish credit institutions, just to name a few.

Parametric approaches such as the stochastic frontier approach (SFA) and the distribution-free approach (DFA) do not suffer from the above-mentioned drawback. SFA makes some distributional assumptions to disaggregate the residual from the frontier into an inefficiency term and a random disturbance, which are arbitrary. SFA has been used by Inui, Park, & Shin (2008) to study the comparative efficiency of Japanese and Korean banking and by Fitzpatrick & McQuinn (2005) to investigate the efficiency of UK and Irish credit institutions. DFA has been proposed to resolve the major criticism of the SFA, namely its distributional assumptions, by adopting more intuitive assumptions to separate inefficiency from random disturbance. DFA has been used by Matousek, R. &

Taci, A. (2004) and by Pruteanu-Podpi-
era, Weill, & Schobert (2008) to examine
the efficiency of the Czech banking
industry.

Using regression, Al-Tamimi (2010) investigated the factors affecting the performance of UAE Islamic and conventional national banks during the 1996-2008 period. His results indicate that liquidity and concentration were the most significant determinants of conventional banks' performance while cost and number of branches were the most significant determinants of Islamic banks' performance (measured by return on assets and return on equity).

Ika & Abdullah (2011) compared the financial performance of Islamic and conventional banks before and after the enactment of Indonesia's Islamic Banking Act of 2008. They found no major difference in the financial performance between the two types of banks, except in liquidity where Islamic banks were generally more liquid than conventional banks.

Fayed (2013) compared the performance of Islamic and conventional banks in Egypt. His findings indicate that conventional banks dominated Islamic banks in profitability, liquidity, credit risk management as well as solvency.

A number of studies have been conducted in identifying factors affecting the performance of Islamic and conventional banks in Pakistan (Jaffar & Manarvi, 2011; Hanif, Tariq, Tahir, & Momeneen, 2012; Sehrish, Saleem, Yasir, Shehzad, & Ahmed, 2012; Usman

& Khan, 2012). Jaffar & Manarvi found that Islamic banks performed better in possessing adequate capital and better liquidity position while conventional banks had better performance in management quality and earnings ability. Hanif, et al concluded that in terms of profitability and liquidity conventional banks led, while in credit risk management and solvency maintenance Islamic banks dominated. Sehrish's findings indicate that Islamic banks were less risky in terms of dealing in loans and less efficient in expense management as compared to conventional banks. Usman and Khan's results show that Islamic banks had higher growth rate, profitability, and liquidity power than conventional banks.

Previous research were almost exclusively single country studies that examined either bank efficiency or performance. This paper is the first attempt to investigate the efficiency and performance of conventional and Islamic national banks in GCC countries. DFA is applied to measure efficiency and multiple regression analysis is used to examine factors affecting bank performance.

Methodology

This paper has two objectives. The first objective is to evaluate the efficiency of the GCC banking sector during the 2003-2011 period. A translog cost function is estimated for all the banks in the sample. Each bank's efficiency is then computed as the deviation from the most efficient bank's intercept term. The second objective is to determine the factors affecting the performance of GCC conventional and Islamic banks.

Measurement of Efficiency: the Distribution-Free Approach

The distribution-free approach (DFA) is used to provide evidence on the level of banking efficiency in the GCC. Using a fixed-effects model, inefficiency is estimated from the value of a bank-specific dummy variable. The following translog cost function is estimated for all the banks in the sample:

$$\ln TC = \alpha_0 + \alpha_1 \ln y + \frac{1}{2} \alpha_2 (\ln y)^2 + \sum_{j=1}^3 \beta_j \ln w_j + \sum_{j=1}^3 \sum_{k=1}^3 \beta_{jk} \ln w_j \ln w_k + \sum_{j=1}^3 \gamma_j \ln y \ln w_j + \varepsilon$$

The above translog cost function has one output (loans, y) and three input prices (labor, physical capital, and borrowed funds). The price of labor is measured by the ratio of personnel expenses to total assets (w_1). The price of physical capital is defined as the expenses for physical capital to fixed assets (w_2). The price of borrowed funds is defined as the ratio of interest expense to borrowed funds (w_3).

The DFA approach is applied and it is assumed that the difference in the actual and predicted cost for a given cross-sectional period is a combination of persistent inefficiency component and a random component (Berger, 1993). It is possible to obtain the persistent inefficiency component by averaging out these differences over time. Following Hunter and Timme (1995), the error term bank i in time t can be expressed as:

$$\varepsilon_{i,t} = 1n(v_{i,t}) + 1n(u_i)$$

where $1n(v_{i,t})$ is a random error component that varies with time and is distributed with a zero mean over time, and $1n(u_i)$ is the core efficiency or average efficiency for each bank which is time-independent while random error tends to average out over time. In order to be consistent with this error term specification, the cost function can then be expressed with a residual in the multiplicative form:

$$\text{Cost}_{i,t} = C_t(Q_{i,t}, P_{i,t}) v_{i,t} u_i$$

where C_t is a cost function and $Q_{i,t}$ and $P_{i,t}$ are output and input prices, respectively. This cost function in logarithm is:

$$1n\text{Cost}_{i,t} = 1nC_t(Q_{i,t}, P_{i,t}) + 1n(v_{i,t}) + 1n(u_i).$$

The term $1n(u_i)$ is assumed to be orthogonal to the regressors in the cost function. The error term $\varepsilon_{i,t}$ can be estimated for each bank for each year. In this way the parameters in the cost function and the random error term $1n(v_{i,t})$ are allowed to change for each year while $1n(u_i)$ remains constant over time.

The next step is to average the estimated cost function, error term $\varepsilon_{i,t}$ for each bank over n years in order to obtain an estimate of $1n(u_i)$, that is $1n(u_i) = \frac{\sum_t \varepsilon_{i,t}}{n}$.

For each bank then the percentage efficiency measure can be expressed as:

$$\text{EFF}_i = \exp[1n(u_{\min}) - 1n(u_i)],$$

where $1n(u_{\min})$ is the minimum value of $1n(u_i)$. From this formulation an efficiency value of 1 corresponds to the most efficient bank while all other banks have values between 1 and 0.

Factors Affecting Bank Performance

Profitability is one of the widely used indicators to measure the performance of any business. Financial ratios used in this study for measuring a bank's profitability are: return on average assets (ROAA), return on average equity (ROAE), and cost to income (C/I) ratio. For ROAA and ROAE, the higher the ratio, the better is the bank's performance. For cost to income ratio, the lower the ratio, the better is the bank's performance.

