Middle-East
JOURNAL OF BUSINESS

February 2012
Volume 7, Issue 1

ISSN 1834-8777

From the Editor

Two of our feature articles this issue focus on the UAE.

Lawrence Tai provides an erudite overvew of investment in the UAE. The objectives of this paper are to identify the general practices of individual and professional investors regarding investment analysis in the United Arab Emirates and to investigate the existence of an association between the time horizon and the relative importance of the techniques that individual and professional investors use for investment analysis. The results indicate that individual investors and professional investors tend to agree on the level of importance of factors predicting stock prices in the short term, the level of importance of factors predicting stock prices in the long term, and the level of importance of factors in constructing stock portfolios. However, they tend to disagree on the degree of importance of factors in stock valuation, the level of importance of factors predicting stock prices, the degree of use of profit-based measures, the degree of use of market value-based measures, the degree of use of discounted cash flow measures, and the degree of use of technical indicators.

Another paper looks at Tourism in Dubai.

Dubai, along with Abu Dhabi and other Middle East countries are experiencing a tourism boom, despite the disruptions of the 'Arab Spring'.

In 2010, there were over 940 million international tourist arrivals in Dubai, with a growth of 6.6% as compared to 2009. International tourism receipts grew to US $19 billion in 2010, corresponding to an increase in real terms of 4.7%.

Dubai has emerged as an important tourist destination in the global tourism map. The region has become an epicenter of attraction for business people, tourists and shoppers.

The revival of the sector could be attributed to various factors. The market has witnessed correction with the emergence of budget airlines and budget hotels in the region that has helped balance the tourist mix. The growth has been to a great extent driven mostly by tourists from the GCC, China and the MICE (Meetings, Incentives, Conventions and Exhibitions) sectors.

A paper from Iran offers an excellent approach to effective modern teaching methods, particularly Small Group Teaching (SGT), to elicit the best response from scholars, and will serve as a handy guide for all those involved in aspects of education.

Lesley Pocock, Chief Editor
Publisher and Managing Director
medi+WORLD International

Making Equity Investing Decisions: A Survey of UAE Investors

Lawrence Tai

Lawrence S. Tai, Ph.D., CPA
Professor of Finance
College of Business
Zayed University
P.O. Box 4783
Abu Dhabi
United Arab Emirates
Phone: +971 2 599 3861
Fax: +971 2 443 4847
Email: *Lawrence.Tai@zu.ac.ae*

ABSTRACT

The objectives of this paper are to identify the general practices of individual and professional investors regarding investment analysis in the United Arab Emirates and to investigate the existence of an association between the time horizon and the relative importance of the techniques that individual and professional investors use for investment analysis. The results indicate that individual investors and professional investors tend to agree on the level of importance of factors predicting stock prices in the short term, the level of importance of factors predicting stock prices in the long term, and the level of importance of factors in constructing stock portfolios. However, they tend to disagree on the degree of importance of factors in stock valuation, the level of importance of factors predicting stock prices, the degree of use of profit-based measures, the degree of use of market value-based measures, the degree of use of discounted cash flow measures, and the degree of use of technical indicators. Demographics do not appear to affect individual investor's equity investing decisions.

Introduction

Financial literacy refers to an individual's ability to make informed judgments and effective decisions about the use and management of his or her money. Traditional financial theory assumes that investors are rational and maximize their wealth, based on the risk-return tradeoff. On the other hand, research in behavioral finance provides evidence that investors' financial decisions are also affected by internal and external behavioral factors (Shefrin, 2000; Shleifer, 2000; Warneryd, 2001). Examination of companies' fundamentals can explain and predict their growth and value added potential. However, in many cases, fundamental analysis fails to explain the past effectively or predict the future reliably. Largely as a result of these failures, scholars have started to look further than fundamentals to the role of other non-fundamental influences on financial and stock markets.

The objectives of this paper are twofold: (1) to identify the general practices of individual and professional investors regarding investment analysis in the United Arab Emirates and (2) to investigate the existence of an association between the time horizon and the relative importance of the techniques that individual and professional investors use for investment analysis.

Literature Review

Empirical evidence suggests that professional investors use a range of practices and various techniques for market forecasting across different time horizons (Lui and Mole, 1998). Lewellen, Lease, and Schlarbaum (1977) reveal that investors' main source of information is through fundamental or technical analysis. Besides fundamental and technical analysis, there are other factors that influence the decision making of equity investors. Merikas, Vozikis, and Prasad (2004) surveyed 150 investors and found out that most of the variables that were rated important were classic wealth maximization criteria such as "expected corporate earnings", "condition of financial performance", "firm status in the industry". In addition, a significant number of respondents were influenced by factors like "get rich quick", "feeling for a firm's product and services", and "reputation of the firm".

The media records public knowledge and opinions and focuses public attention and interest on certain issues, and it frames issues through "persistent patterns of cognition, interpretation, and presentation, of selection, emphasis, and exclusion" (Gitlin, 1980), providing institutional and cultural accounts within which the appropriateness and desirability of actions can be evaluated (Elsbach, 1994). Newspapers have an impact on how investors might evaluate stocks. According to Shive (2008), local news s

about the companies could drive the results.

Internet has a significant impact on investors. According to Barber and Odean (2001), the internet lowers costs and gives more alternatives that clearly benefit investors. However, the new internet based environment also may have a dark side. Many of today's investors are new to the market. Placing trades directly, rather than through a broker, can give such investors an overstated sense of control over the outcome of their trades, which can be very dangerous. The reason is that prior beliefs may lead them to become overconfident in their ability to pick stocks and other securities.

Noise affects investors' behavior in many ways. According to Alpert and Raiffa (1982), noise traders are traders who mistakenly believe that they have special information about the future price of the risky asset. They irrationally depend on false signals that they get from technical analysts, stock brokers, or economic consultants and believe that these signals carry information.

Maditinos, Sevic, and Theriou (2007) investigate the various methods and techniques used by Greek investors when evaluating potential additions to their investment portfolios. Their results indicate that individual investors rely more on newspapers/media and noise in the market when making their investments, while professional investors rely more on fundamental and technical analysis and less on portfolio analysis.

In this paper, we investigate the various methods and techniques used by UAE investors (both individual and professional) when making equity investing decisions. We use a questionnaire survey and a series of personal interviews to examine the practice of investment analysis in terms of predicting stock market movement and stock valuation.

Research Methods

A questionnaire was designed and distributed in person to individual investors at the two UAE stock markets (Abu Dhabi Securities Exchange and Dubai Financial Market) between September and November 2009. The professional investors are stock brokers and investment managers in the UAE. The questionnaire was emailed to them and their responses were returned via email. A total of 85 individual investors and 19 professional investors completed the questionnaire. The sample of individual investors is a convenient sample while the sample of professional investors is a random sample. Table 1 shows the 10 questions that were included in the questionnaire.

1. To what degree are these factors affecting the investor's approach to value stock?
2. To what degree do investors use fundamental or technical analysis?
3. To what degree do investors think these factors are accurate in predicting stock price in the short term? 4. To what degree do investors think these factors are accurate in predicting stock price in the long term?
5. To what degree have these factors been used by investors in predicting stock prices?
6. To what degree do investors think that individual investors are relying on these factors in order to construct their stock portfolios?
7. Which profit-based measures do investors use and to what degree?
8. Which value-based measures do investors use and to what degree?
9. Which other measures do investors use and to what degree?
10. To what degree do investors use technical indicators?

Table 1: Questions Included in the Questionnaire

These questions were developed based on a survey of the literature.

The respondents were asked to indicate their responses on a three-point scale, where 3 is "a lot", 2 is "some", and 1 is "little or never". All the responses were averaged and ranked.

The analysis of variance (ANOVA) technique is used to test whether there are differences between the mean responses of individual and professional investors.

Empirical Findings

Besides the 10 main questions of interest, three questions were designed to obtain information on the individual investors' occupation in terms of the sector of employment, their educational background, and their years of investing experience.

Table 2 (opposite page) reports the employment of the respondents (individual investors). More than half of the respondents are employed in the financial services sector or the real estate and construction sector.

Table 3 presents the educational background of the respondents (individual investors). Almost half of the respondents have a bachelor degree.

Table 4 shows the investing experience of the respondents (individual investors). About three quarters of the respondents have more than three years of investing experience.

Table 5 (page 6) reports the findings of the two groups of investors regarding how they might use 10 factors in their stock valuation and management process. Individual investors ranked foreign markets as the most important factor. Newspaper/media came in second and internet was ranked third, while

Employment Sector	Number	Percent
Education	9	10%
Financial services	31	36%
Real estate and construction	15	18%
Industrial	1	1%
Petroleum	7	8%
Others	24	28%
Total	**85**	**100%**

Table 2: Employment of Respondents (Individual Investors)

Education	Number	Percent
High School	17	20%
Diploma	11	13%
Higher Diploma	8	9%
Bachelor	37	44%
Master	12	14%
Total	**85**	**100%**

Table 3: Educational Background of Respondents (Individual Investors)

Investing Experience	Number	Percent
None	7	8%
1 - 2 years	15	18%
3 - 4 years	26	30%
5 - 6 years	18	22%
6 years or above	18	22%
Total	**85**	**100%**

Table 4: Investing Experience of Respondents (Individual Investors)

portfolio analysis and technical analysis were seen as the least important factors. Professional investors also ranked foreign markets as the most important factor followed by both fundamental and technical analysis and technical analysis only, while noise in the market was not perceived to be an important factor. Using ANOVA (analysis of variance) to test for the equality of means for the 10 factors between individual and professional investors, the p-value is 0.0107, indicating a rejection of the null hypothesis that the means are equal.

