Preface

Located at the intersection of Europe, Asia, and Africa, the Middle East and North Africa (MENA) together constitute a large, complex, and diverse region that accounts for approximately 6% of the world’s population. The countries that compose the MENA region are diverse in all of the basic outcome variables including size, geography, per capita GDP, natural resource endowments, role of the state in the economy, investment in human capital, role of women in the economy and the existence of democratic institutions.

Physically, the MENA form something of a north to west arc. Iran and Turkey and the divided island country of Cyprus comprise the northern tier. Southward are the Arab states of Lebanon, Jordan, Syria, Iraq, and the Jewish state of Israel. The southernmost boundary includes Saudi Arabia and the small Gulf states (Kuwait, Bahrain, Qatar, the United Arab Emirates) as well Oman and Yemen. Moving westward from the Saudi Arabian Peninsula, the North African states of Egypt and Sudan as well as Libya, Tunisia, Algeria, Morocco, and Western Sahara complete the region.

The MENA region is urbanizing quickly: in 1960, approximately 65% of the area was rural but by 2007 roughly the same percentage had become urban. It is also interesting to note that of all the world’s regions, the MENA region will have the highest share (53%) of its total population (381 million) living in coastal areas that are vulnerable to climate change. While the region loosely coheres around the broad similarities, there is also subregional divisions derive from very different histories, cultural systems, and political aspirations, each of which contribute to making the MENA an especially important and continuously evolving player on the world scene.

The MENA region is known as the “cradle of civilization,” the birthplace of the world’s three great monotheistic religions (Islam, Christianity, and Judaism), the most important commercial crossroads of the ancient world, and the base of several of the most sophisticated empires the world has ever known. At the turn of the twenty-first century, it also possesses enormous economic and political significance as the site of the lion’s share of the world’s petroleum reserves. The MENA region accounts for approximately 60% of the world’s oil reserves and 45% of the world’s natural gas reserves (van Esch et al., 2014). The region’s exporters account for roughly 40% of oil and 20% of natural gas traded internationally (Ratner & Nerurkar, 2011).

Western strategic interest in the Middle East remains as high as ever thanks to its energy riches and the global implications of its regional conflicts or major security issues such as the current conflict in Syria make MENA worthy of attention by scholars and practitioners alike. It is important to highlight that the MENA region is home to Islam which is currently the world’s fastest growing religion; thus, the political and economic environment of the MENA are very important for all even beyond its borders.

The political economy challenges the MENA region faces have, if anything, become more acute in the wake of the Arab uprisings. Since the onset of the 2011 Arab Spring, there has been widespread
instability in the region, with political protests, revolutions and, in several cases, escalation of violence taking place in several states in this region. After an easing in tensions in early 2014, the MENA region is again experiencing major—and increasing—security challenges. In addition, since mid-2014, it is also adjusting to the oil price drop. The plunge in oil prices is a particular challenge for oil-exporting countries, many of which also face severe security challenges (Iraq, Libya, and Yemen) or limited economic cushioning (Iran, Iraq). Policy makers face the challenges of adjusting to lower oil prices and coping with security risks in the short-run, and bolstering growth, employment, and fiscal positions in the long-run (Ohnsorge & Cosic, 2015).

The MENA region continues to face multiple and complex emergency situations on an unprecedented scale. This region is also one of origin, destination and transit of refugees and migrants. Many of those caught up in mixed migratory movements are victims of smuggling and trafficking as they face perilous journeys, notably by sea. The humanitarian situation in Syria remains extremely challenging. In the fourth year of the conflict, there are more than 3 million Syrian refugees in the region. Inside Syria, an estimated 10.8 million people are in need of humanitarian assistance, including some 6.5 million internally displaced people (IDPs). The security situation remains volatile, and humanitarian access is a continuing challenge (UNHCR, 2015).

The following pages include a variety of topics concerning this rather volatile region that should be of interest to academic and practitioners ranging from decentralization and the female labor market to health issues and education inequalities. While covering the following chapters, the reader should keep in mind several other facts related to the MENA region: 1) The education of women unlocks the economic potential of 50% of the population and helps close the spatial disparities in fertility which has contributed to the current spatial disparities; 2) As much as 86% of the MENA territory is more than three hours’ travel from a city of 0.5 million people; 3) The region’s lagging areas have a proximity advantage in that a total of 61% of its population lives within three hours of a major city.

Chapter 1 considers whether decentralization is likely to hurt or help national unity in “countries at risk.” The chapter begins with a literature review focusing on three particular questions: the size and number of nations; the determinants of decentralization; and, finally, and bearing most directly on the topic, the links between decentralization and political outcomes. The chapter next sets out in capsule form some of the very mixed stories of linkages between decentralization and national unity found in Europe and the Middle East and North Africa (MENA) region, before considering more closely the ongoing discussions of secession in three European countries – Belgium, Spain and the United Kingdom. The chapter concludes that the impact of decentralization on national unity is so complex and context-sensitive that no general answers to the initial question emerge.

