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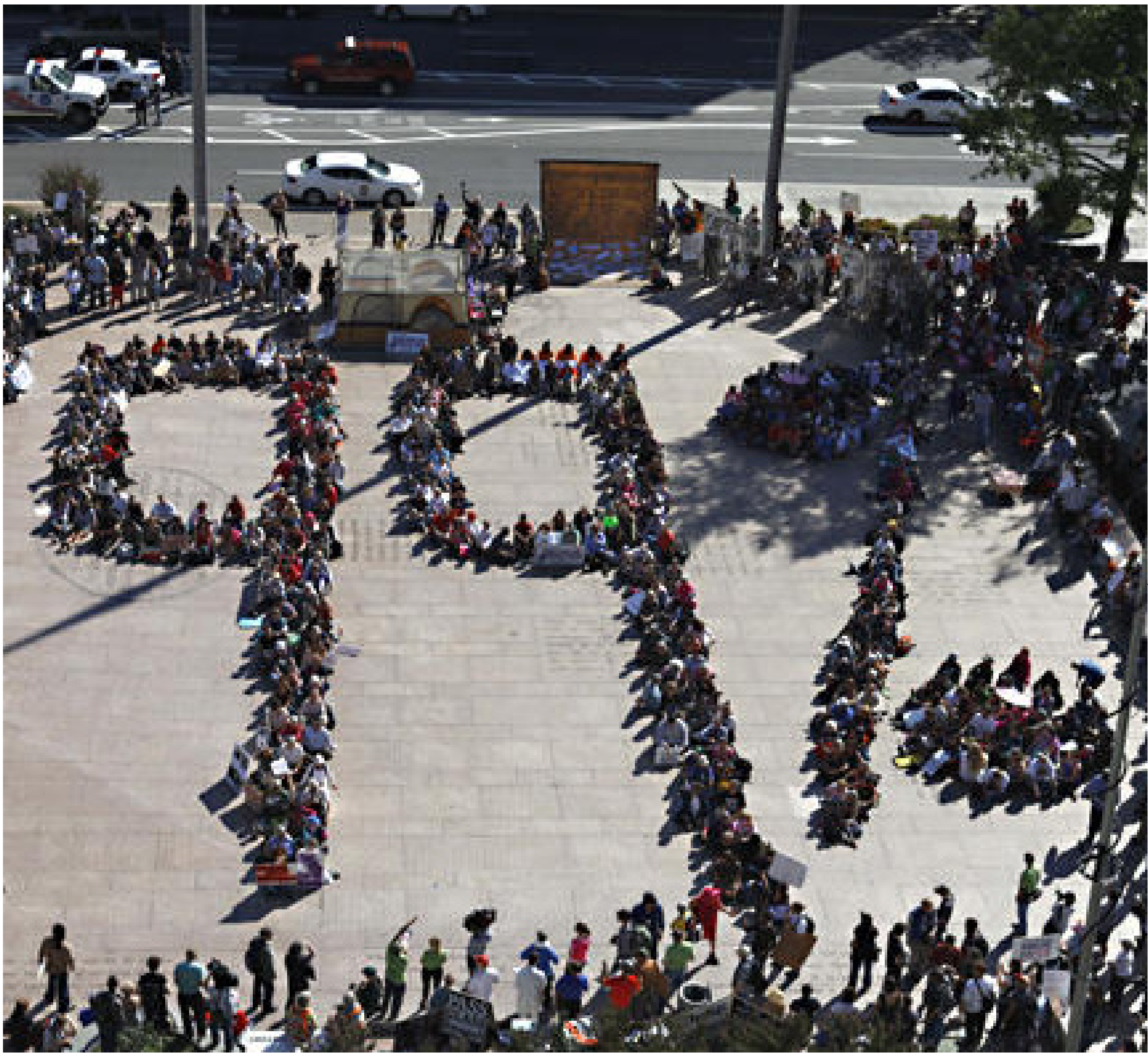
From the Editor



This edition of MEJB comes out at a critical time in the history of the Middle East region and the world, with the Global Financial Crises and uprisings in the Middle East dominating global headlines as well as the worldwide protests against corporate greed.

Our first two articles look at both the Middle East economic outlook and the Global economic outlook.

A further review article in the series by Dr Mohsen Rezaeian this month looks at reviewing academic papers and a paper from Dr Abyad reviews two books on aspects of marketing.

Finally after all the recent drama death and unrest in Libya, we have a more gentle article for our Arts section and a good news story from the Australian Defence Force with a Middle East connection.

Lesley Pocock, Chief Editor
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Economic Recovery in MENA Region: The Path Ahead

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Introduction

The world economic recovery continues, more or less along predicted lines. According to IMF Report World Economic Outlook 2011, the world economy is expected to grow at about 4.5 percent a year in both 2011 and 2012, but with advanced economies growing at only 2.5 percent while emerging and developing economies grow at a much higher 6.5 percent.

The main concern is that in advanced economies after an initial recovery driven by the inventory cycle and fiscal stimulus, the growth rate may fizzle out. On the other hand commodity prices have increased more than expected which indicates a combination of strong demand growth and supply shocks. In advanced economies, it has been predicted that there will be marginal effects on growth and core inflation in the context of share of oil, the disappearance of wage indexation and stabilization of inflation. The major concern in MENA region is the rising food and commodity prices. According to IMF, the recovery is broadly moving at two speeds, with large output gaps in advanced economies and closing or closed gaps in emerging and developing economies.

The MENA region can be said to have contained the global crisis and is in the path of recovery although economic growth varies widely across the region. Two major developments have hindered the path of recovery - the social unrest in the region and the surge in global fuel and food prices.

Higher commodity prices and external demand are boosting production and exports in many countries. Government spending programs are in the process of fostering recovery in many oil exporting countries in the region.

Some of the significant cyclical factors observed are the stronger than expected growth in demand for commodities during the second half of 2010 which drove oil prices for 2011 to about $90 a barrel by early 2011,up from the $83 a barrel expected in April 2010.

The spreading social unrest, rising sovereign risk premiums and increasing commodity import prices will act as constraints for growth in several MENA economies. There are also signs of increasing borrowing costs due to region wide repricing of risk. In the context of political turmoil, high unemployment and rising food prices, IMF estimates GDP growth rate of 4.1% and 4.2% for the MENA region in 2011 and 2012 respectively.