Table 6 presents the findings of the degree that investors perceive the listed factors are accurate in predicting the stock price in the short term. Individual investors responded that technical analysis is the most accurate way to predict the stock price in the short term. Professional investors agree with the individual investors and revealed that technical analysis is the most accurate method to predict the stock price in the short term. In addition, both investor groups agree that portfolio analysis is imprecise in predicting the stock price in the short term. Using ANOVA to test for the equality of means for the five factors between individual and professional investors, the p-value is 0.1488, indicating a failure to reject the null hypothesis that the means are equal.

Table 7 shows the findings of the degree that investors perceive the listed factors are accurate in predicting the stock price in the long term. Individual investors responded that technical analysis is the most accurate way to predict the stock price in the long term. This response is the same when they are asked the same question about the short term. This indicates that individual investors do not take time horizon into consideration when choosing a method to predict the stock price. On the other hand, professional investors responded that using both fundamental and technical analysis together is the best way. Using ANOVA to test for the equality of means for the five factors between individual and professional investors, the p-value is 0.0542, indicating a failure to reject the null hypothesis that the means are equal.

Factor	Individual Investor			Professional Investor		
	Responses	Average	Rank	Responses	Average	Rank
Fundamental analysis	85	1.82	8	19	2.11	5
Technical analysis	85	1.80	9	19	2.42	3
Both fundamental and technical analysis	85	1.91	6	19	2.47	2
Noise in the market	85	1.95	6	19	1.63	10
Portfolio analysis	85	1.58	10	19	1.74	8
Internet	85	1.99	3	19	1.74	8
Newspapers/media	85	2.01	2	19	1.79	7
Instinct/experience	85	1.96	4	19	2.26	4
Foreign markets	85	2.21	1	19	2.68	1
Government policy	85	1.89	7	19	1.95	6
Other	8	1.00	11	4	1.00	11
ANOVA p-value	0.0107					

Table 5: Degree of Importance of Factors in Stock Valuation

Factor	Individual Investor			Professional Investor		
	Responses	Average	Rank	Responses	Average	Rank
Fundamental analysis	85	1.80	3	19	2.26	3
Technical analysis	85	2.06	1	19	2.42	1
Both fundamental and technical analysis	85	1.95	2	19	2.32	2
Portfolio analysis	85	1.62	4	19	1.84	4
Other	3	1.67	5	3	1.00	5
ANOVA p-value	0.1488					

Table 6: Level of Importance of Factors Predicting Stock Prices in the Short Term

Factor	Individual Investor			Professional Investor		
	Responses	Average	Rank	Responses	Average	Rank
Fundamental analysis	85	2.02	2	19	2.16	2
Technical analysis	85	2.18	1	19	1.32	4
Both fundamental and technical analysis	85	2.00	3	19	2.26	1
Portfolio analysis	85	1.72	4	19	1.68	3
Other	6	1.00	5	2	1.00	5
ANOVA p-value	0.0542					

Table 7: Level of Importance of Factors Predicting Stock Prices in the Long Term

Factor	Individual Investor			Professional Investor		
	Responses	Average	Rank	Responses	Average	Rank
Fundamental analysis	85	1.80	7	19	2.16	4
Technical analysis	85	1.76	8	19	2.47	1
Both fundamental and technical analysis	85	1.74	9	19	2.26	3
Noise in the market	85	1.84	5	19	1.89	7
Portfolio analysis	85	2.06	1	19	1.74	9
Internet	85	1.54	10	19	1.68	10
Newspapers/media	85	1.86	4	19	1.95	5
Instinct/experience	85	1.82	6	19	1.84	8
Foreign markets	85	1.94	2	19	2.47	1
Government policy	85	1.94	2	19	1.95	5
Other	5	1.00	11	2	1.00	11
ANOVA p-value	0.0272					

Table 8: Level of Importance of Factors Predicting Stock Prices

Factor	Individual Investor			Professional Investor		
	Responses	Average	Rank	Responses	Average	Rank
Fundamental analysis	85	1.65	8	19	1.89	10
Technical analysis	85	1.66	7	19	2.11	6
Both fundamental and technical analysis	85	1.61	9	19	2.11	6
Noise in the market	85	2.02	2	19	2.16	4
Portfolio analysis	85	2.02	2	19	2.05	8
Internet	85	1.46	10	19	1.95	9
Newspapers/media	85	2.02	2	19	2.21	3
Instinct/experience	85	2.01	5	19	2.16	4
Foreign markets	85	2.05	1	19	2.42	2
Government policy	85	1.76	6	19	2.47	1
Other	4	1.50	11	1	1.00	11
ANOVA p-value	0.1421					

Table 9: Level of Importance of Factors in Constructing Stock Portfolios

Measure	Individual Investor			Professional Investor		
	Responses	Average	Rank	Responses	Average	Rank
NOPAT	65	2.00	3	19	1.58	5
EPS	65	2.12	1	19	2.16	2
ROI	65	2.03	2	19	1.89	3
ROE	65	1.97	4	19	1.63	4
P/E	65	1.97	4	19	2.26	1
Others	6	1.00	6	5	1.00	6
ANOVA p-value	0.0061					

Table 10: Degree of Use of Profit-based Measures

Measure	Individual Investor			Professional Investor		
	Responses	Average	Rank	Responses	Average	Rank
EVA	65	1.98	2	19	1.74	1
SVA	65	2.03	1	19	1.68	3
MVA	65	1.92	3	19	1.74	1
Others	7	1.29	4	6	1.00	4
ANOVA p-value	0.0489					

Table 11: Degree of Use of Market Value-based Measures

DCF Measure	Individual Investor			Professional Investor		
	Responses	Average	Rank	Responses	Average	Rank
NPV	65	1.85	4	19	1.68	5
IRR	65	1.78	6	19	2.42	1
Payback	65	2.05	1	19	1.89	3
DDM	65	1.75	7	19	1.58	9
CFROI	65	1.89	3	19	1.74	4
DCA	65	1.80	5	19	1.63	7
EP	65	1.98	2	19	1.95	2
EVM	65	1.75	7	19	1.68	5
CVA	65	1.65	9	19	1.63	7
Others	6	1.33	10	6	1.17	10
ANOVA p-value	0.0246					

Table 12: Degree of Use of DCF Measures

Technical Indicator	Individual Investor			Professional Investor		
	Responses	Average	Rank	Responses	Average	Rank
Chart	65	1.72	4	19	2.21	1
Moving average	65	1.85	2	19	2.21	1
Relative strength index	65	1.89	1	19	1.95	5
Bollinger band	65	1.72	4	19	1.58	11
MACD	65	1.72	4	19	2.00	4
Momentum	65	1.71	8	19	1.95	5
On balance volume	65	1.65	11	19	1.74	8
Parabolic bar	65	1.71	8	19	1.74	8
Stochastic oscillator	65	1.72	4	19	1.68	10
Pattern	65	1.69	10	19	1.79	7
Trend	65	1.77	3	19	2.05	3
Others	65	1.00	12	1	1.00	12
ANOVA p-value	0.0036					

Table 13: Degree of Use of Technical Indicators

Table 8 reports the findings of the degree that the listed factors have been used by investors in predicting stock prices. Individual investors ranked noise in the market as their most used factor followed by foreign markets, government policy, and newspapers/media. On the other hand, professional investors selected foreign markets and technical analysis as their top two choices followed by both fundamental and technical analysis. Using ANOVA to test for the equality of means for the 10 factors between individual and professional investors, the p-value is 0.0272, indicating a rejection of the null hypothesis that the means are equal.

Table 9 presents the findings of the degree that investors perceive that they rely on the listed factors to construct their stock portfolios. Individual investors responded that they rely the most on foreign markets. They ranked the internet and noise in the market as their second and third choices while portfolio analysis came in last. Professional investors ranked government policy first followed by foreign markets and newspapers/media. Using ANOVA to test for the equality of means for the 11 factors between individual and professional investors, the p-value is 0.1421, indicating a failure to reject the null hypothesis that the means are equal.

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Table 10 shows the profit-based measures and the extent of their use by investors. Individual investors ranked EPS (earnings per share) as their first choice followed by ROI (return on investment). On the other hand, professional investors ranked P/E (price/earnings) ratio as their first choice followed by EPS. Using ANOVA to test for the equality of means for the six measures between individual and professional investors, the p-value is 0.0061, indicating a rejection of the null hypothesis that the means are equal.

Table 11 reports what market value-based measures investors used and to what degree they use them. Individual investors ranked SVA (shareholder value added) as their most used measure followed by EVA (economic value added) while MVA (market value added) came in last. Professional investors ranked EVA and MVA as their most used measure and SVA as the least used measure. Using ANOVA to test for the equality of means for the four measures between individual and professional investors, the p-value is 0.0489, indicating a rejection of the null hypothesis that the means are equal.

Table 12 presents the DCF (discounted cash flow) measures that investors may have used and to what degree they use them. Individual investors ranked payback as their first choice followed by EP (economic profit) and CFROI (cash flow return on investment). They ranked CVA (cash value added), EVM (economic value management), and DDM (dividend discount model) as their last three choices. On the other hand, professional investors ranked IRR (internal rate of return) as their first choice followed by EP and payback. Using ANOVA to test for the equality of means for the 10 measures between individual and professional investors, the p-value is 0.0246, indicating a rejection of the null hypothesis that the means are equal.