Maintaining adequate liquidity is one of the major challenges that banks face. Liquidity ratios measure a bank's ability to meet its short-term obligations. In this study three liquidity ratios are used: net loans to total assets (NL/TA) ratio, liquid assets to customer deposits and short-term funding (LA/DSF) ratio, and net loans to total deposits and borrowings (NL/TDB) ratio. The higher the NL/TA ratio, the lower is the bank's liquidity. The higher the LA/DSF ratio, the more liquid is the bank. The higher the NL/TDB ratio, the higher is the chance that the bank faces liquidity risk.

Solvency is the ability of a bank to have enough assets to cover its liabilities. A bank is insolvent if its equity is negative. The first ratio used to gauge solvency is equity to total assets (E/TA) ratio. The higher the E/TA ratio, the larger is the bank's capacity to absorb loan losses. The second ratio used is equity to net loans (E/NL) ratio. The higher the E/NL ratio, the larger is the bank's capacity to absorb loan losses. The third ratio used is impaired loans to gross loans (IL/GL) ratio. The lower the IL/GL ratio, the better is the bank's credit quality and the lower is its loan losses.

To examine factors affecting bank performance, the following multiple regression model is used:

$$\text{PERF} = b_0 + b_1\text{GDP} + b_2\text{TA} + b_3\text{FD} + b_4\text{LIQ} + b_5\text{CON} + b_6\text{SAL} + \varepsilon$$

where

PERF	= ROAA and ROAE (a performance measure)
GDP	= GDP per capita (a measure of economic conditions)
TA	= total assets (a measure of bank size)
FD	= M2 to GDP ratio (a measure of financial development)
LIQ	= loans to deposits ratio (a measure of bank liquidity)
CON	= a bank's total assets as a percent of total assets of all banks (a measure of bank concentration)
SAL	= salaries to total assets ratio (a measure of bank efficiency)
DUM	= a dummy variable (0 for Islamic banks and 1 for conventional banks)
ε	= error term

Two controlled variables are used in the regression model. Since larger banks might have enjoyed scale or scope economies that had positive effects on their performance, the size of banks in terms of assets (scale) is used to control for bank size. In addition, as business cycle might also affect bank performance, GDP per capita is used to control for macroeconomic conditions.

Before running the regression, a multicollinearity test is used to examine the degree of correlation among the explanatory variables. Table 4 shows the pairwise correlations. As the highest correlation is only 0.41, the explanatory variables are not multicollinear.

Table 4: Correlation Coefficients of Explanatory Variables

	GDP	TA	FD	LIQ	CON	SAL
GDP	1.00	0.00	0.24	0.25	-0.28	0.02
TA		1.00	0.01	0.10	0.41	-0.20
FD			1.00	-0.06	-0.11	-0.04
LIQ				1.00	0.11	0.11
CON					1.00	-0.13
SAL						1.00

Data

The sample consists of 58 GCC conventional and Islamic banks listed in the respective stock exchanges during the 2003-2011 period. All the required data are extracted from the annual reports of the banks and the Statistical Bulletin of the central banks.

Empirical findings

To explore bank efficiency, the panel data for all national banks that operated throughout the whole study period is used. The DFA approach is employed to calculate the efficiency scores of the banks. As shown in Table 5, Masraf Al Rayan of Qatar was the most efficient bank while Kuwait Finance House was the least efficient bank during the study period. It is interesting to note that both are Islamic banks.

Table 5: Efficiency of Islamic Banks, 2003-2011

Bank	Rank
Masraf Al Rayan (Qatar)	1
Qatar International Islamic Bank (Qatar)	3
Qatar Islamic Bank (Qatar)	5
Emirates Islamic Bank (UAE)	9
Dubai Islamic Bank (UAE)	11
Abu Dhabi Islamic Bank (UAE)	17
Al Rajhi Bank (Saudi Arabia)	23
Bahrain Islamic Bank (Bahrain)	46
Sharjah Islamic Bank (UAE)	52
Al Salam Bank (Bahrain)	55
Kuwait Finance House (Kuwait)	58

Table 6 and Figures 1-3 (next page) show the profitability ratios of conventional and Islamic banks between 2003 and 2011. In general, all three ratios indicate that Islamic banks were more profitable than conventional banks during the 2005-2009 period.

Table 6: Profitability Ratios of Conventional versus Islamic Banks

	2003	2004	2005	2006	2007	2008	2009	2010	2011
ROAA (%):									
Conventional banks	2.12	2.65	3.73	3.19	2.72	1.73	1.22	1.59	1.68
Islamic banks	1.95	2.42	4.21	4.18	4.32	3.50	1.80	1.42	1.27
ROAE (%):									
Conventional banks	15.10	18.51	23.61	20.91	19.22	11.10	8.58	10.99	11.45
Islamic banks	17.97	18.75	28.57	24.66	22.29	17.89	8.87	6.91	6.42
Cost/Income ratio (%):									
Conventional banks	38.71	35.25	33.34	34.86	36.06	38.65	39.67	39.42	38.47
Islamic banks	45.96	38.96	31.26	31.47	32.93	33.69	39.90	46.98	44.87