The group of Oil exporters in the MENA region is expected to witness GDP growth rate of 5% in 2011 with Qatar emerging as the fastest growing economy with a growth rate of 20% in GDP on account of continued expansion in natural gas production and large investment expenditure.

According to the IMF regional outlook report, for most oil exporters, the increase in oil prices from US$79 per barrel to US$ 107 per barrel will lead to higher growth in 2011. Average real GDP growth (excluding Libya) is projected to reach 4.9 percent in 2011 compared with 3.5 percent in 2010, while non-oil growth is projected to stay at 3.5 percent in 2011. For the GCC, growth is projected to reach 7.8 percent in 2011. GCC non-oil growth is set to accelerate by more than 1 percentage point to 5.3 percent in 2011. The oil exporters' combined external current account surplus is estimated to increase from US$172 billion to US$378 billion (excluding Libya), and for the GCC from US$136 billion to US$304 billion.

The Saudi Arabian economy is expected to grow at 7.5% in 2011 compared to 3.5 per cent in 2010 primarily due to government infrastructure investment. Iran will have a stalled growth rate on account of phasing out of subsidies for energy and other products. Among the Oil importers of MENA region, Egypt is expected to witness a significant fall in GDP growth rate from 5.1 % to 5 % in 2011 due to disruptions to tourism, capital flows and financial markets. The growth rate of Sudan is expected to fall to 4.7%. The growth rate of the UAE is expected to hover around 3.3 per cent. The group oil importers economy is expected to slow down to 1.9% in 2011 compared to 4.5 per in 2010. Among the oil importers, the GDP growth rate of Tunisia is expected to fall by 2.4% compared to 2010. This can be attributed to the expected decline in tourism and foreign direct investment. Lebanon's GDP growth rate is expected to fall to 2.5% in 2011 compared to 7.5 % in 2010 which reflects the highest slowdown among all the oil importing MENA group of countries. Political uncertainty is hindering the growth of Lebanon's economy. Overall the Maghreb countries (Algeria, Mauritania, Morocco and Tunisia) excluding Libya is expected to witness modest slowdown in GDP growth rate 3.3% in 2011 compared to 3.5% in 2010. Higher prices for phosphate and iron ore have led to accelerated growth rates in Jordan , Mauritania and Morocco. Similarly the Mashreq group comprising Egypt, Jordan, Lebanon and Syrian Arab Republic will witness significant slowdown as economic growth rate is expected to fall to 1.5 per cent in 2010 as compared to 5 percent in 2010.

The IMF report cautions that social unrest in the Middle East and North Africa could place further upward pressure on food prices if the governments of large grain importers inside and outside the region step up their purchases to ensure sufficient supply in these subsidized domestic food markets.

Consumer price inflation is projected to increase to about 10 percent in 2011. The key driver of headline inflation is food prices, but core inflation is increasing in many countries. Key grain prices including those of corn and wheat have risen sharply reflecting heightened food security concerns. GCC Countries like Kuwait, Qatar, Saudi Arabia and UAE have to carefully monitor the impact of expansionary fiscal spending in order to check resurgence of inflationary pressures. Sudan has tightened monetary policy in response to inflationary pressures.

Current OPEC spare capacity levels, estimated at about 4½ percent of global demand, are sufficient to make up for losses of supply from Libya and to meet the expected increase in demand. The Middle East would also experience a large trade balance deterioration, by more than 0.4 percent of GDP in 2011.

The increase in the spreads for credit default swap and bonds could well translate into higher funding costs for corporations and governments. The current account surplus is projected to grow by 12.7% in the year 2011 for the entire MENA region. The Oil exporting group will witness a current account balance growth rate of 12.7%. At the same time the current account balances are showing a negative growth rate of 5.2 per cent for the Oil importing economies of the MENA region. The general government non-oil fiscal balance to non-oil GDP ratio is expected to deteriorate in Iraq, Kuwait, Oman, Saudi Arabia, Sudan, and Yemen.

For the financially developed economies of the GCC, the major focus ought to be the task of restoring capital and liquidity buffers used up during the crisis and improving the regulatory and supervisory regimes in tune with the global standards. These steps are essential in reviving the credit scenario particularly in the context of corporate defaults that happened in Dubai, Kuwait and Saudi Arabia. For the rest of the region, greater financial development could be achieved by removing barriers to entry and exit. Increasing numbers of nonperforming loans of banks in many non-GCC Countries like Algeria and Iran, is another area of concern in regions with social unrest.

The banking sector remains broadly sound in the GCC countries due to capital adequacy and particularly due to large government capitalization in countries like Qatar and United Arab Emirates. But there is a signal for potential risks particularly as evident from cases involving spillovers from nonbanking financial sector to the banking sector (Kuwait), and real estate sector (Bahrain, United Arab Emirates). Sovereign credit default swap spreads have widened in all GCC countries after the current crisis.

It has been observed that credit to the private sector has picked up in several countries in 2010 in GCC countries, Algeria and Yemen. Equity markets across the MENA oil exporting region has fallen since January 2011. Rating agencies have downgraded Bahrain and Libya since the beginning of the unrest.

For the oil importers, the key policy challenges involve tackling the chronically high unemployment. For the oil exporters the focus ought to be on developing the financial systems and promoting economic diversification. Fiscal policy in the region has played a crucial role in cushioning the impact of the global crisis in the region. Focus on government investment programs particularly in infrastructure, would boost the domestic demand in oil exporting countries. Unfortunately the scope for fiscal maneuver in oil importing countries is constrained by a high level of debt in these countries.

The popular uprisings are basically as a result of a desire for greater political, social and economic freedom. The lessons from Egypt and Tunisia suggest that economic growth cannot be sustained unless they create jobs for the rapidly growing labor force accompanied by social policies. High unemployment is a long standing challenge for the oil importers of the MENA region. In 2008, unemployment rates in Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia averaged 11 per cent which indicated the highest regional rate worldwide. The employment to working age population ratio in this region was also the lowest regional rate worldwide, at below 50 per cent. In most MENA countries a chronic case of unemployment among young people is basically a structural problem stemming from skill mismatches, labor market rigidities and high reservation wages.

Job creation was mainly in the private sector and mostly for expatriates in the GCC. Substantial skill mismatches and wage differentials could largely explain the low employment levels of nationals in the private sector. Unemployment among nationals is quite high in GCC countries like Oman and Saudi Arabia and Non GCC Countries like Algeria and Iraq particularly among youth.