The same 20 investors who did not use fundamental analysis also did not use technical analysis. The rest were asked to answer to what degree they use the listed factors in Table 13. The individual investors ranked relative strength index and moving average as their first choice followed by trends and stochastic oscillator. On balance volume and pattern were ranked as the least used. On the other hand, professional investors ranked chart and moving average as their first choice followed by trends and MACD (moving average convergence-divergence). Stochastic oscillator and Bollinger band were ranked as the least used. Using ANOVA to test for the equality of means for the 12 indicators between individual and professional investors, the p-value is 0.0035, indicating a rejection of the null hypothesis that the means are equal.

Summary and Conclusions

The results of this study indicate that most UAE investors consider foreign market movements when they make equity investing decisions. Portfolio analysis and market noise appear to have little or no effect on investors' approach to stock valuation. There is also a variation in the types of factors that affect individual investors and professional investors. While professional investors are more affected by both fundamental and technical analysis, individual investors are more likely to be affected by foreign markets, newspapers/media, and the internet. However, both individual and professional investors agree that foreign market is the most important factor to consider in stock valuation. Furthermore, individual investors show indifference to the techniques used across time horizons. Professional investors, on the other hand, consider technical analysis as more accurate in the short term, but prefer to use both fundamental and technical analysis in the long term.

Users of fundamental analysis show preference for profitability measures in their analysis. Among the profit-based measures, individual investors prefer to use EPS and ROI, while professional investors prefer to use P/E ratio and EPS in their analysis. For the value-based measures, SVA was the most used measure by individual investors followed by EVA while MVA came in last. Professional investors, on the other hand, used EVA and MVA the most and SVA the least. Other measures that are popular among individual investors are payback, EP, and CEROI. CVA, EVM, and DDM are the least used measures by individual investors. However, for professional investors, IRR, EP, and payback are the most popular measures. Unlike in other parts of the world, NPV and CAPM are not widely used tools for valuation among both individual and professional investors.

ANOVA results indicate that individual investors and professional investors tend to agree on (1) the level of importance of factors predicting stock prices in the short term, (2) the level of importance of factors predicting stock prices in the long term, and (3) the level of importance of factors in constructing stock portfolios. However, they tend to disagree on (1) the degree of importance of factors in stock valuation, (2) the level of importance of factors predicting stock prices, (3) the degree of use of profit-based measures, (4) the degree of use of market value-based measures, (5) the degree of use of DCF measures, and (6) the degree of use of technical indicators. Demographics do not appear to affect individual investor's equity investing decisions.

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ABSTRACT

Small Group Teaching (SGT) provides a unique, excellent, but simultaneously intricate, environment in which to achieve high standards in medical and health education. Transition from a traditional lecture-based educational system into a SGT-based educational system does need curriculum development, changing the opinion of educators and learners towards educational activities, plus providing necessary equipment and the appropriate physical environment. In this article I try to highlight a perspective of SGT in medical and health education especially within the developing world.

Keywords: Small Group Teaching, Medical Education, Health Education, Facilitator, Developing world.

Small group teaching in medical and health education: A perspective of the developing world

Mohsen Rezaeian

Professor Mohsen Rezaeian (PhD, Epidemiologist)
Social Medicine Department, Rafsanjan Medical School, Rafsanjan University of Medical Sciences, Rafsanjan, Iran.
Tel: +98 391 5234003
Fax: +98 391 5225209
Email: *moeygmr2@yahoo.co.uk*

Introduction

Small Group Teaching (SGT) in educational activities, consists of usually eight to ten people who try to achieve their educational aims based on a face-to-face interaction and under the supervision of a group leader (Figure 1). Therefore, a small number of students who come together to listen to a lecture could not be considered as a SGT. The reason for this is clear, since there is no such face-to-face interaction between students in the lecture rooms (Figure 2).

This vital diversity distinguishes between SGT-based educational systems and traditional lecture-based educational systems. SGT provides a unique, excellent but simultaneously intricate situation to achieve in medical and health education.
SGT provokes active, independent and long-life learning. It helps the learner to know how to work in a group of peers and how to learn from them. However, for successfully implemented SGT we need curriculum development, changing the opinion of educators and learners towards educational activities, plus providing necessary equipment and the appropriate physical environment.

These are daunting tasks, especially within the developing world where shortages of educational budget and resources are evident. In this article I try to highlight a perspective of SGT in medical and health education taking into account the educational situations within the developing world.

Curriculum development

The foremost priority in changing a traditional lecture-based educational system into a SGT-based educational system is to develop the appropriate curriculum. This does mean that content, syllabus, educational activities, educational facilities and equipment, the roles of teachers and learners etc, must be revised and re-defined substantially.

Apart from real commitment of the educational institutions and other involved parties at the macro level (e.g. ministries of higher education and ministries of health) and the micro level (e.g. faculties and students themselves), there should be enough budget and resources available for such huge movement.

Let us have a look at the data on spending on tertiary education in US$ all over the world, which is taken from the United Nations 2004 Human Development Report and depicted in Figure 3. It should be noted that spending on tertiary education is expense that a country spends for graduating their inhabitants as doctors, engineers, scientists, etc.

The data reveals that whilst 61% of such expenditure occurs within North America and Western Europe, only 1.5% happens in Central Africa and Southeastern Africa. Therefore, most developing countries are not able to afford the necessary expenditure for SGT. We will discuss this issue further.