Figure 1: Return on Average Assets (ROAA) of Conventional versus Islamic Banks

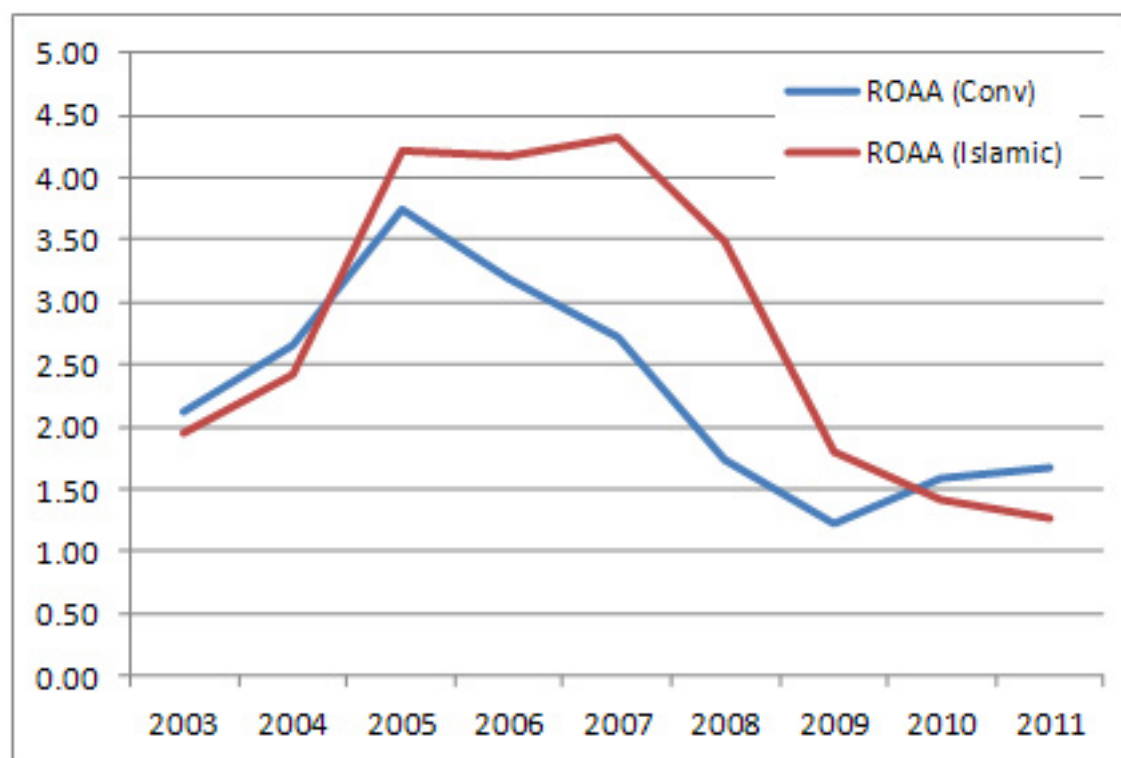


Figure 2: Return on Average Equity (ROAE) of Conventional versus Islamic Banks

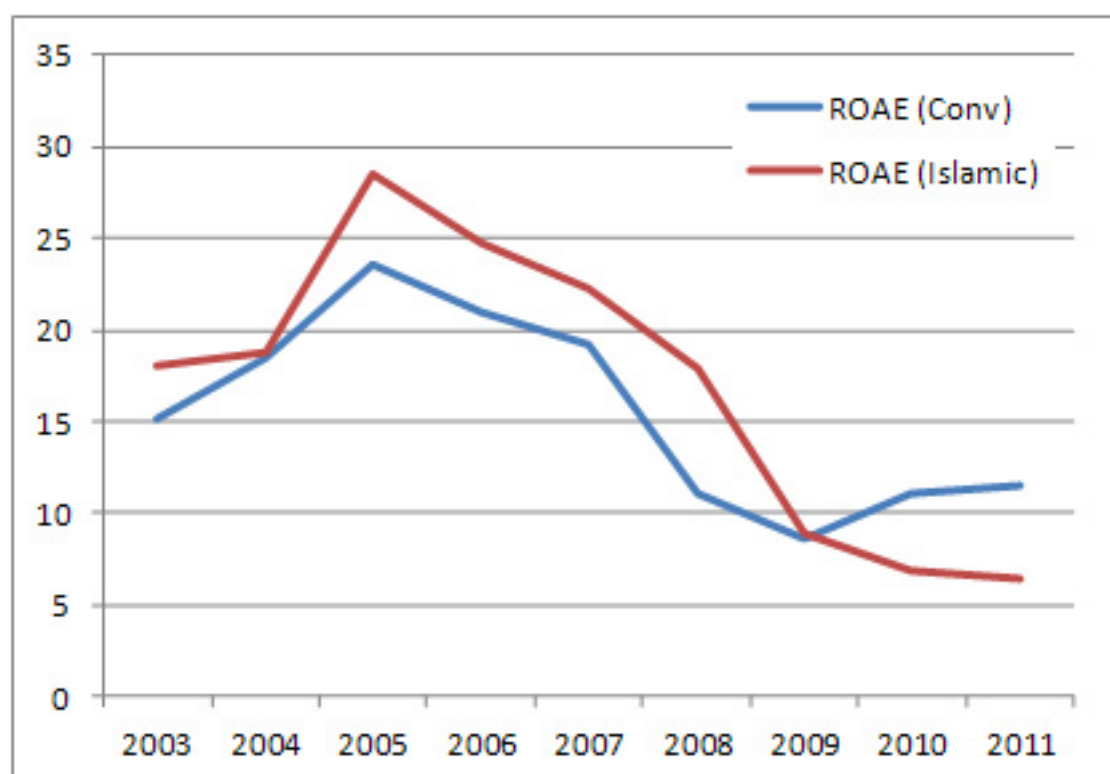


Figure 3: Cost to Income (C/I) Ratio of Conventional versus Islamic Banks

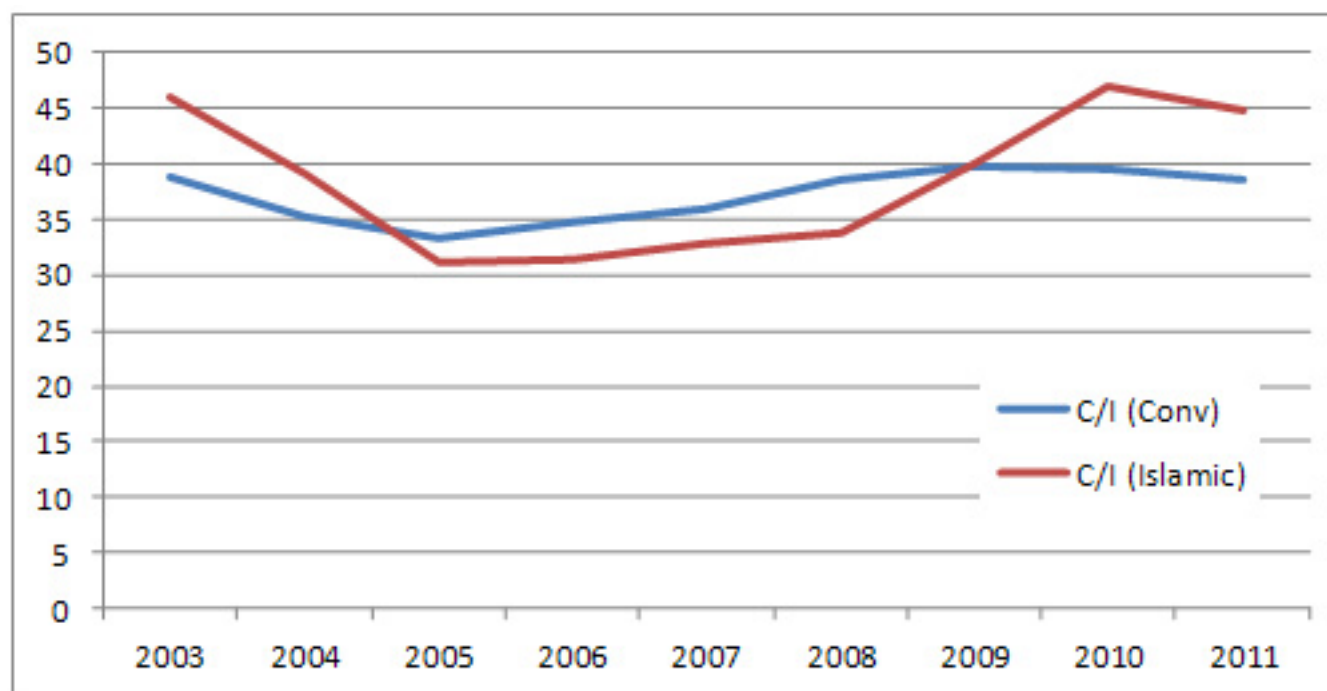


Table 7 and Figures 4-6 present the liquidity ratios of conventional and Islamic banks between 2003 and 2011. In general, all three ratios reveal that Islamic banks were more liquid than conventional banks for the 2006-2011 period.