Governments across the region are responding to the political event and rising prices through measures like expansions of fuel and food subsidies (Jordan, Kuwait and Tunisia), civil service wages, salaries and pension increases (Saudi Arabia, Sudan, Syria, Tunisia and Yemen), direct cash transfers (Kuwait and Bahrain).

The size of the national fiscal packages in 2011 ranged from less than 0.5 per cent of GDP in some MENA oil importing countries to about 22 per cent of GDP in Saudi Arabia. In Bahrain and Oman, the newly created Gulf Development Fund is expected to provide an additional US$ 10 billion to finance housing and infrastructure costs.

Iran, Sudan and Yemen have initiated measures to enhance non oil revenues. The measures adopted by Egypt include a 15 per cent increase in government wages and pensions, the creation of a fund for reconstructing small enterprises and higher budgetary allocation for wheat imports. Iran has initiated substantial subsidy reforms. Jordan has raised allocations for social protection and announced cuts to taxes on fuel and foodstuffs, additional subsidies and increased civil service salaries and pensions. In Lebanon, reduction in income tax rates, increase in minimum wage, reduction of tax on gasoline (55 per cent), and full health coverage to civil service pensioners were the major initiatives. In Tunisia, the major initiatives included transfers to the unemployed, extended subsidies and scaled up public investments. These measures will lead to a higher cost of maintaining the existing subsidy system which averages to about 3 per cent of GDP in 2010. Morocco faces an increase in the cost of existing subsidies of about 2 per cent of GDP.

The social unrest in the Middle East highlights the need for the creation of a socially inclusive growth agenda. Inclusive growth can be achieved through fundamental economic reforms involving social policy, prudent fiscal management, governance, labour markets and business environment. Economic diversification ought to be an essential ingredient for the robust growth of the non oil sector. To facilitate this process, amendments in foreign direct investment (FDIs) rules, public private partnerships are essential. Efficient risk management practices ought to be in place to improve efficiency in the banking sector. Other significant steps include facilitating access to credit for small and medium sized enterprises, promotion of appropriate instruments for housing finance and development of domestic debt markets.

Continued unrest in the Middle East could adversely affect investor sentiments and the tourism sector to a great extent particularly in regions of Bahrain, Libya, Oman, Yemen. The current scenario in Libya already had spillover effects on the region through reduced remittances to Egypt and Tunisia. If the decline in equity prices persist, then recovery in real estate markets would definitely become problematic which would adversely affect the financial sector balance sheets.

The policies of the respective governments should focus on converting infrastructure investment into a source for employment generation. In this context, it is noteworthy to mention the relevance of youth oriented training programs such as Education for Employment Foundation which successfully operates in many countries like Egypt, Jordan and Morocco. Reforms are essential for the creation of a congenial business environment in terms of strengthened property rights, legislation and enhanced contract enforcement. Educational reforms have to aim for skill formation at lower levels.

Evaluating the 'Occupy Wall Street' protests - in search of a better world for the 100%

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ABSTRACT

The US downturn and the downgrading of US credit ratings is now old news, as is the GFC and the European financial crisis. What is news is the stirring of the ordinary person who has become more and more alienated by the financial systems of the world and who are being asked to pay the cost of the financial mess they played no part in making.

Many countries have had endemic corruption and some, dictatorial or semi dictatorial governments, for decades, and many people have accepted this as a normal part of living/the economy, until now.

In the US billions of tax payers' dollars were used to prop up the banks and financial institutions that had been reduced due to fraudulent and unseemly practices while ordinary Americans lost their homes, savings and jobs. The US has always been this way, a free for all capitalist system that works well for those who put profit before all else.

The frustration in the US isn't so much legal-political as the uprisings in the Middle East, though there is an element of that, it is economic inequality. According to the CIA's own ranking of countries by income inequality, the US is more unequal than Tunisia or Egypt.(1)

The 'Wall Street protestors' genuinely feel that corporate America is tilted against the 99%, and so it is. The top 1 percent of Americans possess more wealth than the bottom 90 per cent.

In the Bush administration, from 2002 to 2007, 65 per cent of economic gains went to the richest 1 per cent. In 1981 the average salary in the financial securities industry in NTC was twice the average in other private sector jobs, in 2010 it was 5.5 times as much. (1)

And the downfall of the financial sector (bailed out by ordinary taxpayers) was of their own doing fraud and financial deception. Further, tycoons have been blamed for manipulating the system.

And while there are positives to capitalism, businesses themselves should be outraged at the banks rigging the system so that they enjoy profits in good years and get bail outs by governments in bad years.

The European banks however are now being asked to share some of the burden they have helped to create. We remember the role of Iceland's banks in the 2008 GFC.

A capitalist system can work if there is some existing parity and equity in society but not when it is at the expense of the society, the ordinary person, and the wage earner. Should there indeed ever be a substantial profit margin in a fair system? Surely if there is left over money at the end of the manufacture-sell process perhaps this means that the product or service paid for has been greatly overpriced.

In the US we had instances of the bail out money used to quickly pay executive salaries before the companies folded, and in one case a quick purchase of a Lear jet for private use. This indicates that these people are so removed from reality that they either 'don't get it' or that they are totally unconscionable.

Economists used to believe that we had to put up with high inequality as the price of robust growth, but more recently research suggests the opposite - inequality is not only unethical but also damages economies.

In his book The Darwin Economy, Robert H Frank of Cornell University (2) cites a study showing that among

65 industrial nations the more unequal ones experience slower growth on average. Individual countries grow more rapidly in periods when incomes are more equal - obviously markets are better when sufficient numbers of people can afford to make purchases. There is mounting evidence that inequalities lead to bankruptcies and to financial panic.

'The recent global economic crisis with its roots in the US financial markets may have resulted in part at least, from the increase in inequality, Andrew G Berg Jonathon Ostry of the IMF wrote in September 2011. (3)

Shareholders are now having to institute mechanisms and processes to punish the executives of companies in most countries.

In Australia, where the economy remains fairly buoyant, and likely due to a lack of entrenched organised crime, only now in 2001 do the salaries of CEOs and Board members have to be approved by shareholders. More often than not these same Boards deplete the company so badly that it loses profitability but not before the same award themselves substantial 'payouts' .