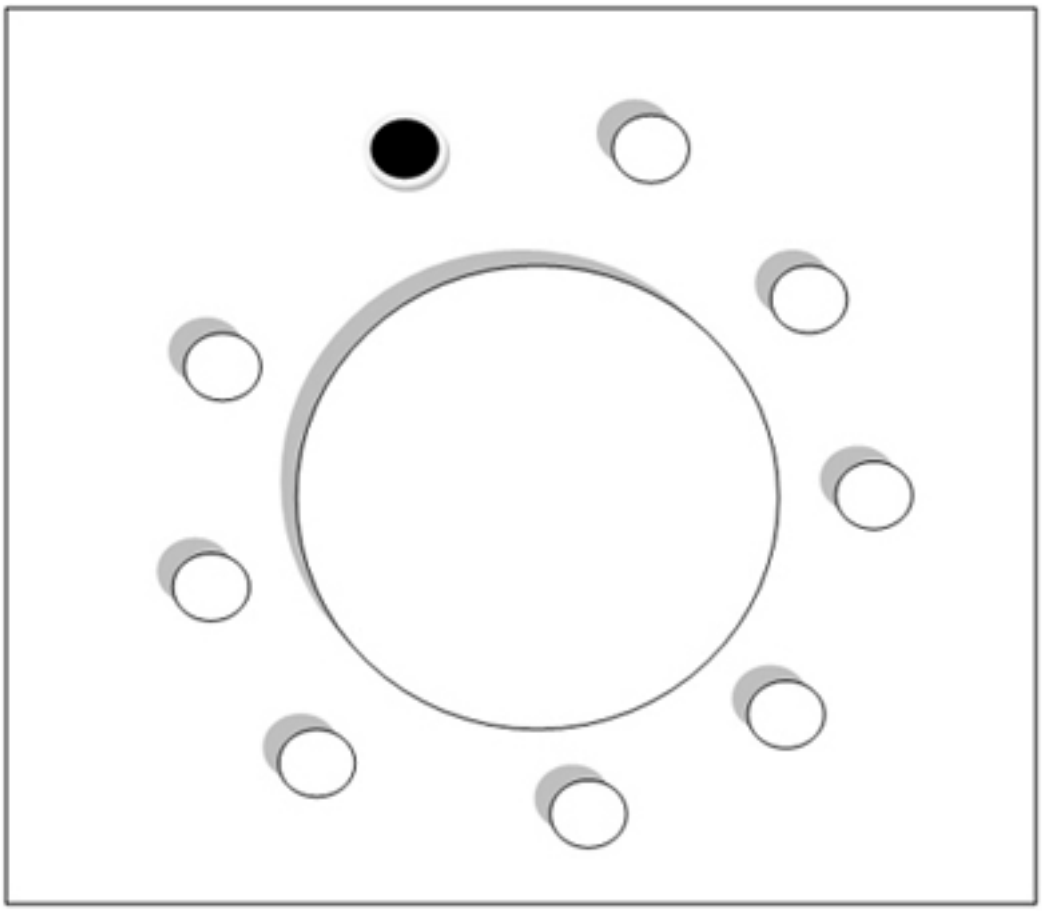

Figure 1: The structure of a small group teaching session

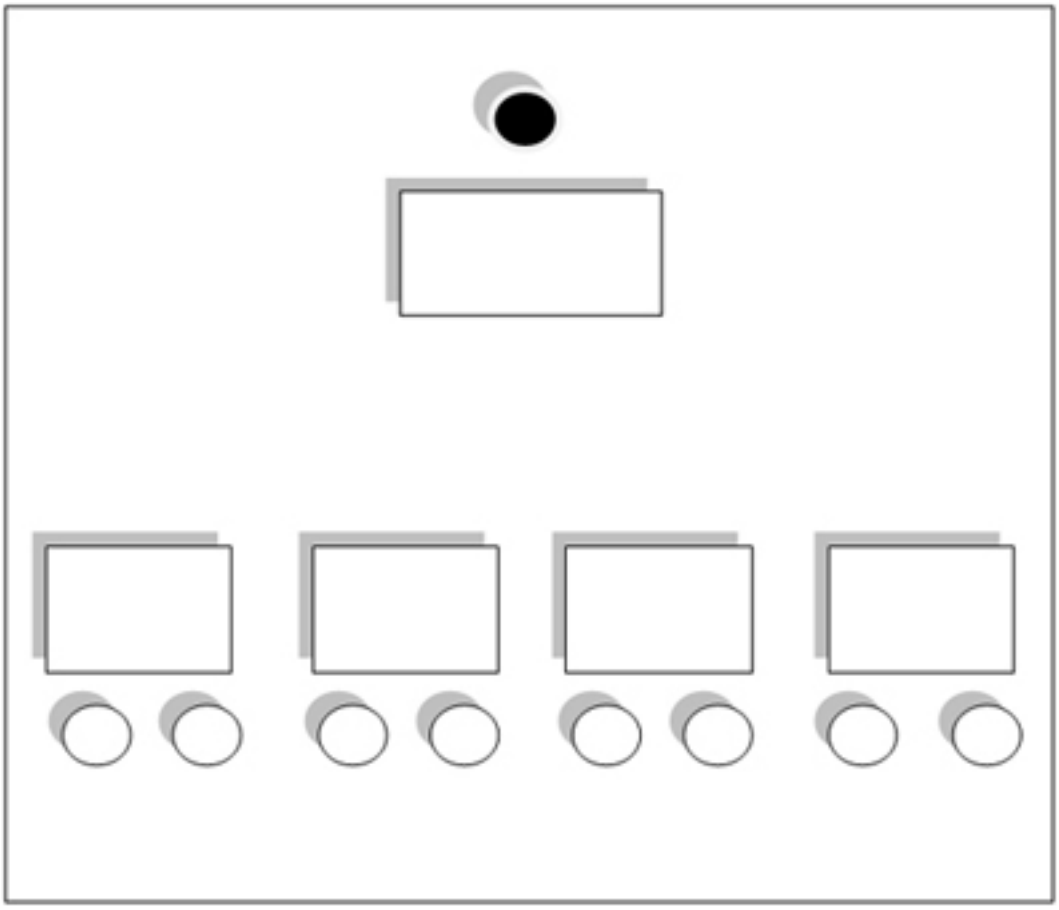

Figure 2: The structure of a small lecture-based session

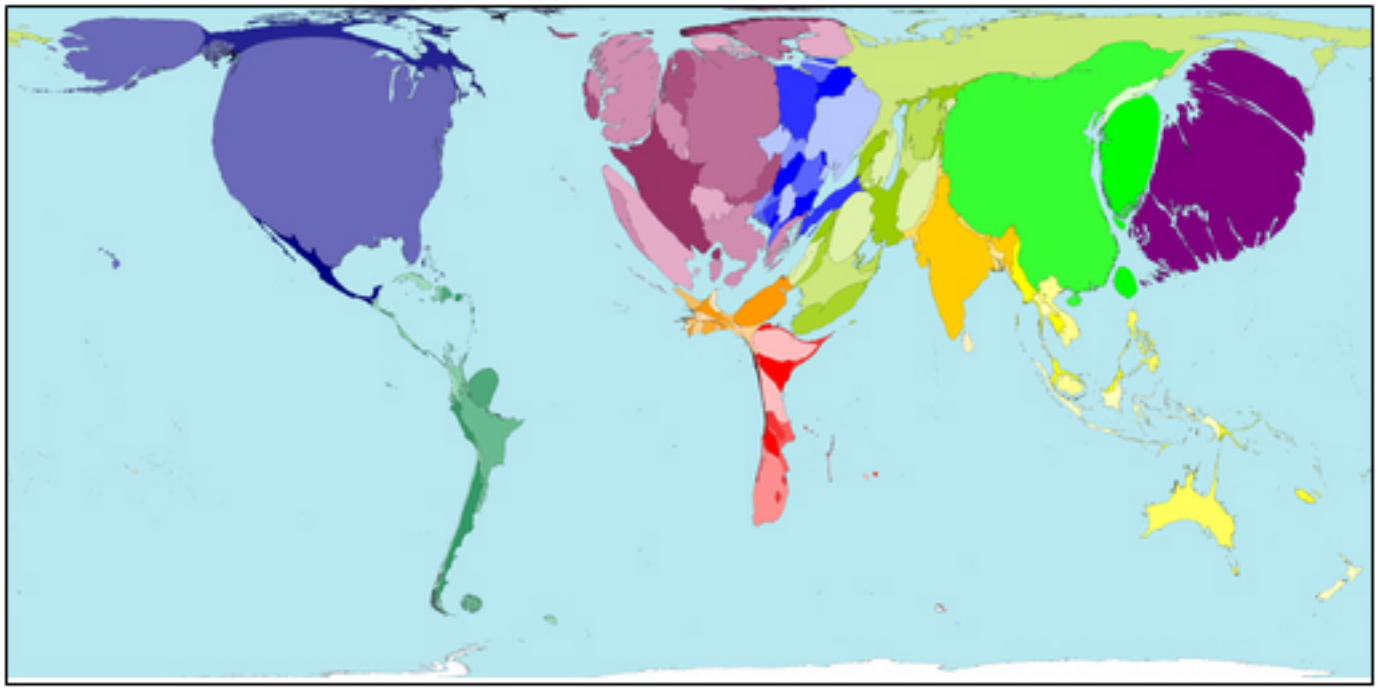

Figure 3. Tertiary education spending in the year 2004 around the world (It should be noted that country size changes based on its proportion of worldwide tertiary education spending and therefore, most developing countries tend to be depicted thinner than their real size whilst most developed countries tend to be depicted thicker than their real size.) (Taken from: http://www.worldmapper.org/display.php?selected=211)

Changing the opinion of educators towards educational activities

The group leader might take different names e.g. tutor, facilitator, instructor, etc. and without doubt their role is crucial to the success of SGT. Almost all research that is carried out on SGT puts emphasis on the vital and imperative role and characteristics of a facilitator.

Evidence suggests that a facilitator:

1. Should know their role as a group member and distinguish it from the role of a teacher in a lecture room.
2. Should know its group members very well.
3. Should know how to work with a group and be familiar with group dynamics.
4. Should be familiar with the educational subject.
5. Should be able to manage group educational activities.
6. Should be a good listener and a true and honest friend to other group members.
7. Should less interfere with group discussion but lead the group towards its educational goals.
8. Should be familiar with icebreaking activities.
9. Should be familiar with strategies to cope with difficult situations e.g. dealing with conflicts, non-participants or dominant group members.
10. Should be familiar with the use of new technologies in education and encourage group members to use such technologies appropriately.

All these new roles make a facilitator thoroughly different from a teacher in a lecture room. Turning these substantial changes into reality is one of the most difficult parts of SGT to fulfil in educational settings all over the world, especially within developing countries.

In educational settings within developing countries, especially in more traditional countries, the position of a teacher is so pivotal and so authoritative that it would be rather impossible to introduce such changes without careful and prolonged planning.

Changing the opinion of learners towards educational research activities

Although the number of group members might increase up to 30 or even decrease to 2, however, the evidence suggests that the best number for small group activities should be set at 8 or 10. This might act as a barrier especially within the developing world, where, there are huge numbers of learners and the shortcomings of educators and educational facilities and equipment are obvious.

There is also one more important issue. All group members in SGT should be mature and ready to act as a small group member. For example, they should know how to express their opinion, how to independently learn; how to work as an equal member of the group; how to respect other peoples' opinions; how to discuss a matter in the group; how to use modern technology to achieve their educational aims, how to use modern technology to demonstrate their group activities and findings; etc.

All these prerequisites are more difficult to fulfil in the developing world compared with the developed world.

The reasons might involve both educational culture and educational facilities.

The educational culture of some countries in the developing world, particularly those more traditional countries, usually teaches students to be rather shy and does not allow them to express their opinion quickly and freely. Moreover, the same culture can also dictate a rather unquestionable role for teachers so all the students should respect their teachers as the true leaders and not as equal members of the group.

Besides, the students usually do not learn how to appropriately and correctly use modern technology to achieve their educational aims or to demonstrate their achievements. In terms of educational facilities there are also shortages of computers, laptops, printers, PowerPoint projectors and access to the internet and international medical and health databases are also limited.

Providing necessary equipment and an appropriate physical environment
As it has been mentioned earlier, successful SGT does need necessary equipment and an appropriate physical environment. This is a responsibility for the institutions and facilitators to fulfill all such requirements for SGT.

For example, there should be adequate and suitable rooms in terms of relaxation, lighting and an ambient temperature. There should also be sufficient chairs and a big round table (Figure 1), plus educational aids such as a whiteboard, whiteboard pens, overhead projector, computers, internet connections, PowerPoint projectors, etc.

It is also suggested that there should be one chair per group member, since under such circumstances the absence of a group member and its impact on the group's achievement would be apparent.

I have already demonstrated how it would be very difficult to provide all such facilities and equipment within the developing world, where, there is scarcity of tertiary education spending (Figure 3 - page 13).

Conclusion

Transition from a traditional lecture-based educational system into a SGT-based educational system is vitally important especially in medical and health educational systems all over the world.