Table 7: Liquidity Ratios of Conventional versus Islamic Banks

	2003	2004	2005	2006	2007	2008	2009	2010	2011
NL/TA ratio (%):									
Conventional banks	58.04	58.17	57.24	59.43	58.98	65.14	62.25	61.63	61.91
Islamic banks	67.95	59.52	60.65	54.16	56.22	60.11	58.77	56.69	54.25
LA/DSF ratio (%):									
Conventional banks	30.81	32.21	37.27	34.31	32.88	22.86	45.90	26.92	25.04
Islamic banks	20.72	33.05	26.83	53.63	97.89	65.86	59.16	68.15	38.32
NL/TDB ratio (%):									
Conventional banks	68.41	67.49	72.52	73.46	72.38	79.28	79.16	76.26	76.64
Islamic banks	80.32	78.72	83.81	74.24	73.37	72.66	73.13	65.54	68.08

Figure 4: Net Loans to Total Assets (NL/TA) Ratio of Conventional versus Islamic Banks

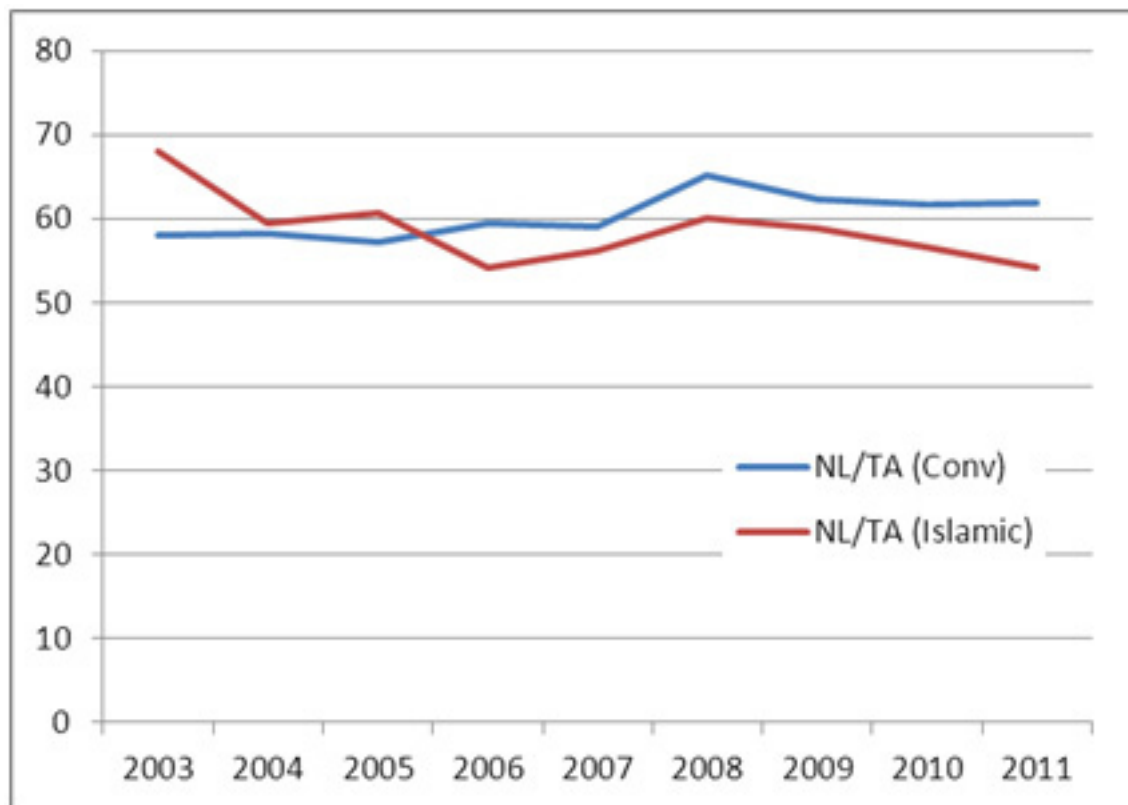


Figure 5: Liquid Assets to Deposits and Short Term Funding (LA/DSF) Ratio of Conventional versus Islamic Banks