Now, while it takes three 'shots', the pay of the Chief executive must be approved by shareholders. Executives will not be allowed to vote on their own pay and so won't be able to outgun shareholders by brandishing proxy votes nobody else gets to see. In the last decade Execs of the top 100 companies earnt more in a year than most workers earn in a lifetime.

Pay rises at the top have outstripped the return to shareholders and everybody else.

Do we have a naive 'trust' in these people that they will be morally motivated or do we see it as beyond our ability to change?

The popular imagination of organized crime - of Sicilian mafia groups confined to certain cities and a handful of criminal markets - is seriously out of date. The criminal enterprises of today represent a multibillion dollar set of networks that prey on every aspect of global society, distorting markets, corrupting governments, and draining huge resources from both. Fuelled by the same forces of globalization that have expanded trade, communications, and information worldwide, criminal syndicates not only have unprecedented reach into the lives of ordinary people but they have undermined the competitiveness of multinational companies and the security of governments worldwide.

Borrowing from the UN Convention against Transnational Organized Crime, the Global Agenda Council on Organized Crime defines organized crime broadly - as groups of three or more people, motivated by profit, acting in concert to commit serious criminal offences (4).

Increasingly networked-based and multinational in scope, organized crime is exerting greater impact than ever before. Indeed, criminal organizations rank among the most entrepreneurial and adaptive elements of the global economy. They have proved particularly nimble in exploiting weak institutions and fragile states, but their impact is profound even in the most advanced economies. Organized crime affects the financial markets of Hong Kong, the banking industry of Japan and the construction industry in New York. Organized crime deters foreign investment in Mexico and Afghanistan, and stifles the reconstruction of many post-conflict societies such as Sierra Leone and the Democratic Republic of Congo. It fosters corruption, illicit trade, and illegal migration, undermines the environment and human rights, and contributes to the depletion of natural resources.

As the world grows increasingly interdependent, criminal organizations will continue to expand and adapt. The rise of new powers such as China, India, and Brazil will pose fresh challenges to the world's ability to contain the spread of sophisticated crime syndicates.

This year, in its first global assessment of transnational organized crime, the UNODC estimated illicit flows tied to crime syndicates at about US$125 billion per year.

This organised crime and rampant bribery, graft and corruption in nearly every country of the world has not ever been properly challenged, or outlawed, and it is a fine line between corporate crime and organised crime - indeed both are 'thriving businesses' globally.

We probably all read the recent story from India, of truck driver Anant Lal Gupta, who was pulled over by two transport officers who demanded a bribe of 5000 rupees for an imagined offence. Gupta who knew the practice well would or could only pay 500. In front of his son he was dragged from the truck and beaten to death, with sticks and iron rods. On the same day the third most powerful man in the Indian government was being accused of complicity in one of India's largest frauds. (5)

Already the former Home minister had been jailed over the so-called 2G scandal involving kickbacks. This scandal cost India $US 40 billion. A recent survey by India Today magazine found only 47 per cent of young people in India's cities were proud to be Indian. About 65 percent of 18-25 year olds believe corruption is the greatest danger facing India.

In India almost every transaction with someone in authority requires a bribe, from getting electricity connected to getting a pension or a favourable verdict from a judge.

This is not to say that it is only the young who have morals - perhaps the older generations have already despaired of the situation long ago.

The October G20 finance ministers vowed that they did not want any 'contagion' from Europe's financial crisis to affect their own economies.

In Greece protesters say they are fed up with the financial system being prioritised over the needs of the people where it has lead to increasing ill health and suicide.

In Italy which has had allegations of corruption in governments for all living memory the political system itself is seen as a totally corrupt process.

Riots have occurred in Spain where there is 46 percent youth unemployment, yet the youth have not contributed to the problem, rather those who speak the truth and demand justice are the first to be attacked by the ruling elite.

In China where we have seen appalling practices recently such as selling dangerous and poisonous substances as baby milk and where schools were the first to collapse during the Sichuan earthquake in 2008 due to corrupt and shoddy building practices, and prior to the Olympics we saw poor people forcedly removed from their homes, for business and government projects with no financial compensation or alternative abode and dealt with severely should they publicly complain.

Andrew Yeh at the Financial Times reports the OECD says corruption threatens the Chinese economy:

The severe and widespread nature of corruption in China is becoming a major source of social discontent and poses a threat to the legitimacy of the country's leaders, according to experts at the Organisation for Economic Co-operation and Development.

..."The economy is growing, so incidences [of corruption] are growing too," said Janos Bertok, one of the OECD researchers in charge of evaluating corruption in China. "The social dimension is equally as important as the economic dimension," he said.

Mr Bertok said that corruption had already become a "danger to legitimacy" for Beijing because there was much popular dissatisfaction with corrupt officials, particularly in rural areas. He said China's corruption problem presented acute risks for the privatisation of state assets and for the "highly vulnerable area" of the construction sector.

Transparency International's latest Corruption Perceptions Index rated China at 3.4 out of a possible 10, which ranks it about halfway between the worst countries (Haiti and Bangladesh, both 1.5) and the best (Finland, 9.7). Countries with scores of less than 3 indicate "rampant corruption" according to TI. (6)

The other, more worrying aspect is corporate crime and destruction of the environment with no reparation financially or practically, as if these processes were done properly with respect for our planet and all citizens thereon they would reduce profit levels for such multinationals. The oil and mining industries in many countries have destroyed huge tracts of the earth, permanently and irreparably with their pursuit of even more resources to exploit for even more money (in this one generation of the many generations of mankind who were hoping to use them for survival in future millennia) for more personal profits at the expense of the ongoing existence of the planet itself. The damage caused by the BP oil spill in the Gulf of Mexico is well documented and now there is proposed mining in Alaska at the risk of extinction of its last great migratory herds.

The ordinary person is witnessing the mass destruction of their planet by rampant corporate greed.

Global warming, acidic seas and mass destruction of ecosystems show that the values of the corporate and financial world are benefiting no life forms, only, literally, a handful of people, and for them only in the short term.

And if we are to evaluate these activities it is quite apparent that one party (ordinary humans) have nothing personal to gain from these exploitations, and the ongoing survival of humans and the other species we are quickly making extinct by those who wish to make obscene profits and who do not require even more money. The pursuit of money itself seems to be the company goals not the growth or expansion of the company. The world does not need more oil resources - there are plenty in the pipeline at the moment - literally - and at a time when we all should be focusing on renewable energy. It is quiet apparent to the 99% where the eternal problems lie. We have all been ruled by the despots and greedy since so-called civilisation began - those that think it is okay to have it all themselves at the expense of all others. Surely our collective intelligence has advanced past this point.