Chapter 2 offers a thorough analysis of the internal conditions in the MENA countries on the eve of the Arab Spring, as well as causes and consequences of the Arab Revolutions. The chapter also offers an analysis of similar historical World System reconfigurations starting with the 16th century Reformation. The analysis is based on the theory developed by the authors of the periodical catch-ups experienced by the political component of the World System that tends to lag behind the World System economic component. This chapter offers results of this analysis together with a few forecasts that stem from it and suggests an explanation why the current catch-up of the World System political component started in the MENA region.

Chapter 3 discusses Israel and the Arab Spring from the viewpoint of an involved observer as the latter began in the winter of 2010. While many Israelis were focusing their attention in surprise and concern with what was occurring in the region around them in the summer of 2011 an “Israeli Spring” ap-
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The protesters were young Israelis belonging to the Israeli middle class. Their demands revolved around the slogan, “Let us live in our land.” However, similar to what happened in the Arab world, the Israeli protest subsided little by little. The hassles of daily life and security and foreign affairs concerns once more became the focus of the public’s attention, so the protesters’ hopes were dashed and Israel’s political, economic, and social order remained unshaken.

Chapter 4 compares women in the MENA region with women in Europe with women as to how globalization affects their conservatism and their labor market participation. Using micro data from the World Values Survey 1981-2014 from 80 countries, the chapter employs various indicators of globalization that reflect international trade and global flows of information. In pre-1994 Western Europe, economic globalization appears to weaken those conservative secular values that pertain to female employment, while all remaining secular-conservative values erode after 1994. The MENA region of today resembles pre-cold war Western Europe, with post-coldwar Western Europe possibly predicting changes to come in the MENA region. In the MENA region, women respond to intensifying economic globalization with deeper religiosity, possibly as a form of self-protection.

Chapter 5 investigates the relationship between economic growth and happiness in the MENA Region using an empirical analysis. Firstly, the region is investigated in terms of economic, social and demographic aspects. Secondly, the happiness phenomenon is taken, namely the Happy Planet Index. After a survey of the literature on happiness and economic growth, using the panel regression, the relationship is analyzed for 14 MENA countries for the period 2007-2013. Questions which will be discussed are thinking whether or not economic growth plays a major role in happiness and the relationship between economic growth and happiness.

Chapter 6 argues that health is an essential pillar of growth and that ensuring Universal Health Coverage is a key pre-requisite for equitable and inclusive development. MENA health systems are far from meeting this challenge because of clear developmental failures and lack of political will, not to mention wars. MENA health systems are currently fragmented, inefficient, and deficient, delivering often mediocre, urban centered, tertiary care. They exclude large swaths of the population, particularly the poor, resulting in persistent disparities and inequities. Because of privatization, the neglect of public health, and defective social protection, MENA citizens shoulder some of the highest financial burdens amongst developing regions, which worsen and deepen poverty. To meet its health challenges and achieve inclusive development, governments need to revamp their public health sectors, and play a more central role in protecting the poor and vulnerable. MENA must invest in health, equity and development.

Chapter 7 chapter examines education system and education development in MENA and compares the region to other selected region in the frame of human capital. It also focuses on issue of education quality and inequality. The results of the analysis show that the student participation is common with high enrollment rates and most governments in the region have announced large expenditures on education. Despite impressive gains in the participation of student in the different academic level and intensive public expenditures on education in the region, the MENA region suffers from many problems regarding education such as low efficiency, low quality, illiteracy and gender inequality, and low female labor force participation. As a result, MENA governments should improve education systems to focus on not only on increasing enrollments but also on improving the quality of education.

Chapter 8 analyzes the globalization process, particularly in the financial markets, as part of globalization overall. The chapter examines the positive and negative impacts of financial liberalization and attempts to determine the current structure and quality of financial markets in the MENA region. The aim of the chapter is to discover the main problems and to determine which reforms should be implemented
to achieve a strong financial system in the region. In addition, the chapter analyzes recent developments and regulations in the financial markets of the MENA countries. The last section contains some suggestions that may affect the success of MENA countries positively during the financial liberalization process and increase their economic achievements.

Chapter 9 offers an overview about the role of science, technology, and industrial policies in the MENA region. It analyses the theoretical foundations of these policies and their changes. In addition, an analysis about the determinants of the state of science, technology, and innovation in the MENA countries is explored. Thus, this chapter is an occasion to explore the role of the national system of innovation in these countries in facilitating the knowledge, skills, and innovation process, and to offer some ideas regarding the weaknesses, limitations and constraints of these countries in these areas. The two main emphases of this chapter are: the importance of an innovation infrastructure development and the crucial role that institutions play in pursuing these policies. Thus, undertaking a comparative analysis of the MENA countries in the areas of science, technology, and innovation is the goal of this chapter.