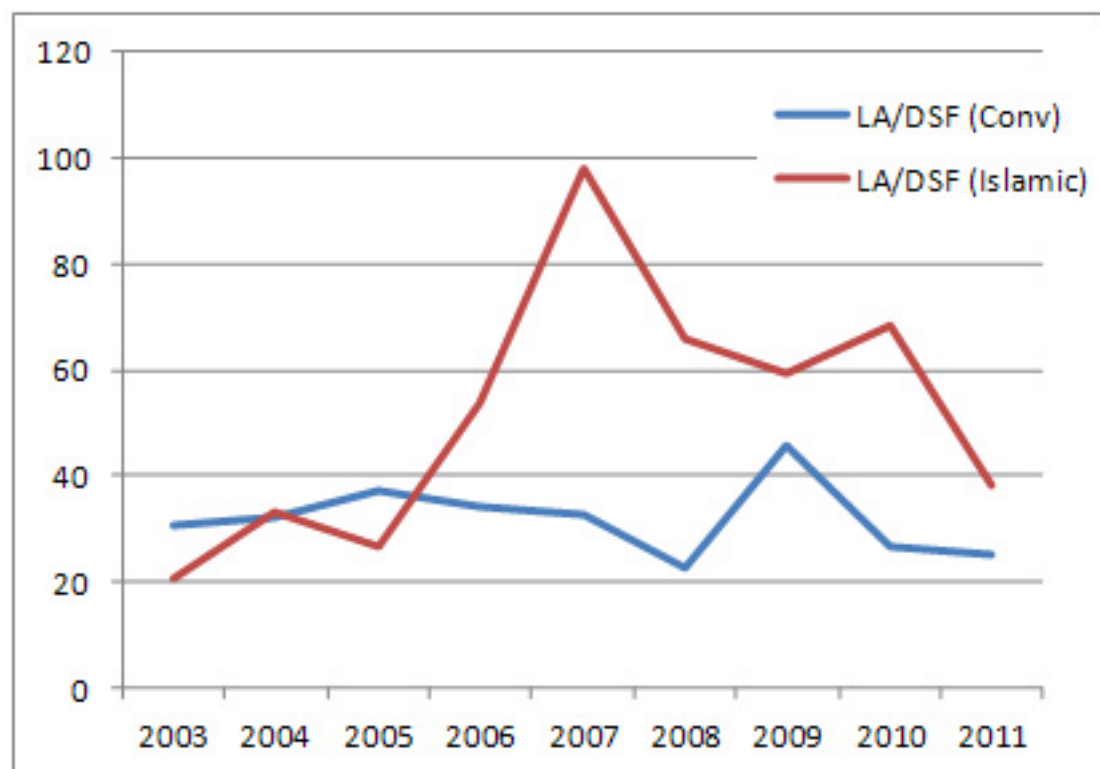


Figure 6: Net Loans to Total Deposits Borrowings (NL/TDB) Ratio of Conventional versus Islamic Banks

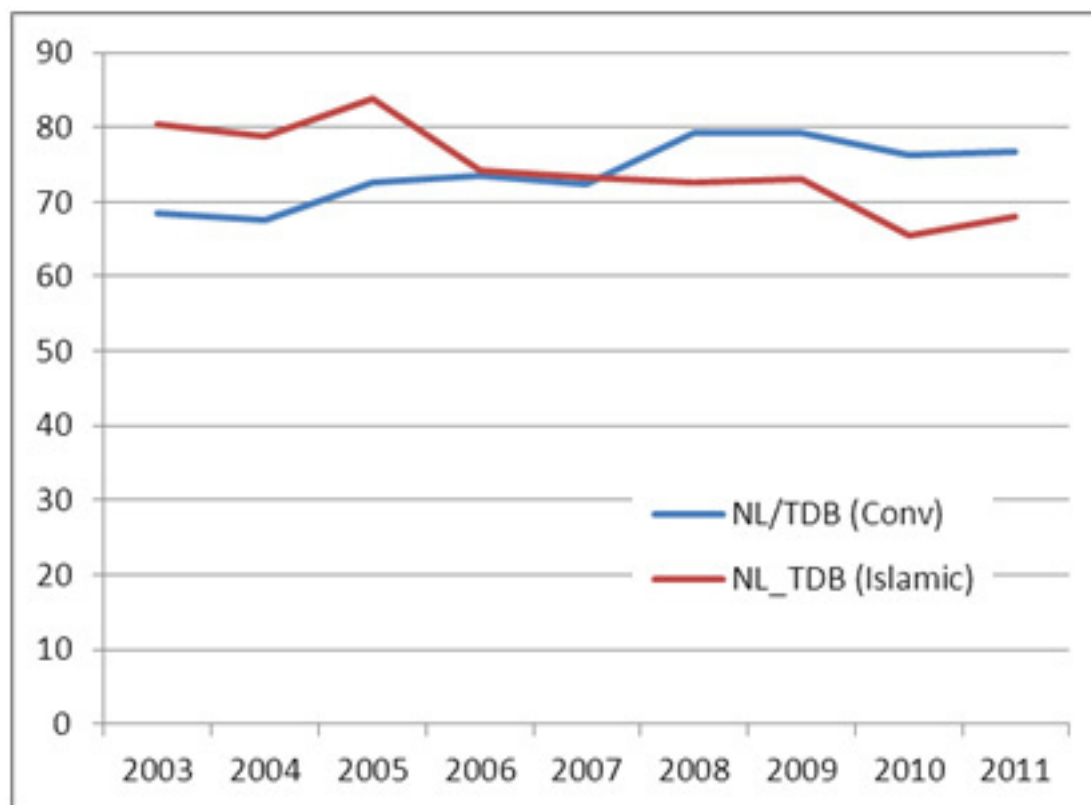


Table 8 and Figures 7-9 display the solvency ratios of conventional and Islamic banks between 2003 and 2011. In general, all three ratios indicate that Islamic banks were more solvent than conventional banks during the 2006-2011 period.

Table 8: Solvency Ratios of Conventional versus Islamic Banks

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Equity/TA ratio (%):									
Conventional banks	14.77	15.34	18.50	15.81	14.25	15.55	15.95	15.88	15.39
Islamic banks	12.43	14.43	18.32	17.23	20.67	19.11	18.55	16.39	16.10
Equity/NL ratio (%):									
Conventional banks	25.96	27.20	49.70	30.58	25.43	21.53	23.31	26.88	25.73
Islamic banks	18.05	28.21	32.16	34.22	37.57	39.22	39.08	33.39	32.27
IL/GL ratio (%):									
Conventional banks	9.30	6.09	5.51	4.40	3.57	3.21	6.17	6.30	6.31
Islamic banks	3.17	3.28	3.33	2.88	2.94	3.48	3.73	5.31	6.50

Figure 7: Equity to Total Assets (E/TA) Ratio of Conventional versus Islamic Banks