This is not 'anti business', it is merely good business as there will be none of us left to market to unless this stupidity and greed is stopped.

Additional to direct crimes against the viability of the planet and species are poor and corrupt practises that do not require companies to have a negative footprint, or to remedy the destruction that occurs during manufacturing or mining and still today, everywhere, waste and poisons and toxins are poured directly into the sea and the rivers, while environmentalists indicate the sea is growing more acidic and less able to support life, little or nothing is being done anywhere to stop this. Rather the whistle blowers are ridiculed and attacked and there is growing abuse of legitimate protesters. There are also active attacks and campaigns against those who speak the truth in these matters - it seems big business is very jealous of their obscene wealth. Hence the Wall Street protesters have been extending their cause to planetary survival itself.

There is a floating rubbish heap in the North Pacific Ocean the size of the Australian continent and the 'sand' on many beaches in Hawaii is now made exclusively of plastic. These small bits of broken down plastic pieces are being eaten by fish thinking they are food and some fish have stomachs full of plastic not allowing them to process any real food. It is quite apparent to the non-greedy that this huge resource of food for the world will disappear about the same time as the land based food supplies are seriously degraded due to similar land based practices.

These are all by products of an out of control global financial system.

This aspect of economic and survival vandalism is perpetrated by few and all will pay the price. Then we have food supplied being patented by companies and with the courts in capitalist countries preserving those self appointed rights and upholding their claims against the interests of all mankind. Is this not capitalism gone mad? Surely these are crimes against humanity just as much as massacring people with machine guns.

It is certainly not all business to blame. Many businesses have extremely healthy attitudes but it seems most rampant in big business (where you don't have to face your economic victims) and in the financial industry.

Speculating on stock and share markets seem to have become businesses on their own right to some - with people buying and selling on the 'movement of money within the share markets' more akin to gambling than proper business practices. I tend not to worry about the share market at all as it is of little relevance to the rest of the world, the 99%, rather it tends to take the nature of a parasite but it is a worry when we let these speculators destroy good and viable businesses and businesses that provide proper and necessary products.

And it all comes down to basic morality and basic common sense. We do not have to return to barter but we all need to take an intelligent look at the state of the world economies and see if we can do things a little better. Obviously national financial regulations were inadequate, or have failed or been corrupted by those with vested interests. With our human history one of greed and exploitation of each other, we cannot trust in this system.

Is the selling of unnecessary rubbish consumer goods justified? Is 'marketing' goods to weaker minded people who did not know they needed them in the first place fair practice especially when these goods deplete vital resources and have no inherent value whatsoever.

I wrote a similar article some time ago when the US was the economic leader of the world and there were no occupiers of Wall Street (in April 2009) and when no doubt many thought it somewhat radical. Now it seems the reality of the problems with runaway capitalism and organised crime have become apparent to most of the planet, well 99% of us, and this I emphasise, is the last chance for all of us. Big business and normal people will starve alike and our planet will become too toxic for any to survive if we put all our values and interests in the hands of the money men - it took us only 200 years to almost destroy the entire thing and we only have about 2 years in which we can turn it around or be well past the tipping point of human and ecosystem survival. It is not socialism versus capitalism; it is good versus evil, and sense versus stupidity and greed.

Like the environmentalists who were ridiculed when they spoke up decades ago about the state of the planet and now its degradation is apparent to all, these Wall Street protesters will one day be the heroes of society.

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Overview

The book Hot Spots attempts to solve the issue why some teams, workplaces, and organizations hum with Energy - where people work in remarkably resourceful and cooperative ways, generating boundless energy, innovation, productivity, and exhilaration - and others don't.

Hot Spot Vs Balanced Scorecard

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Part I : The Theory

One of the book's most thoughtful visions is that Hot Spots' "innovative capacity arises from the intelligence, insights, and wisdom of people working together" (The energy confined in a Hot Spot is basically a mixture of its individual energy with the addition of the relational energy generated between them, hence the importance of:

1. Having a "cooperative mindset."
2. Identifying "boundary spanners."
3. Sharing "igniting purpose."
4. Sustaining sufficient "productive capacity ."

These four conditions need to be reinforced by five fundamental productive practices: appreciating talent, making commitments, resolving conflicts, synchronizing time, and establishing a rhythm. Hot Spots cannot be regulated or guided by executives but they can affect their development by determining setting through the design of structures, practices, and processes; and the development of the proficiency of individuals, predominantly in boundary spanning . This necessitates, that organizations create some rather major changes in the way they are structured, the standards they espouse, and the conduct of executives and leaders-changes driven by the formula:

Hot Spots = (Cooperative Mindset x Boundary Spanning x Igniting Purpose) x Productive Capacity.

Part II: Hot spots -Their elements, practices and processes

According to Gratton Hot Spots are places of cooperative relationships- some of which will be transitory while others will be strong and last overtime. They emerge (in part) as a result of a cooperative mindset. The author pinpoints that the energy of collaboration comes not from a mindset of competition, but from a mindset of moral and intellectual excellence in which people are determined in concert. Organizations that participate very heavily in lengthy, interactive selection processes in which the criteria extend far beyond technical expertise have a better chance of a Hot Spot to flourish. Her research stresses six practices that play predominantly critical roles:

1. Relational selection
2. Relational induction
3. Mentoring
4. Collective rewards
5. Peer-to-peer working
6. Social responsibility

The value that a Hot Spot generates is shaped through both the utilization of the current knowledge of those within the work environment and the examination and original groupings of this knowledge. However, boundary-spanning relationships are essential for generating a diversity of visions and knowledge that is superior to the network of relationships within a single group.

Explicit and implicit knowledge characterizes people involved in a Hot Spot. Normally, as Hot Spots emerge, initial close friends acquaint with other people, and these networks grow in several ways, forming as a result of an igniting purpose, becoming complex, and encompassing solid and weak ties that cross group, business, function, company, and country boundaries. Gratton categorizes three ways in which value can be formed within these networks:

1. Value through exploitation
2. Value through innovation
3. Value through exploration

Irrevocably, it has been shown that where Hot Spots flourish, executives encourage cross-boundary working in the following ways: They capitalize on social activities that inspire people from across the company to meet.