Chapter 10 examines the relationship between variables believed to have an effect on foreign direct investment (FDI) including volume of trade, Gross Domestic Product (GDP) growth rate, trade credit risk, and political stability. This study is specifically concerned with the 1981-2012 period in the MENA region. Another objective of the study is to determine whether economic factors are more influential than political factors on the FDI flow to MENA countries. In order to investigate long-term relationships between the variables, three cointegration analyses were used including Pedroni, Kao and Johansen, and Fisher. Coefficients were interpreted using the FMOLS and the DOLS methods. The Holtz-Eakin Causality Test was also applied. The analysis shows that the volume of trade was found to be the most important factor determining FDI. Economic factors were found to be more influential for FDI than political factors.

Chapter 11 addresses the rising debates on the Chinese approach to aid and investment in Africa. The chapter begins with discussion on the political economy of China and its motivations for investment in the continent. It is emphasized that China’s engagement in Africa has increased significantly not only because of the country’s rising competitive potential on the global stage, but also through alternative political discourses that are different from the traditional Western approach. The subsequent section discusses the bargaining process for investment opportunities and the allocation of associated risks between Chinese investors and the African governments. This section emphasizes largely on the mineral resource extraction because this sector is the main motive for the Chinese government to have influence in the continent. The last section highlights dilemmas of Chinese aid and investment in Africa and provides implications for managers and policy makers respectively.

Chapter 12 examines political and economic drivers of demographic transition and the moderating role of institutions, macroeconomic instability and oil rents dependency in the final effects of increasing working age population on economic development and internal conflict. Using panel data estimations for more than 100 countries from 1984 to 2012, the chapter finds that demographic transition may lead to demographic dividend only if the country enjoys good quality of economic and political institutions, a diversified economy and stable consumer prices. Otherwise demographic dividend is not guaranteed. By contrast, it may be expected a demographic curse. These results have important policy implications for the case of Iran which is expecting a significant transition in its population age structure since 1990s.

Chapter 13 takes the issue of talent management as an increasingly popular management approach and academic research field, yet it is understudied in non-western contexts. Understanding the issues of the management of talent is particularly important in the contexts of the UAE where important talent
shortages exist alongside high unemployment of Emirati nationals. The chapter offers a foundation for evidence-based talent management for governmental policy makers and for organizations in the public and private sectors. Particularly, the chapter suggests that focusing on empowerment and employment of Emirati talent is important but insufficient for organizations to tackle the complexity of talent. Legal and voluntary measures should focus on the current dynamics of talent locally and internationally in order to foresee the future of talent needs. This process is called future proofing which can help organizations to prepare for future talent challenges.

Chapter 14 reviews entrepreneurial education in Europe, MENA, and North America compared to the growing global giant of India. Measuring entrepreneurship education across national contexts is a relatively recent academic area. Scholarly study is vital for more multilevel entrepreneurship. Hitherto disciplines of psychology and economics have been dominating - so, to brace the framework at micro and macro level a balanced scholarship, based upon multiple frame ecology is needed. Hence an alternative viewpoint to research entrepreneurship education across national contexts is explored. Selected nations from global education and training scenario are analyzed in one framework. Construal limitations are identified by concentrating on one sample country. Limitations are explored using another framework. A balancing Funnel Model of Entrepreneurship Education Ecology is introduced to accommodate contrary findings of both frames. The model is put forward for further study. The chapter concludes by proposing further research avenues for mutual learning ecology by discussing the findings for comparison with India.

Chapter 15 completes the book by discussing cultural creative industries, the cultural capital human factor, and the role of contemporary art market in urban transformation focusing on two examples from MENA region: Turkey and the United Arab Emirates (UAE). The chapter argued that the competitive advantage of a country and its economic impact shifted to the city level where it is easier to construct a more focused identity for a “brand” using the soft factors. The chapter elaborates city related aspects like gentrification in order to identify different characteristics of different cities. Furthermore, it covers different kinds of cultural planning aspect using comparative analysis of the major cultural cities of Istanbul, Dubai, and Abu Dhabi.

The reader should be aware that many of these chapters were written by top experts in their respective fields. Of particular note are the Canadian professors Francois Vaillancourt from the University of Montreal and Richard T. Bird from the University of Toronto; the Russian academics Leonid Efimovich Grinin from the Volgograd Center for Social Research and Andrey Korotayev from Moscow State University and the Russian Academy of Sciences; Eyal Zisser from Tel Aviv University in Israel; Justina A.V. Fischer from University of Mannheim in Germany; Ebru Çağlayan Akay of Marmara University in Turkey; Wiloon Kittilaksananawong of Saitama University in Japan; Mohammad Reza Farzanegan of Philipps-University of Marburg in Germany; and the United Kingdom-based academics Joana Vassilopoulou from the University of Kent, Ahi Tatlı from Queen Mary University, and Mustafa Özbilgin from Brunel University. We thank all the contributors of this publication for their excellent work.

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ENDNOTES

1 While there is yet no standardized definition of the MENA region, the specific countries most commonly mentioned in the acronym include the following 19 nations: Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen. Broader definitions of MENA also include Armenia, Ajerbaijan, Cyprus, Djibouti, Georgia, Mauritania, Somalia, Sudan, and Turkey.

2 Of the 12 nations which comprise the Organization of the Petroleum Exporting Countries (OPEC), a total of eight MENA countries are included.