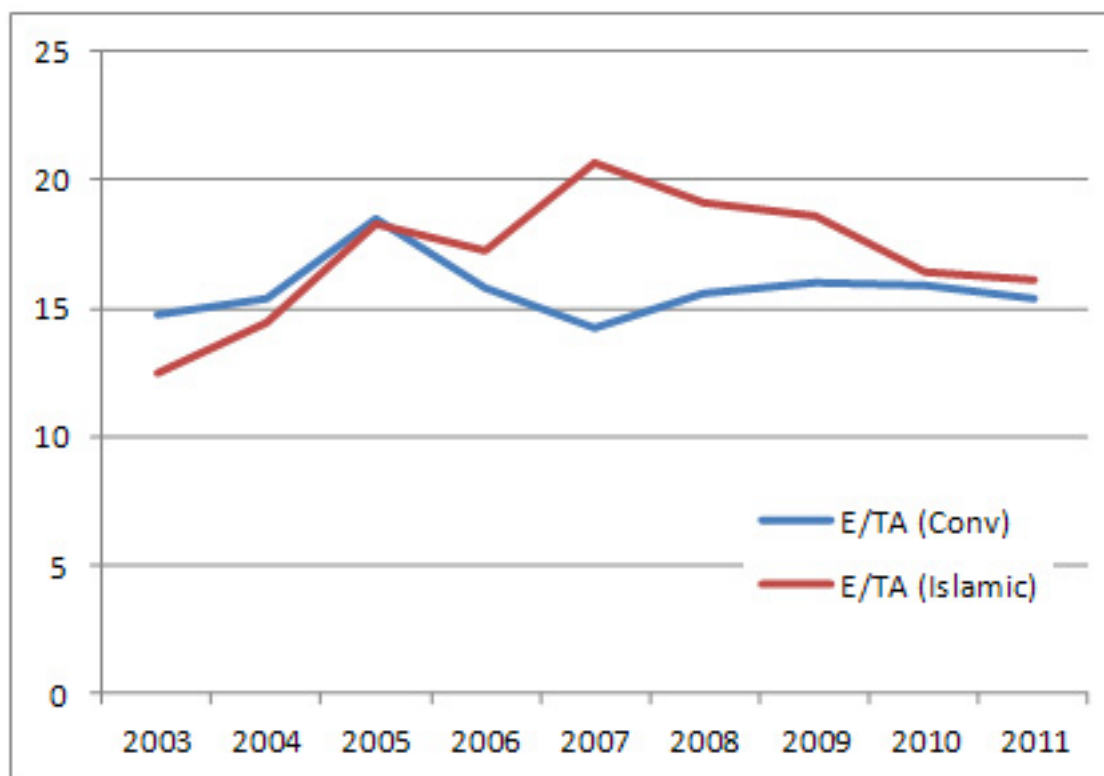


Figure 8: Impaired Loans to Gross Loans (IL/GL) Ratio of Conventional versus Islamic Banks

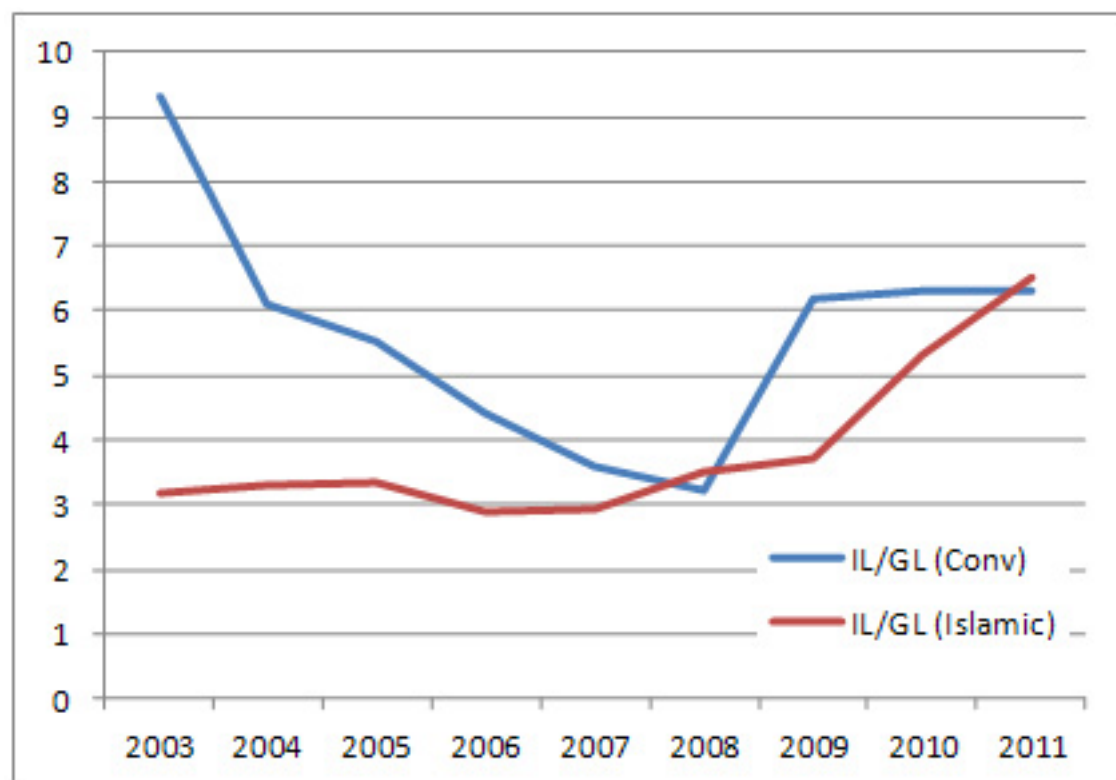


Figure 9: Equity to Net Loans Ratio (E/NL) of Conventional versus Islamic Banks

Figure 9: Equity to Net Loans Ratio (E/NL) of Conventional versus Islamic Banks

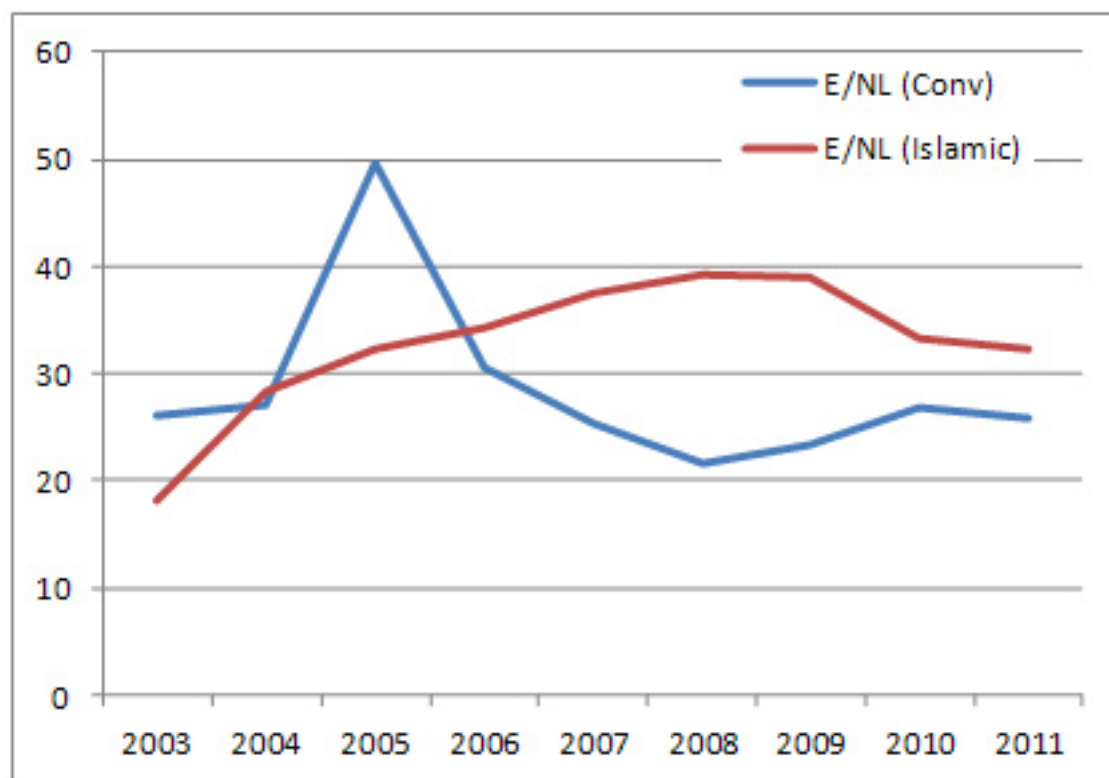


Table 9 presents the results for the two regression models using return on average assets (ROAA) and return on average equity (ROAE) as the dependent variable. The regression results are better when ROAA is used as the dependent variable. GDP per capita, total assets, M2 to GDP, salaries to total assets, and type of bank (conventional or Islamic) are significant variables affecting ROAA.