As Gratton notes, a cooperative mindset sets the stage for performance, while boundary spanning augments the chance of innovation through exploration. Both are fundamentally stage setters, laying the foundation for Hot Spots: however, productive Hot Spots also need a point of ignition-the point at which all the latent energy, contained within the cooperative mindset and boundary spanning, is released. This third element-the igniting purpose-generally takes one of three forms: (1) an igniting vision, (2) an igniting question, or (3) an igniting task.

Varied Hot Spots are exploded through a compelling vision, which attracts the latent energy of a cooperative mindset and boundary spanning into the future. The driving force may be an igniting question that generates appropriate curiosity and enthusiasm to release the latent energy. Whereas, igniting tasks are resolutely based in the reality of the present.

After the Hot Spot has emerged, the latent energy of cooperation has been ignited through purpose, and boundary spanning has created the potential for innovation, the question remains-will the Hot Spot be productive? Gratton upholds that the answer relies in part on the productive capacity-the fourth Hot Spot element-which involves a number of crucial ongoing practices and processes.

The sum of value created by a Hot Spot rests on its complexity. Gratton has revealed that successful Hot Spots have inescapably developed some relatively rapid ways for everyone to come to appreciate each others' talents. Commitment making is remarkably important in Hot Spots where much of the conversation and action takes place on a peer-to-peer basis.

Gratton's research has revealed few differences as regards conflicts between Hot Spots that succeed and those that fail. In all Hot Spots, there is conflict about what each person can contribute, about the purpose of the Hot Spot, and about its pace and schedules. However, the author found that often this conflict generates the energy needed to solve problems and that, without any form of conflict, a potentially vibrant Hot Spot can rapidly depreciate into a tepid "country club."

Hot Spots cannot be willed or engineered. At the end there is an appendix with diagnostic questions and instruments focusing on practices, processes, norms, and behaviors for leaders to apply in their organizations.

Balanced Scorecard Step-By-Step

A distinguished tool that assisted thousands of organizations translate strategy, align employee action, and employ the power of today's value-creating intellectual assets is the Balanced Scorecard. Paul Niven's book Balanced Scorecard Step by Step: Maximizing Performance and Maintaining Results, was written to meet the marked gap that exists between Balanced Scorecard theory and application. In this book Paul Niven shares his massive proficiency in developing Balanced Scorecards for Fortune 1000, public sector, and not-for-profit organizations. We quickly appreciate that a Balanced Scorecard implementation is more than a "metrics" project, since it effects many critical organizational processes.

Through comprehensive step-by-step discussions, Niven gives awareness on and concrete solutions for: developing performance objectives and measures that loyally translate strategy, creating executive support, and building the right team. We also learn how to guarantee that the Balanced Scorecard becomes an essential part of their management systems by flowing it to all levels of the organization, aligning budgets and compensation with strategy, reporting results with software, and putting in place systems to guarantee lasting success.

After a theoretical overview of its benefits, Niven methodically explains the start-to-finish development and implementation of a balanced scorecard. He starts with a description of organizational mission, values, vision, and strategy. He gives detailed descriptions of the four perspectives of the balanced scorecard: financial-customer, internal process; and employee learning and growth-and developing related objectives and performance measures. The portion of the book committed to step-by-step balanced scorecard development concludes with a description of the processes for, and importance of, using the scorecard to articulate and test cause-and-effect linkages, and the process of setting priorities in the pursuit of strategic initiatives.

Going beyond the development of the balanced scorecard, Niven then elucidates how to entrench the balanced scorecard in an organization's management system and maintain the scorecard once it has been developed.

The book would have benefited, however, from more examples from actual organizations, such as following the cases through various stages of development of the balanced scorecard to illustrate key linkages. This book is recommended to anyone entertaining a balanced scorecard system for their own organization or adding balanced scorecard consulting to their professional services portfolio.

Benefit of a balanced score card

According to Niven, the best tool to appraise performance is the balance scorecard, which incorporates the entire spectrum of an organization's performance. But how can one implement a balanced scorecard when every company is unique? At the outset, Niven admits that processes vary determined by the mission and culture of each organization.

Before executing a balanced scorecard, systematic analysis of the organization is needed. If it's going to be effective and accurate, the balanced scorecard must be organization specific. Niven takes this complexity into account as he provides a solid step-by-step framework for implementation, supplementing it with plenty of suggestions for helping with the analysis needed to develop a value-added balanced scorecard.

The systematized approach gives the necessary information for moving from an implemented balanced scorecard to an operational balanced scorecard. Although the author primarily focuses on the private sector, he also highlights the importance of using the balanced scorecard in the public sector. There are examples where companies initially didn't get the balanced scorecard correct, but they revisited the process, made appropriate changes, and then reaped the benefits of having an operational balanced scorecard-insight and accountability. Balanced Scorecard Step-by-step presents detailed, real-world advice on how any organization, regardless of size or structure,can develop a winning performance management system.

Comparison of the two books

Both Gratton and Niven are looking into what makes an organization successful and discussed some of the tools that help organizations flourish. Hot spot focused on the person and the dynamics within the organization that lead to Hot Spots., whereas Niven provides the systemic way for measuring performance within a company. Niven sees that the balanced scorecard, if used appropriately, will lead to a better strategy and management system within a company, while Gratton stresses that hot spots are what makes a difference between a successful and unsuccessful organization.

Gratton stresses the idea that the energy in Hot Spots can ensure that best practices and ideas are incorporated into productivity improvements so that the company remains in the forefront, whereas the balanced score card is a remarkable tool that provides the crucial link in turning strategy into action at every level of the organization and translates all-important intangible assets such as intellectual capital, customer relationships, and innovation into real value.

Both authors stressed the importance of vision and mission for a successful organisation. Gratton mentioned the three ignition ways (, mission, questions and tasks, which are mentioned by Niven in his analysis and preparation of KPI for the balanced score card .

The extremely simple, yet controlled approach of the Balanced Scorecard permits an organization to execute its strategy and balance the historical accuracy and integrity of financial numbers with the drivers of future success by developing performance measures in four interrelated perspectives: financial, customer, internal processes, and employee learning and growth, whereas Gratton describes four critical qualities that an organizational culture must have to support the budding of these hot beds of creativity and innovation. It looks at what executives, managers, and HR professionals can do to ensure that energy is concentrated in them. And, it offers activities and tools that leaders up and down the organization can adapt as a means of shaping the context in which Hot Spots can flourish.