Such transition needs curriculum development, changing the opinion of educators and learners towards educational activities, plus providing necessary equipment and an appropriate physical environment.

Confronting these daunting tasks does need careful and prolonged planning especially within the developing world, where, the scarcity of educational budget, facilities and resources have put the existing traditional lecture-based educational system in jeopardy.

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Tourism in Dubai: The Sunrise Sector

B Rajesh Kumar

Associate Professor B Rajesh Kumar
Institute of Management Technology
P.O Box:- 345006.
Plot UG-02, DIAC, Dubai, UAE.
Mobile: 971502308202
Email: *rajesh155_bk@yahoo.com*

Tourism has become a popular global leisure activity. In 2010, there were over 940 million international tourist arrivals, with a growth of 6.6% as compared to 2009. International tourism receipts grew to US $19 billion in 2010, corresponding to an increase in real terms of 4.7%

Dubai has emerged as an important tourist destination in the global tourism map. The region has become an epicenter of attraction for business people, tourists and shoppers. The statistics reveal the growing relevance of the region. About 8.5 million tourists had visited the region in 2010. There was also an increase in hotel capacity which remained at an average of 70%. Cruising in the region is also experiencing growth. Dubai had hosted 390,000 passengers in 2010. The region expects 625,000 cruisers by 2015. Dubai cruise terminal can host up to 7000 passengers and 3 ships at one time. The number of tourist guests increased by approximately 10% in 2010 compared to the previous year.

Currently there are 555 hotels of various types in Dubai of which 62 belong to five star categories. In 2011, approximately 159 conferences and exhibitions were held in Dubai of which approximately 79 were held in the Dubai World Trade Centre. 15 were held in DICC. This year there were 19 cultural and festival shows in Dubai. The region accounted for 66 sporting events which included camel and horse races. There are 43 shopping centers in Dubai. There are over 63 overland safari companies operating in Dubai. 85 embassies are located in the UAE.

In 2010, the United Kingdom, India, Iran, Saudi Arabia and the United States became the top five source markets for Dubai's tourism industry.

The revival of the sector could be attributed to various factors. The market has witnessed correction with the emergence of budget airlines and budget hotels in the region that has helped balance the tourist mix.

The growth has been to a great extent driven mostly by tourists from the GCC, China and the MICE (Meetings, Incentives, Conventions and Exhibitions) sectors.

The revival in tourism which has significantly contributed to Dubai's economic recovery can be attributed to the initiatives taken jointly by Department of Tourism and Commerce Marketing, Emirates Airlines and the Tourism industry. One of the major reasons for a boom in tourism could be attributed to a massive tourism campaign in the overseas media particularly through world television channels. Their road shows and various programs like "kids go free" have generated more demand for the market.

The significant tourist inflow has become a significant part of the local economy. Tourism contributes about to 11.6% of Dubai's GDP. The region has emerged as a regional tourism hub and it can be stated that leisure has surpassed business as a primary motive for visitors. Dubai has also emerged as an international sporting venue.

The cruise industry has boosted the inbound tourism by bringing in a new segment of holiday makers into Dubai. Geographically Dubai is well positioned as a cruise destination with its tourism infrastructure facilitated by an excellent flight network from around the world.

Type	Number of Hotels	Rooms
5 star	62	20144
4 star	72	13744
3 star	61	7914
2 star	51	5273
1 star	122	4689
Deluxe Hotel Apartments	55	7584
Standard Hotel Apartments	132	13960

Source: www.dubaitourism.ae, Department of Tourism and Commerce Marketing

Table 1: Five Star hotels in Dubai -2011 Statistics

Factors critical to tourism destination development include stability in socio economic and political domain, the government tourism policy, accessibility, amenities and attractions. Dubai scores well on all these aspects.

Dubai acts as a regional entrepot and promotes itself as the commercial and financial nexus of the Gulf region which is clear from the initiatives undertaken to develop free trade zones and industrial parks. Dubai is seen as a comparatively liberal and cosmopolitan society with 80 % expatriate population. Dubai can count on as being one of the safest cities in the world.

Government has a key role in initiating and sustaining tourism. With respect to tourism policy of the government, tourism was positioned at the centre of the diversi?cation programme alongside construction.

With respect to accessibility, the growth of tourism is closely tied to the advances in transport and easy access by air which is a prerequisite for any country to emerge as a leading international destination. Dubai has focused on developing the region as the strategic air transport hub for the Middle East and Far East. Dubai also markets itself as a cruising hub and destination on lines of the Singapore model offering tough competition to the crowded Caribbean and Mediterranean region. Dubai has positioned itself in Western markets as an exotic but safe beach tourism location with diversions of shopping and assorted culture and natural heritage attractions. More focus ought to be on developing the cultural leisure experience in the context of natural and cultural heritage attractions. In the context of promotion, Dubai's attractions and amenities are facets of the destination brand communicated in a number of marketing exercises. The region has indeed benefitted from active tourism promotion around the world. Dubai's attractions centre on its 64 km coastline and resort hotels. Events are presented and packaged as attractions. Challenges ahead

The tourism industry in Dubai faces the challenge of rising cost of its hotels. The decline of the euro and the pound against the dollar would put pressure on Dubai's tourism as dirham is pegged against dollar. Dubai's attraction as a tourist destination may decrease on account of high costs especially for travelers who come along with the whole family. Dubai also faces competition from less expensive destinations such as Lebanon and Egypt .Qatar is also gaining prominence in the tourism map.

Dubai market is yet to capture significantly the thriving health tourism market of Asia. With rising health care costs, medical tourism has become a booming industry especially in Asia. Countries such as India, Thailand and Singapore offer medical care for just 10% of the price that it would cost for similar procedures in the US. The challenges faced by this sector include quality and cost considerations. Despite the rising number of hospitals with accreditations, still UAE has to go a long way to establish its reputation as a cost effective and safe destination for medical treatment. In this context it is noteworthy to point to the collaboration that Emirates have established with Harvard Medical School to operate Dubai Healthcare city is in the right direction.
Dubai's tourism is also hampered by the fact that it offers few mid priced hotels. Now the focus of high rolling tourists have shifted towards all inclusive packages.

The demand for business and leisure travel is affected by economic movements and eroded by political instability. The economic recession in 2008 amply demonstrates this fact with respect to the case of tourism in the region. At the same time, the political instability due to the uprisings of the Arab Spring in many parts of the Middle East will act as a catalyst in enhancing the image of Dubai as a world class tourist destination.

Dubai faces competition from established competitors such as Australia, the Caribbean, Malaysia, Maldives, Mauritius, Seychelles, South Africa, the Canary Islands, Thailand and Turkey.

It has been often stated that there are opportunity costs and financial risks associated with more emphasis on tourism. Tourism is partly responsible for the unprecedented construction and real estate bubble in Dubai. Excessive expansionist tourism programmes have negative ramifications. It could adversely affect bird sanctuaries and nature reserves with rich ecosystems.

The Jumeirah Coast constitutes about half the total coastline and is intensively occupied by both residents and tourists. It has the most popular beaches and numerous hotels, water sport centers, parks. Population growth and growing tourism industry may upset the delicate ecological balance of the region which will lead to increased erosion of coastlines and pollution. At the same time it is noteworthy to point that legislation exists in an endeavor to safeguard protected zones. Road traffic has increased exponentially resulting in congestion and atmospheric pollution.

Overall the success of Dubai becomes a classical case of providing insights of how a state with an imperfect supply of conventional natural and cultural attractions emerged as one of the best international tourist destination.

Report on the development status of small hydro power and renewable energy in the West Asia region - Call for Submissions

Lesley Pocock

Publisher and Managing Director
Publisher and Managing Director
medi+WORLD International
World CME
Publisher
World Family Medicine
Middle East Journal of Family Medicine
Middle East Journal of Age and Ageing
Middle East Journal of Business
Middle East Journal of Nursing
Middle East Journal of Internal Medicine
Middle East Journal of Psychiatry & Alzheimers
New Paradigm Journal
South Asia Journal of Family Medicine
Email: *lesleypocock@mediworld.com.au*

The International Centre on Small Hydro Power (ICSHP under the auspices of UNIDO) is coordinating a report, entitled World Small Hydropower Development Report on the development status of small hydro power in the West Asia region. 'West Asia' includes Armenia, Azerbaijan, Bahrain, Cyprus, Georgia, Iraq, Israel, Jordan, Kuwait, Lebanon, Occupied Palestinian Territory, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, Turkey, UAE, Yemen.

Small Hydro Power (SHP) is a proven, clean, environmentally sound form of energy with solutions to rural electrification and promoting poverty alleviation in remote rural areas. Unlike the large hydroelectric dams/projects which occupy large area, disturb the natural ground and pose environmental threat leading to demographic changes, SHP is very small in scale with a general definition of hydropower up to 10 MW. However different countries may have their own definition. For example: Canada considers up to 50 MW and India considers up to 25 MW as small hydro power category.

Hydropower has been used for several thousand years and at the end of the 17th century, it was the main source of mechanical power in Europe. Technological developments, including highly-efficient water turbine designs and electric generators, together with the growth in demand for electricity, led to the rise of hydroelectric power.

Small Hydropower (SHP) has many benefits and advantage over other technologies, especially those based on fossil fuels. Beside the advantages shared with other renewable energy sources (clean, indigenous, local job creation, security of supply), SHP are highly efficient (from 70% to 90%), have relatively low operation and maintenance costs, a lifespan up to 100 years and therefore an attractive energy pay-back ratio even for developing countries. Most of all, small hydro is a mature and reliable technology that has already been installed for more than 30 years all over the world.