Table 9: Regression Results

	ROAA	ROAE
GDP	0.7715*** (5.15)	2.2562** (1.98)
TA	-0.1549** (-2.15)	1.5465*** (2.85)
FD	-0.0455*** (*9.29)	-0.2916*** (-7.86)
LIQ	-0.0043 (-1.16)	-0.0502* (-1.78)
CON	0.0065 (1.05)	-0.0107 (-0.23)
SAL	-0.1635** (-2.11)	-0.8255 (-1.40)
DUM	-0.5134** (-2.60)	-0.8133 (-0.54)
Adj.R ²	0.1928	0.1351

* Significant at 10% level.

** Significant at 5% level.

*** Significant at 1% level.

Conclusion

In this study, we used a sample of 58 publicly listed GCC national banks to examine the efficiency and performance of the GCC banking sector between 2003 and 2011. The results indicate that Masraf Al Rayan of Qatar was the most efficient bank (an Islamic bank) while Kuwait Finance House (also an Islamic bank) was the least efficient bank. Conventional banks were more profitable, liquid, and solvent than Islamic banks during the earlier years of the study period whereas Islamic banks were more profitable, liquid, and solvent than conventional banks during the later years of the study period. Regression results indicate that economic conditions, bank size, financial development, operating costs, and the type of bank (conventional versus Islamic) are significant variables affecting ROAA.

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Emergency and Essential Surgical Care at Primary Healthcare Level in Low and Middle income countries

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Background

Surgery is at the end of the spectrum of the classic curative medical model and has not been yet considered as part of the traditional public health model. Although disease treatable by surgery remains a ranking killer of the world's poor, major financiers of public health have shown that they do not regard surgical disease as a priority even though, for example, more than 500,000 women die each year in childbirth; these deaths are largely attributable to an absence of surgical services and other means of stopping post-partum hemorrhage [1]

Equally unattended, among the very poor, are motor-vehicle and farm accidents, peritonitis, Long-bone fractures, and even blindness [2][3][4]. In some settings, surveys reveal that surgical disease is among the top 15 causes of disability [5]. Up to 15 percent of world's DALYs (Disability Adjusted Life Years) are from conditions that are very likely to require surgery. [6]. The poorest 35% of world's population received only 3.5 % of all surgery undertaken. [7]

Introduction

Experts have identified four types of surgically significant interventions with a potential public health dimension: [8]

- 1) the provision of competent, initial surgical care to injury victims, not only to reduce preventable deaths but also to decrease the number of survivable injuries that result in

personal dysfunction and impose a significant burden on families and communities

- 2) the handling of obstetrical complications (obstructed labour, hemorrhage)
- 3) the timely and competent surgical management of a variety of abdominal and extra-abdominal emergent and life-threatening conditions
- 4) the elective care of simple surgical conditions such as hernias, clubfoot, cataract, hydroceles, and otitis media.

This article describes the efforts of the author and other volunteers across the globe for improving emergency and essential surgical care at primary health care level. They believe training in procedural skills (such as emergency medicine, surgery and advanced life support) and ensuring adequately resourced health settings in first care level are vital to have success towards this issue. They are of the opinion that the WHO Program for Emergency and Essential Surgical Care (EESC) [9] is a way forward to strengthening health systems, achieving universal health coverage, and ensuring the safety and efficacy of clinical procedures in Anesthesia, Surgery, Orthopedics, and Obstetrics.

WHO has a pivotal role in developing surgery in Low and Middle-Income countries [10]. The WHO Global Initiative for Emergency and Essential Surgical Care (GIEESC) [11] was established in December 2005. This global forum

convenes multidisciplinary stakeholders representing health professionals, public health experts, health authorities, academia, leaders of education and training programs, NGOs, civil and professional societies, local and international organizations. WHO GIEESC includes 1200 members from 114 countries interested in collaborations towards reducing death and disability from injuries, pregnancy-related complications, congenital anomalies, disasters, and other surgical conditions in low-and middle-income countries.

The WHO Integrated Management for Emergency & Essential Surgical Care (IMEESC) e-learning toolkit [11] has been developed by the Clinical Procedures Unit in collaboration with the GIEESC program. This tool targets policy-makers, managers, and health-care providers (surgeons, anaesthetists, non-specialist doctors, health officers, nurses, and technicians). This tool contains WHO recommendations for minimum standards in emergency, surgery, trauma, obstetrics and anesthesia at first-referral level health-care facilities [13].

How to address this issue?

This issue requires advocacy for task shifting to policy makers. More often peripheral health facilities are equipped with emergency kits for primary (including surgical) care but human resources for health stationed there with an attitudinal frame to refer immediately rather than taking care of emergent requirement. If HRH strategies take care of enhancing competence of workers

at grassroots to take care of trauma, or conditions requiring surgical attention, it can go a long way in reducing mortality and morbidity.

Objective

The objective of this article is to seek support from all over the world to put this issue on world health assembly's agenda assuring that essential surgical care is included in National Health Plans around the World. The world health assembly would meet in May, 2014. Dr Emmanuel Makasa (counselor-Health, Permanent Mission to the UN, Republic of Zambia) has already made a statement supporting access to surgical care to treat and to prevent disability at the Executive Board meeting in January 2014.

We have 3 major goals to attain before the World Health Assembly:

Goal 1: Our colleague Dr Neema kaseje (an African pediatric surgeon working in Geneva) has started a campaign to achieve this goal in her own individual status. We have to get as much as possible signatures from all parts of the World. This petition can be accessed at the following link;

<https://www.change.org/petitions/world-health-assembly-2014-pass-a-resolution-for-access-to-essential-surgical-care-for-all>

We have collected signatures from 37 countries of world from all WHO regions. |

Goal 2: To engage with the World Health Assembly decision makers.