Finally one must consider that the two books and authors as complementing each other in term of performance and organizational management. Niven provides a solid contribution to the performance measurement and accountability literature by bringing experience and focus to the implementation of a balanced scorecard. Meanwhile Gratton championed the ideas of hot spots that revolutionized management theory and practices.

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How to critically review a scientific, medical or business paper

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Abstract

It is an honour for a scientist to be invited by an editor-in-chief or an associate editor of a well-known journal to review a paper. This invitation means that the scientist is considered an expert within the area of the paper's topic. However, in either accepting or completing a review in a critical manner, there are some commonsense rules and guidelines that one has to follow. The present article aims at providing these rules and guidelines.

Keywords:
editorial peer review, journal, editor-in-chief, associate editor

Introduction

Writers and researchers in different areas of academia, science, medicine, or business may take diverse roles in terms of communicating and publishing new knowledge. They may take the role of authors who find something new and wish eagerly to share it with other fellow scholars, or they may take the role of readers who enthusiastically search for new findings in their area of expertise. They may also take the role of peers or reviewers who are selected for their expertise to review a paper before publication.

This latter task i.e. being a reviewer, is as important as the two former positions i.e. being an author or a reader. Working as a reviewer also gains more importance in the area of health and medicine since in these areas new findings related to human well-being are going to be published and therefore, any potential article must be scrutinized completely and precisely before publication.

The aim of the present article is to discuss the vital task of peer review for business people, scientists and health care professionals. It begins with the definition of editorial peer review and goes on to explain how (the reasons) one is selected as a peer. It then moves on to discuss how to critically review a paper, by providing a practical guide.

What is editorial peer review?

Editorial peer review is a rather well-established process by which any submitted paper to a journal goes through a detailed inspection by the editors and reviewers of the journals. Reviewers are subject experts, epidemiologists or biostatisticians. The chief purpose of the editorial peer review process is to detect any flaws within the paper before publication. By fulfilling this aim reviewers help the editors and the authors with constructive criticism to advance the quality of the paper.

Selecting a reviewer

Well-known journals usually have a comprehensive list of potential reviewers. This list is usually compiled by searching the literature in the scope of the journal. When a paper is submitted to a journal, either the editor-in-chief or the associate editor reads the paper critically. If they find the paper is within the scope of their journal and determine that it is worthy of further inspection then they look at their lists and select between one to three reviewers per paper. In case the reviewers are not available or not willing to review they should substitute them with new reviewers.

Reviewing a paper is an honorary but vital job. Journals would otherwise not be able to compensate the reviewers for their time and endeavours but they usually acknowledge the efforts of their reviewers in different ways e.g. publishing their names in the journal. The responsibility of a reviewer is a thorough inspection of the paper from different angles. The reviewers should accomplish this task without any conflicts of interest only to help the editors to make a fair decision about the utility of the paper and provide advice to the authors on how to improve the quality if required. No article, especially in the field of health and medicine, should be published without expert review.

What to do if you are selected as a reviewer

If you are selected by an editor-in-chief or an associate editor to review a paper you should follow commonsense rules. First of all consider this invitation as an honour, but it does not mean that you should accept any or all invitations. Only accept those that invite you to review a paper, which is within your area of expertise. Never accept any invitations which ask you to review a paper beyond your expertise. In such circumstances write a letter back to the editor-in-chief or the associate editor and explain why you will not be able to review the paper. In your letter it would be helpful if you introduce another expert in the area who may be able to review the paper.

There are other circumstances when you should not accept an invitation. The most important of these is when you are invited to review a paper which conflicts with your interests or ethics. For example, if you have a rather similar article related to the topic which is under review by another journal, and this might bring you into a conflict of interests, you should write a letter back to the editor and explain the situation. Furthermore, if you are not able to finish a review on time you should inform the editor.

How to critically review a paper

If you accept a paper to review you should follow some guidelines. In the following I will give the details of a step by step practical guideline in the form of asking a number of questions, as follows:

Important questions which should be answered first:

1. Does the paper add something new to the existing knowledge base?

2. Does the paper lie within the scope of the journal?

3. Does the paper show any signs of plagiarism or duplicate publication?

If the answers to the first and second questions are positive and the third is negative then the review process should continue, with you asking the following questions in order:

Title

1. Did the authors select a comprehensive but concise title for the paper?

Abstract

1. Do the authors provide a standalone, comprehensive but concise abstract for the readers, which is in accordance with the format of the journal?

Introduction

1. Do the authors cover all the relevant previously published articles in a critical manner, to justify the necessity of their study?

2. Do the authors clearly refer to the aims of their study at the end of the Introduction section?

Material and Methods

1. Do the authors explain the details of their material and methods in a manner that is replicable by other scientists?

2. Do the authors justify their applied methods including the chosen type of their study, the sample population, the sample size, the validity and reliability of any measurements, the applied statistical methods, etc.?

Results

1. Do the authors clearly explain their findings based on their specified aims using the best available tools e.g. text, tables, graphs or maps?

Discussion

1. Do the authors compare their results with the previously published studies in a critical manner?

2. Do the authors consider the limitations of their study and its impact?

3. Do the authors advance future studies by providing some practical suggestions?

4. Do the authors clearly explain the public health or scientific implications of their findings?

Acknowledgements

1. Do the authors acknowledge any help that they received in approving, conducting and writing the results of their study?

References

1. Do the authors use the most relevant and up-to-date references?

2. Do the authors refer correctly to the references in the body of their paper and do they list references according to the format acceptable by the journal?

How to prepare a review report

After the detailed inspection of the paper, you should prepare a detailed report for the editor-in-chief or the associate editor. This report should consist of, at the very least, two sections. The first section includes your overall private and confidential reflection to editors and the second one includes your detailed reports for the authors. The final outcome of these two sections should be clearly categorized as either immediate acceptance or immediate rejection or revision, either with substantial or minor corrections.

One important issue that you should always consider is that the above two sections must be written down in accordance to each other. In other words your private and confidential report about the acceptability of the paper should be prepared in accordance with your detailed report for the authors. If in your detailed report you ask the authors for a few alterations then you should not ask the editors for a revision with substantial corrections, or vice-versa.