With the upcoming UNCSD (Rio+20) in June 2012, climate change and sustainable development are again at the forefront of our mind. This report is an effort supported by its editorial board members who are based at UNIDO, UNESCAP, ESHA, OLADE, IC-SHP, UNIDO Regional Centres in India and Africa, National Hydropower Association (US), CanMET, NISTEP in Japan, SOPAC etc. Hydropower is an integral incontributor to energy mix worldwide and with growing environmental awareness, small hydro has gained much importance.

If any readers have detail of any relevant Small Hydro Power projects or data to input into this report, or data on renewable energy in the West Asia region, or any other relevant comments please forward to the Editor. lesleypocock@mediworld.com.au

Project Management : The Challenge, the dilemma

Abdul Abyad

A. Abyad, MD, MPH, MBA, AGSF , AFCHSE
Director, Abyad Medical Center
Dean, Multi Media Medical University
Chairman, Middle-East Academy for Medicine of Aging
President, Middle East Association on Age & Alzheimer's
Email: *aabyad@cyberia.net.lb*

Introduction

Project management best practices have been captured, explained and evangelized for more than 20 years. The first formalized methodology came in 1987 through the Project Management Institute (PMI), with its Project Management Book of Knowledge (PMBOK). Today, PMBOK is still the broadest and deepest reference of generally accepted best practices, arranged around key processes that are leveraged across market segments and departments.

Many bodies of knowledge and frameworks (e.g., International Project Management Association (IPMA, 2006); Office of Government Commerce [OGC], 2007; Project Management Institute (PMI, 2008) support project management in practice. The most popular body of knowledge worldwide is that described in A guide to the project management body of knowledge (PMBOK Guide)-Fourth Edition (PMI, 2008), which identifies nine knowledge Areas that the project manager should focus on during the project life (PMI, 2008).

Overview of Project Management

Project Management is the business process of creating a unique product, service or result. A project is a finite endeavor having specific start and completion dates undertaken to create a quantifiable deliverable. Projects under go progressive elaboration by developing in steps and predictable increments that are tied to benchmarks, milestones and completion dates. T he primary challenge of project management is to achieve all of the goals of the project charter while adhering to three out of the four classic project constraints some time referred to as the "triple constraints" The four constraints are defined as scope, time, cost and quality. The more ambitious goal of project management is to carry the project through the entire project management life cycle. The project management life cycle consists of five phases called Project Management Knowledge Areas: Project Initiation, Project Planning, Project Executing, Project monitoring and controlling and project closing.

The Project Management Body of Knowledge (PMBOK)

The Project Management Body of Knowledge (PMBOK®) is an internationally recognized standard (IEEE, ANSI) that deals with the application of knowledge, skills, tools, and techniques to meet project requirements. It is generally accepted as best practice within the project management discipline.

The PMBOK Guide defines a Project Life Cycle, 5 Process Groups and 9 Knowledge areas of the project management profession. It provides the fundamentals of project management, irrespective of the type of project be it construction, software, engineering, automotive etc.

Origin of PMBOK

The Project Management Institute (PMI) was founded in 1969, initially to identify common management practices in projects across industries. The first edition of the PMBOK was published in 1987. It was the result of workshops initiated in the early 80s by the PMI. Later, a second version of the PMBOK was published 1996, based on comments received from the members. The third version of the PMBOK Guide was published in 2004, with major improvements in the structure of the document, additions to processes, terms and domains of program and portfolio. The fourth edition was published in 2008 with the main change from the triple constraints to sixth constraints.

Knowledge Area

A project team operates in 9 knowledge areas through a number of basic processes is summarized below:

1. Project Integration management. Develop the Project Charter, Scope Statement and Plan. Direct, Manage, Monitor and Control Project Change.

2. Project Scope management : Planning, Definition, Work Break-down Structure (WBS) Creation, Verification and Control.

3. Project time management : Definition, Sequencing, Resource and Duration Estimating, Schedule Development and Schedule Control.

4. Project cost management : Resource Planning, Cost Estimating, Budgeting and Control.

5. Project Quality management: Quality Planning, Quality Assurance and Quality Control.

6. Project Human Resources management: HR Planning, Hiring, Developing and Managing Project Team.

7. Project Communications management: Communications Planning, Information Distribution, Performance Reporting, Managing Stakeholders.

8. Project Risks management: Risk Planning and Identification, Risk Analysis (Qualitative and Quantitative), Risk Response (Action) Planning and Risk Monitoring and Control.

9. Project Procurement management: Acquisition and Contracting Plan, Sellers Responses and Selection, Contract Administration and Contract Closure.

PMBOK Process

A Project is accomplished through the integration of the project management processes. For each process, activity, or practice, a description of input, tools and technique and output (deliverables) is available.

PMBOK uses a variation of the Deming Cycle for continuous improvement with a 5 -step lifecycle:

1. Initiating - Setting up the project for success by identifying the right team and scope, as well as determining the relationship between the project and its alignment with the organization's overall charter. The main elements include:

- Authorize the project
- Commit the organization to a project or phase
- Set the overall direction
- Define top-level project objectives
- Secure necessary approvals and resources
- Validate alignment with overall business objectives
- Assign project manager

2. Planning - Developing the relevant resources, timelines and milestones, and mapping project delivery to business priorities (i.e. risk management, communications, quality, cost/budgeting, duration and sequencing, external dependencies). The main elements are:

- Define project scope
- Refine project objectives
- Define all required deliverables
- Create framework for project schedule
- Provide forum for information sharing for team members and stakeholders
- Define all required activities
- Sequence all activities
- Identify required skills and resources
- Estimate work effort
- Risk analysis and avoidance
- Define and estimate all required costs
- Obtain project funding approval
- Communication plan

3. Executing - Assigning the project team and distributing information to ensure the proper activities are undertaken. This process also includes ensuring quality assurance methods are in place to address change management, organizational updates, possible changes to the plan, etc. the main elements are:

- Coordinate the resources, team development
- Quality assurance
- Select and approach subcontractors
- Distribute information
- Work the plan

4. Controlling and Monitoring - Ensuring the resulting product maps back to the original plan, and risk from uncontrolled external actions is mitigated. CA Clarity PPM can have a significant impact by setting up a secure infrastructure to:

- Monitor quality, costs and schedule;
- Manage stakeholder relationships, risk and contract monitoring;
- Identify discrepancies (or variations) within the project schedule; and
- Provide the PMO more control.

The Main elements are :

- Manage team, stakeholders, subcontractors
- Measuring progress and monitoring performance (overall, scope, schedule, costs, quality)
- Take corrective actions if and where needed. Issue resolution and escalation
- Change request management
- Risk Management (technical, quality, performance, project management, organizational, external)
- Performance reports. Communications

5. Closing - Making sure you have delivered everything expected of the project. Once you close, you need to review the project vis-à-vis the plan and likewise ensure contract closure. The main elements are :

- Finalize activities
- Administrative close out (gather, distribute, archive information to formalize project completion, acceptance/signoff, evaluation, member appraisals, lessons learned)

The Project Manager is responsible for the project objectives to deliver the final product that has been defined, within the constraints of project scope, time, cost and required quality.

Strengths and Benefits of PMBOK

PMBOK guide is a framework and de facto standard. It is process-oriented that states the knowledge needed to manage the life cycle of any Project, Program and Portfolio is through their processes. It defines for each process the necessary input, tools, techniques and output (deliverables). In addition it defines a body of knowledge on which any industry can build it specific best practices for its application area.

PMBOK Success and Failures

T. Williams (2005) criticizes the use of project management bodies of knowledge, which he finds inappropriate for complex, uncertain, and time-limited projects. However, most scholars believe that implementing a body of knowledge increases the chance of project success. However, some criticism related to the PMBOK Guide included lack of covered scope of the nine knowledge Areas, missing issues (e.g., technology and design),

environmental issues, and business and commercial issues (Morris, 2001).

PMI provides the top ten changes to the PMI Project Management Body of Knowledge (PMBOK®) for the fourth edition and number nine of the top ten changes is changing the triple constraint to six constraints. The three new additional constraints are quality, resources and risk. The new constraints may be considered as subsets or aspects of the original three. If you add an additional three, why not more? What about issues? What about customer perception? Political ramifications? etc.

The PMBOK® may be is out of control always changing things… hoping to make it better… when in fact they have seem to add complexity with little or no additional value. As Voltaire stated "The perfect is the enemy of the good."

Project Management is nothing but structured organized common sense!

Here is the problem…if you try to document every single common sense thing and every factor or process that contributes to the successful execution of common sense the result is gobbledygook! The real challenge in project management is not identifying the common sense things to do, but having the individual or organizational discipline to do the common sense thing.

It is worth noting that most of humankind's greatest project management achievements happened before the PMBOK® existed. The principles of successful project management are timeless and if you know them and use them you will be successful regardless of whether the PMBOK® chooses to include it or what the PMBOK® chooses to call it.

The Misinterpretations of PMBOK

Unfortunately, most project managers often have limited time to perform all that is requires by the PMBOK Guide. Therefore, project managers may choose to perform only those processes that they are most familiar with or that are easier to perform. In doing so, they may give lower priority to knowledge Areas that have higher impact on project success.