The main decision makers are:

(1) The World Health Organization (WHO) Executive Board chaired by Prof. Jane Halton (Australia). (2) Health Ministers of the 194 WHO Member States. We will have to access them to express our concern regarding the lack of access to essential surgical care and ask them to support the resolution. The Executive Board sets the agenda for the yearly World Health Assembly. Please visit the link below to know more about

WHO EB; <http://www.who.int/governance/eb/en/>

The Executive Board (EB) is composed of the following member states: Albania, Andorra, Argentina, Australia, Azerbaijan, Belgium, Brazil, Cameroon, Chad, Croatia, Cuba, Democratic People's Republic of Korea, Egypt, Iran, Japan, Lebanon, Lithuania, Malaysia, Maldives, Mexico, Myanmar, Namibia, Nigeria, Panama, Papua New Guinea, Qatar, Republic of Korea, Saudi Arabia, Senegal, Sierra Leone, South Africa, Suriname, Switzerland and Uzbekistan. Goal 3: Once this issue is on WHA's agenda, we have to assure the support of at least 135 Member States.

Conclusion

Access to emergency and essential surgical care (EESC) helps save lives and alleviates sufferings of people. The role of surgery as a preventive strategy in public health needs to be stressed and we have to play our role more extensively to make emergency and essential surgical care a public health priority. This article highlights an extremely important problem that people in Pakistan and worldwide face every day. It is unavailability of EESC services at first care level which results not only in worsening of problems but often in avoidable death of victims. Women are affected with devastating consequences: more than 100'000 women die per year from complications of pregnancy, and over 2 million women live with debilitating obstetric fistulas. The irony of this situation is that Ministries of Health and Policy Makers in most of the countries of world have not charted out any Policy for Emergency and Essential Surgical Services at primary level.

The importance of inclusion of Emergency and Essential Surgical services at primary healthcare level has to be realized in all countries of world. EESC should be included in their health policies. There is need for increasing advocacy efforts (individual, civil and professional societies, NGOs, academia) for strengthening EESC in the national health plans. It is of immense importance that care providing physicians at first care level or district level must have right knowledge and skills of emer-

gency and essential surgical care. The WHO's GIEESC and IMEESC toolkit can help in all relevant activities to address this issue.

Nepal has this model where Family Medicine and Emergency care are combined together and with excellent results. With the belief of wholesome medical care and approach, the department of General Practice and Emergency comprises of both the General OPD services and emergency care services since 2009. [14]

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11) For details, please visit: <http://www.who.int/surgery/globalinitiative/en/>

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13) For details, please visit : <http://www.who.int/surgery/publications/imeesc/en/>

14) For details, please visit: <http://bp-kihs.edu/faculty/faculty-of-medicine/family-medicine.html>

Further to our recent feature on RMC Pakistan: RMC ANZ Alumni (RMCAANZ)

Manzoor Butt

RMC Alumni Pakistan

This is the largest Alumni of Rawalians working throughout Pakistan. DR Saqib Abbasi is President of this Alumni

RMC ANZ Alumni (RMCAANZ)

The RMC graduates in ANZ region do not have a formal organization as yet .but the process of getting Rawalians together is in progress. They have contributed towards Multi Organ Failure Treatment center at Holy Family Hospital. The following Rawalians from ANZ region attended Islamabad Club Meeting in December, 2013.

Dr Majid Naeem Gondal, Dr Abrar Maqbool Qureshi, Dr Yousuf Haroon Ahmad , Dr Syed Raza Shabbir and Dr Arshad Hussain..



A group photo of Rawalians at Islamabad Club with Principal Professor Omar (6th from left) Dr Saqib Abbasi (5th from left in first row)

Regional News and events: Frost & Sullivan helps CEOs Envisage a Visionary Strategic Plan to Achieve Top-Line Growth Objectives at GIL 2014: Middle East

Dubai, U.A.E, 26th February, 2014:

Frost & Sullivan, concluded the fifth edition of its annual flagship event GIL 2014: Middle East, The Global Community of Growth, Innovation, and Leadership at Atlantis, The Palm, Dubai, the United Arab Emirates (UAE). The inspiring summit delved on the theme 'Disrupt, Collapse, and Transform' and assisted CEOs and their Growth Teams in successful business innovation and strategic growth planning with focus on Partner Sourcing. The event focused on new trends that are creating widespread disruption, collapsing industries, and transforming spaces to give context to the opportunities ahead for growth.

The Key takeaways from Mega Trends Presentation were:

- The Middle East and North Africa (MENA) is expected to be linked through 4 Billion Connected Devices By 2020, which means six to seven connected devices per household by 2020.
- MENA companies are warming up to the transformative impact and benefits of Big Data Analytics technology on sectors such as Healthcare, IT, Logistics, Media and Entertainment, and Banking and Financial Service.
- Connected living is anticipated to become a reality in MENA, with Connected Home (Devices such as Internet Washing Machine, Internet refrigerators, and Internet Air Condition Control), Connected Vehicles (Connected Cars: Extension of connected life, remote maintenance monitoring), and Connected City (eGovernance, WiFi Malls).
- The entire gamut of connected living and smart city applications is expected to create huge business opportunities with a global market value of \$1.5 Trillion in 2020.
- Global Online Retail Sales to account for 16.6 per cent of Total Retail Sales by 2020, indicating that one out of every 10 retail transactions will be an online transaction. This increase in online Retailing is ushering new urban logistics business models. MENA Retailers will branch out into Multi-channel Models to enhance customer experience.
- Smart Cities making huge headway into MENA. King Abdulla Economic City is soon to be one of the top Smart Cities in the region.
- MENA's GenY will continue to account for over one-third of the region's population by 2025.
- The compound impact of Mega Trends will bring in a paradigm shift towards social trends such as "She-economy" (Women's increasing participation in education and employment to boost economy), surge in Asian work pool, generational political shift, reverse brain drain, and Halal economy.
- Robots will revolutionise classrooms, personal and public services in MENA.
- Economic Trends such as diversification will prevail with the Middle East realigning its economic balance to migrate from being an oil-dependent economy to a more sustainable model that encourages inclusive growth. The contribution from oil exports to the GDP for most major oil exporters of MENA is expected to decline significantly by 2020.
- The UAE is expected to be the top contributor to the MENA GDP by 2020.
- Cities, and Not Countries, will Drive Wealth Creation in the Future. Cities like Cairo (Egypt) will account for more than 77 per cent of the country's GDP by 2020; Abu Dhabi (UAE) around 48 per cent (2020); and Dubai (UAE) and Tehran (Iran) around 26 per cent (2020).
- Demand for healthcare in the Gulf Co-operation Council (GCC) is expected to demonstrate double digit growth driven by rapidly growing population, rising income levels, increased insurance penetration and an increased prevalence of lifestyle-related diseases.