You should always remember that the paper you are reviewing is the exclusive possession of the authors. Therefore, you should not disclose it to others unless you want someone else e.g. your colleague, to help you in reviewing the paper. Under this circumstance you should first inform the editor who has sent the paper to you and in the case he/she accepts your request then you will be able to reveal the paper to your colleague.

Conclusion

Reviewing a paper before publication is an important task for scholars in various disciplines. In the area of health care this task becomes more important since articles which deal with human well-being are going to be published. For accepting and completing a precise review there are well-established rules and guidelines. You should only accept to review a paper which is in your area of expertise and not conflicting with your interests. After critically reviewing the paper, the reviewer should prepare a detailed and sound report for both editors and authors. This report should help the authors to understand the positives and negatives of their paper and the ways it can be improved. It should also help editors to make a decision as fair as possible in regard to the acceptability of the paper.

Some useful further reading

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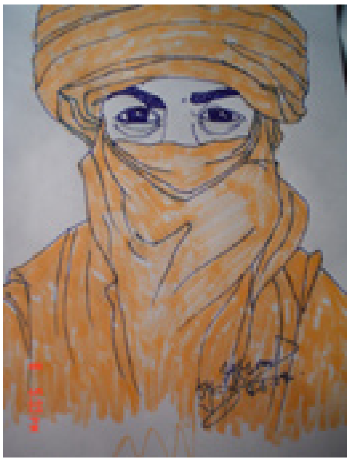
Art feature

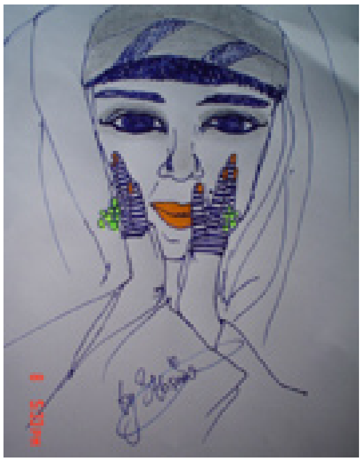
To celebrate the end of conflict in Libya we present some of the artwork of Libyan artist and medical doctor, Ebtisam Elghblawi.

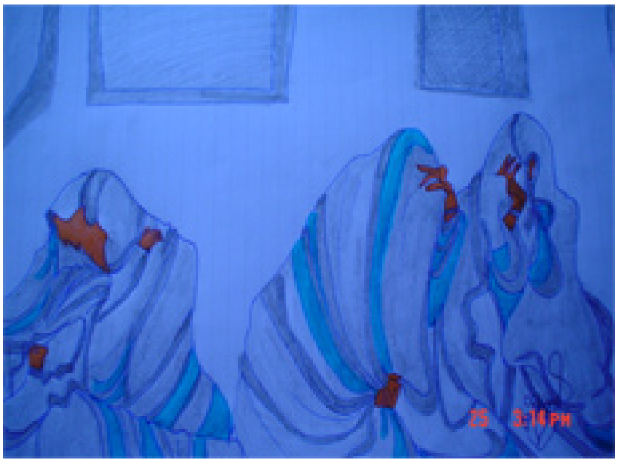
As a little girl growing up in Libya, Ebtisam wanted to one day be both a doctor. Her art skills did not require any training however, and were given to her, she says, by God.

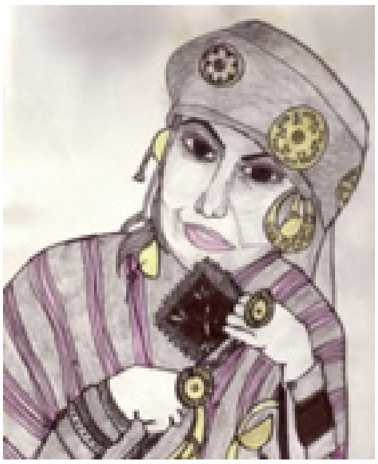
She has not only achieved both of those aims, she is also a prolific author in the medical field as well as devoting time to care of the environment as well as her patients.

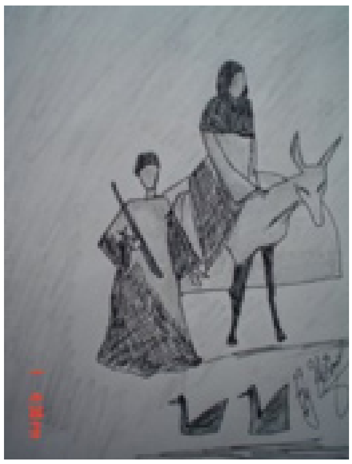
Ebtisam Elghblawi

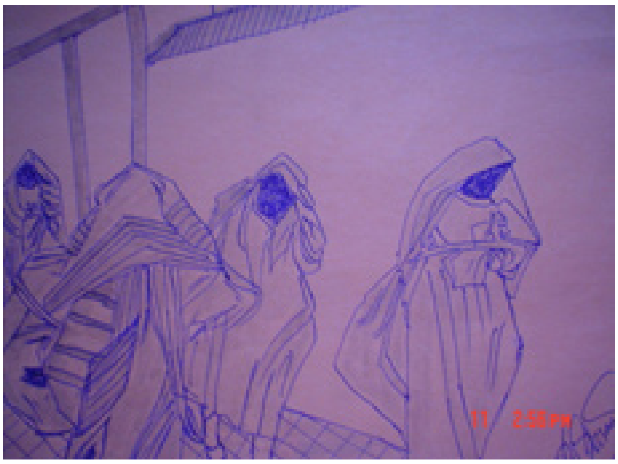


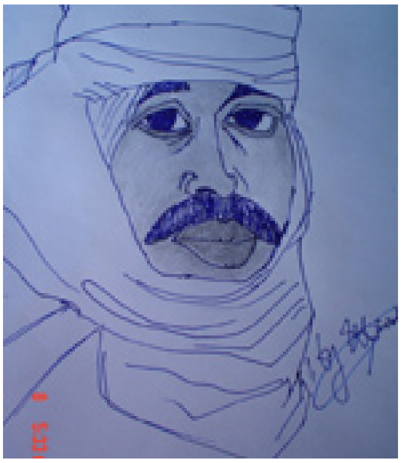












For more details on this art feature contact: lesleypocock@mediworld.com.au