Most of the ragging about PMBOK starts with the misinterpretation of the purpose and content of A Guide to the Project Management Body of Knowledge. First it is not "The" Body of Knowledge, but "A" Body of Knowledge. Second it is not "The" Body of Knowledge, but a "Guide" to "A" Body of Knowledge.

Next comes the concept that PMBOK is a project management methodology. That is, it tells you how to manage a project. This is not true. PMBOK is a guide to some good practices that should be found in your project management method.

How to maximize success

One of the vaguest concepts of project management is project success. Since each individual or group of people who are involved in a project have different needs and expectations, it is very unsurprising that they interpret project success in their own way of understanding (Cleland & Ireland, 2004). "For those involved with a project, project success is normally thought of as the achievement of some pre-determined project goals" (Lim & Mohamed, 1999) while the general public has different views, commonly based on user satisfaction. A classic example of different perspective of successful project is the Sydney Opera House project (Thomsett, 2002), which went 16 times over budget and took 4 times more to finish than originally planned. But the final impact that the Opera House created was so big that no one remembers the original missed goals. The project was a big success for the people and at the same time a big failure from the project management perspective. On the other hand, the Millennium Dome in London was a project on time and on budget but in the eyes of the British people was considered a failure because it didn't deliver the awe and glamour that it was supposed to generate (Cammack, 2005). "In the same way that quality requires both conformance to the specifications and fitness for use, project success requires a combination of product success (service, result, or outcome) and project management success" (Duncan, 2004).

Kerzner (2001) suggests three criteria from the organization perspective in order for a project to be successful. The first is that it must be completed "with minimum or mutually agreed upon scope changes", even though stakeholders constantly have different views about projects' results (Maylor, 2005). Second, "without disturbing the main work flow of the organization" because a project has to assist organisation's everyday operations and try to make them more efficient and effective. Finally, it should be completed "without changing the corporate culture" even though projects are "almost exclusively concerned with change - with knocking down the old and building up the new" (Baguley, 1995). A project manager's main responsibility is to make sure that he delivers change only where is necessary, otherwise he is doomed to find strong resistance from almost all organisational departments (Kerzner, 2001) which ultimately could lead to project failure.

As mentioned earlier, "success factors are those inputs to the management system that lead directly or indirectly to the success of the project or business" (Cooke-Davies, 2002,). Some project managers "intuitively and informally determine their own success factors. However, if these factors are not explicitly identified and recorded, they will not become part of formal project management reporting process nor they become part of the historical project data" (Rad & Levin, 2002).

Soft Skills

Numerous studies have shown that the core skills for any successful project manager are the ability to develop a successful 'high performing' team, and communicate effectively to influence key stakeholders. These are soft skills and very hard to achieve competence in. This reframing is important because well over 90% of project failures can be directly attributed to people issues, including headline disasters such as the

original Hubble Space Telescope launch and Challenger.

The simple fact is we can continue to underplay the importance of soft skills because they are not 'project specific' and continue to see well over 50% of project fail every year or we can recognise the core elements that characterise projects are totally useless without people and start giving stakeholder management and the soft skills implicit in successfully managing them the prominence needed in the body of knowledge needed to successfully manage projects (Atkinson, 1990).

Stakeholders

It is critical for a project manager to understand what the stakeholders consider as a successful project. In order to avoid any surprises at the end of the project, there is an urgent need to identify the different perspectives of what success means before the project goes live. It is also vital to remember that success criteria are the standards by which a project will be judged, while success factors are the facts that shape the result of projects. Success criteria have changed considerably through time and moved from the classic iron triangle's view of time, cost and quality to a broader framework which includes benefits for the organisation and user satisfaction. A common factor mentioned by many authors is senior management support for the project and it is recognized as one of the most important factors of all. In conclusion, early definition of success criteria can ensure an undisputed view of how the project will be judged and early detection of success factors will guarantee a safe path to deliver success.

Failure of Projects

Failure is often on multiple dimensions with projects coming in over budget, under scope and over time. It is a fact that some projects will fail despite the fact that the team did all the right things. That's no excuse for poor performance but it is a fact that makes this an exciting, challenging line of work. There are doubts about the value of the standards that are established from these "accreditation bodies" if projects continue to fail as they do. The value seems marginal at best. A certification is only valuable if it helps you do the thing you are accredited to do better, right? Someone enlighten me if I'm way off the mark.

Even though statistics may look gloomy, they are continually improving due to:

- Improved information sharing
- Self-Discipline through industry associations, such as PMI and IPMA
- Improved practices through project management certifications and continuing education requirements
- Increasing discipline among company leaders, focused on projects as implementing change and ensuring that project meet ROI thresholds

All of these reasons, along with your search for the best information, tools, and coaching means that project success rates will continue to increase - and we will all win.

Conclusion

The PMBOK Guide identifies nine Knowledge Areas on which a project manager should focus in order to successfully manage a project. This study reveals that the nine Knowledge Areas exert different levels of influence on a project's success. This finding is aligned with the Pareto principle (or "20/80 Rule"), which claims that 20% of all possible causes impact 80% of the result (Craft & Leake, 2002). The project planning Knowledge Areas that most influence project success results are Time, Risk, Scope, and Human Resources. The Knowledge Areas that have the lowest impact on project success are Cost and Procurement. Although these results do not suggest that some Knowledge Areas are not important, still a more focused approach that prioritizes potential investment in different project management processes is required.

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New Study Reveals Clients Lack Creative Ad Scoring Systems and Formalized Campaign Metrics; Just 9 Percent of Marketers Say Traditional Agencies Have Been Good at Migrating to Digital

Crystal Berry

Communications Manager
CMO Council
tel: 650.433.4149
Email: *cberry@cmocouncil.org*

PALO ALTO, Calif. (Jan. 23, 2012) -- A milestone Chief Marketing Officer (CMO) Council report on client/agency effectiveness - dubbed "More Gain, Less Strain" - says the marketing shift to digital, social, and mobile channels is significantly impacting agency relationships, compensation models, and use of marketing technology and measurement systems.

Just 9 percent of senior marketers believe traditional ad agencies are doing a good job of evolving and extending their service capabilities in the digital age, in contrast to 22 percent who view their agencies as struggling to transition their business models and service offerings. Another 51 percent of the 250-plus senior marketers surveyed in the CMO Council study see their agencies as playing catch-up with regards to new technology, or acquiring but not integrating digital marketing capabilities.

The CMO Council's in-depth analysis of how its 6,000 global members are "optimizing marketing partner performance and value in a digital world" was conducted during the second half of 2011 with partner Ace Metrix, a leader in applying technology solutions and analytics to measure and improve advertising effectiveness. Included in the report are best-practice discussions with more than 20 leading brand advertisers. Among them were Colgate-Palmolive, Coca-Cola, Kia Motors, Safeway, The Hershey Company, Dunkin' Donuts, Crayola, Allstate, Wyndham Worldwide, Ricoh, Ocean Spray, PepsiCo, L'Oreal, Best Buy, Weight Watchers, Welch's, The North Face, Farmers Insurance, Sports Authority, and Renault. A free summary of the study, along with a comprehensive report with both quantitative and qualitative findings, is available from the CMO Council website (www.cmocouncil.org).

Only 44 percent of marketers surveyed report they have a formal scorecard for rating agency performance on an annual basis compared to 52 percent who do not. Even fewer marketers (23 percent) have solutions or hosted services to enable agency benchmarking and evaluation, and just 24 percent have developed best-practice models or formal guidelines for client/agency relationship management. More significantly, 65 percent do not employ any form of ad scoring or tracking services. This number is noteworthy, says the CMO Council, given the huge level of media and creative spend through agency partners. Compounding the problem, 38 percent of marketers rated their ability to extract optimal value and return from agency partnerships as poor or in need of improvement.

"There's an underlying level of frustration among senior corporate marketers worldwide when it comes to agency contributions to business value creation, strategic thinking, and digital marketing development," noted Donovan Neale-May, Executive Director of the CMO Council, whose members control more than $300 billion in aggregated marketing spend each year. "Our members report quite a bit of switching of digital marketing resources, as well as a view that big, global agencies don't have a truly integrated offering and capacity to execute in an effective, localized way in emerging markets."

As a result, many are turning to specialized boutiques in regional markets that have deep domain knowledge in specific geographies and vertical industry sectors.

Traditional agencies are likely to be challenged in their retention of client relationships, as 48 percent of "More Gain, Less Strain" survey respondents report they are hiring specialized digital marketing solution and service providers to implement new social, mobile, and interactive strategies. Another 47 percent plan to build internal capabilities and use incumbent agency services less. Furthermore, 45 percent are bringing in outside consultants to help set up and structure digital programs.

Relative to consolidation or change of global agency rosters, 49 percent of marketers report this will or may happen over the next 12 months, and another 15 percent are not sure. That leaves only 36 percent firmly committed to their agency relationships in 2012.

When it comes to new areas of outside service provisioning and agency use, those surveyed by the CMO Council are focused on the following priorities:

Mobile apps and mobile content (62 percent)

Social media engagement and buzz building (60 percent)

Multi-channel digital marketing, including email, mobile messaging, social, and web (52 percent)

Web design, development, and performance improvement (51 percent)

Search marketing optimization - paid and organic (51 percent)

Customer relationship marketing (47 percent)

So, what's contributing the most to stress and strain in client/agency relationships? Marketers responding to the CMO Council survey ranked the top five causes of pain and friction in their agency relationships:

An agreed-upon set of analytics and metrics that defines success and failure

Limited knowledge and comprehension of the client's business

Lack of value-added strategic thinking

Pricing and budgeting issues

Integration of marketing plans and services

Aside from points of discord, just 24 percent of marketers say they are satisfied with their current level of marketing automation and partner collaboration, while only half are comfortable with their agency or vendor procurement processes.

Given the challenge, complexity, and cost of evaluating advertising effectiveness, it is not surprising that 58 percent of marketers are unsatisfied with the current process; few have embraced new platforms and solutions in this area, and only 28 percent say they are comfortable with their current protocols. Interestingly, 53 percent of marketers stated that creative effectiveness measurement was a part of their agency evaluation process compared to 40 percent who did not address this area of agency performance.

"Marketing expenditures are under incredible pressure from both CFOs and CMOs in today's business environment. Objective, quantifiable measurement of creative effectiveness is a requirement - not just to address the concerns around accountability, but also to provide a platform for communication between the client and agency," noted Peter Daboll, CEO of Ace Metrix, a sponsor of the study. "It is critical for companies to adopt measurement tools and technologies that can be deployed broadly within and across organizations because the client/agency relationship is far broader in its organizational scope than at any time in the past."

The study highlights the move from agency retainer to project-based billing, which has been embraced by more than 40 percent of marketers. Notably, 36 percent are also requiring a wider range of services for the same monthly fee, placing even greater pressure on agency margins and efficiency. One-third of marketers are now linking agency compensation to performance outcomes, and 34 percent are requiring better financial controls and forecasting of agency spend. A tangible number (28 percent) say they are reducing or eliminating commissions, margins, and mark-ups. Clearly, agencies are under increased financial pressure and have a greater need for shared risk, business accountability, and mutual financial reward.

The CMO Council's extensive report on the state of client/agency relationships (www.cmocouncil.org/more-gain-less-strain) includes a 37-point audit that also provides revealing information about:

What's influencing the use of agency resources across the marketing mix

Where agencies are contributing the most value

Impact on agency relations relative to digital and social marketing

Measurements of advertising and media effectiveness

Use and consideration of new and different service providers worldwide

Plans to consolidate agency rosters and modify compensation plans

Strategies for improving client/agency relationships and performance

Factors contributing to agency change and review

Key stakeholders involved in agency selection and benchmarking

Criteria and sources for agency consideration

Critical areas of agency review and evaluation

New factors and complexities in the marketing procurement process

Embracing marketing effectiveness platforms, solutions, or hosted services

Best practice adoption and use of ad creative scorecards, models, and tools

The Art of Anthony Syndicas

Biography

Born in Alexandria Egypt, however of European origin, Anthony Syndicas' diverse heritage is seen in his work. The vibrant colours, thickly layered textures and overt symbolism hark back to Kadinski, Matisse, Chagall and the Cubists. But he is very much his own Master – the free flowing lines, translucent light and transparency of colour, coupled with classical themes and his own multi – faceted roots, capture an individual vision. His sweeping brushwork takes in both canvas and frame adding to the spatial dimension and by painting the frame as part of the picture, the spirited animal almost leaps out of its confined setting, adding to the sense of perpetual movement.

Anthony Syndicas scans the gamut of visual art: he is a painter, designer, working and living in Melbourne,. He has exhibited in Australia, Europe, and in the U.S.A. His work is featured in galleries and private collections both in Australia and internationally.

Syndicas began work on the horse series in 1992. He began with a number of small painted plaster casts of the horse that evolved into paintings. The series is still in many ways a work in progress based on four main motifs: the horse the fruit the female figure and the irises. Here, Syndicas explores subconscious archetypes older than time itself – Yin and Yan, light and dark elements of nature, fertility and destruction.

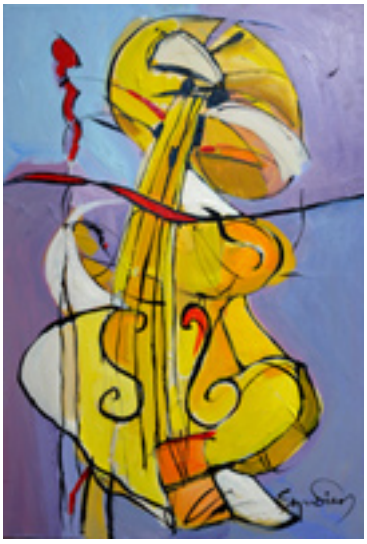
The horse has been a long time favourite subject of the Artist. Syndicas' s horses are platonic and mythological, representing the quintessential idea of horse, as well as a tribute to Bucephalus, the famous horse of Alexander the Great. Here, we observe the epitome of power and strength and that of beauty coupled with destruction. It is the energy of the horse, its flowing movement and its physical presence that continues to inspire him.

"When I paint," says Syndicas." concepts dance around in my head, yet when I begin to work, I step outside of myself and let it take its own form It's a totally spontaneous, almost automatic painting : I am simply the instrument through which ideas manifest themselves. Often I step back when I finish and wonder who painted the picture – the subject has stepped into its own soul and has become purely itself, nothing to do with me at all."

First generation Greek Australian, Anthony fuses old and new cultural elements together, creating a fresh artistic heritage which is perfectly represented by his homage to Alexander the Great's fiery horse.

For more details on Anthony's art contact:
diahann@archsign.com.au

Selected work



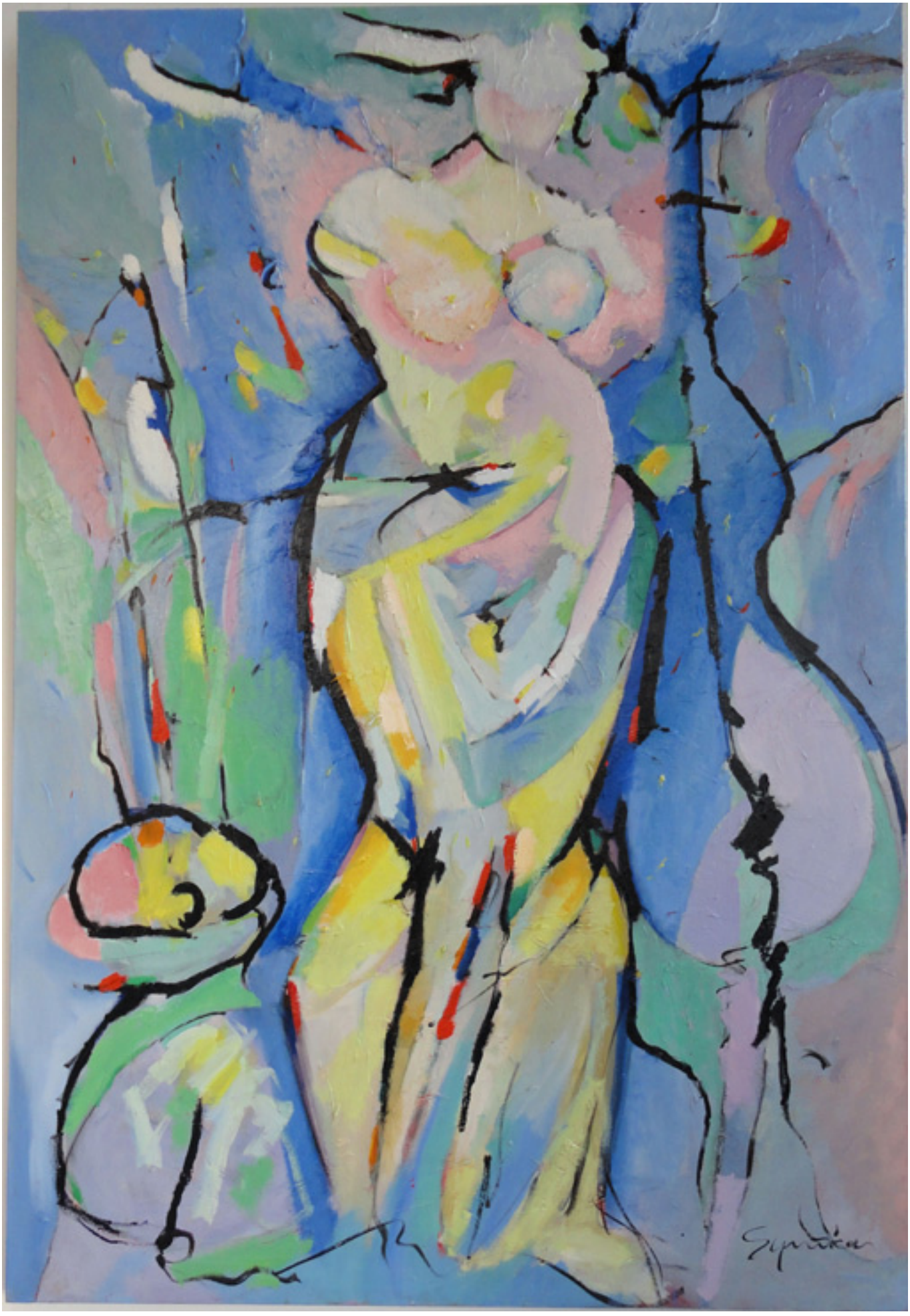
The Cello
(61 cm x 92 cm)
(

Field of Irises
(114 cm x 125 cm)

Self
(79 cm x 64 cm)

Macedon
(Original canvas - 100 cm x 75 cm)

Opposite page:
Greek Symbol
(Original canvas 110 cm x 160 cm)



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