

# CYRUS CHRONICLE JOURNAL (CCJ):



*Contemporary Economic and Management Studies in Asia and Africa*



An imprint of the CYRUS Institute of Knowledge (CIK)



<http://www.cyrusik.org/>

**CYRUS CHRONICLE JOURNAL (CCJ):**  
**Contemporary Economic and Management Studies in Asia and Africa**

*The flagship journal of the CYRUS Institute of Knowledge*

**THE CYRUS CHRONICLE  
JOURNAL (CCJ)**

**Editorial Board**

Editor: Tagi Sagafi-nejad,  
Professor Emeritus,  
Loyola University Maryland, USA

Nancy Black Sagafi-nejad,  
Assistant Editor

**Editorial Advisory Board:**

Sousan Abadian, Ph.D., Massachusetts  
Institute of Technology, USA

Abdelwehab Alwehab, Ph.D.,  
University of Baghdad, Iraq

Nader Asgary, Ph.D.,  
Bentley University, USA

Reza Askari Moghadam, Ph.D., Tehran  
University, Iran

Bulent Aybar, Ph.D., Southern New  
Hampshire University, USA

Mohsen Bahmani-Oskooee, Editor,  
Journal of Economic Studies, The  
University of Wisconsin-Milwaukee,  
USA

Gabrielle Bedewi, Ph.D., Former  
Global Segmentation Leader, Nielsen,  
USA

Nada Nasr Bechwati, Ph.D.  
Bentley University, USA

Mansour Farahani, Ph.D.,  
Harvard University, USA

Farok Contractor, Ph.D.,  
Rutgers University, USA

Maling Ebrahimpour, Ph.D., University  
of South Florida, USA

Ahmad Etebari, Ph.D.,  
University of New Hampshire, USA

Hamidullah Farooqi, University of  
Kabul, Former Cabinet Member,  
Afghanistan

Bahram Grami, Ph.D.,  
Author and Editor, USA

Fariborz Ghadar, Ph. D.,  
Penn State University, USA

**Purpose:**

The CYRUS Institute of Knowledge (CIK) Journal is a refereed interdisciplinary journal. The editorial objective is to create opportunities for scholars and practitioners to share theoretical and applied knowledge. The subject fields are management sciences, economic development, sustainable growth, and related disciplines applicable to the Middle East, Central Asia (MENA) and North Africa. Being in transitional stages, these regions can greatly benefit from applied research relevant to their development. **CCJ** provides a platform for dissemination of high quality research about these regions. We welcome contributions from researchers in academia and practitioners in broadly defined areas of management sciences, economic development, and sustainable growth. The Journal's scope includes, but is not limited to, the following:

*Business Development and  
Governance*

*Entrepreneurship*

*Ethics and Social Responsibility*

*International Business and Cultural  
Issues*

*International Economics*

*International Finance*

*Innovation and Development*

*Institutions and Development*

*Leadership and Cultural Characteristics*

*Natural Resources and Sustainable  
Development*

*Organization and Cultural Issues*

*Strategy and Development*

*Women and Business Development*

Authors are responsible for the views expressed and the accuracy of the facts provided. Authors' opinions do not necessarily reflect the position of the CYRUS Institute of Knowledge, the Editor, or the Editorial Advisory Board of **CCJ**.

**Editorial Advisory Board Members:**

Professor Tagi Sagafi-nejad is the editor of **CCJ**. Dr. Sagafi-nejad is ex-editor of International Trade Journal, the author, in collaboration with John Dunning of The UN and Transnational Corporations: From Codes of Conduct to Global Compact, (2008) and "The Evolution of International Business Textbooks" (2014). He was the Radcliffe Killam Distinguished Professor of International Business, founding Director of the PhD Program in International Business, and Director and Center for the Study of Western Hemispheric Trade at Texas A&M International University (2003-2013). Dr. Sagafi-nejad is well-known internationally and has outstanding credentials to develop The Cyrus Chronicle into a high quality publication. He will be assisted by an editorial board consisting of distinguished members from world-class institutions of higher learning, practice and industry.

**Submission Process:**

We invite authors to submit their papers and case studies to [Editor@Cyrusik.org](mailto:Editor@Cyrusik.org). We will have a quick turn-around review process of less than two months. We intend to begin with two issues per year consisting of about 5-8 papers and case studies per issue. The first issue is being planned for the fall of 2015. A selected number of papers submitted to the CIK conference will be double-blind reviewed for inclusion in **THE CCJ**. We intend to have special issues on themes that are within the scope of Journal. Also, we will have invited guest issues.

Tarek Hatem, Ph.D., American  
University in Cairo, Egypt

Shahriar Khaksari, Ph.D.,  
Suffolk University, USA

Noomen Lahimer, Ph.D.,  
University of Carthage, Tunis

Tatiana Manolova, Ph.D.,  
Bentley University, USA

Farhang Niroomand, Ph.D., University  
of Houston, USA

Emerson Maccari, Ph.D. Uninove  
University, San Paulo, Brazil

Massood Samii, Ph.D., Southern New  
Hampshire University, USA

Jahangir Sultan, Ph.D.,  
Bentley University, USA

Alf H. Walle, Ph.D.,  
University of Alaska, USA

Joseph Weiss, Ph.D., Bentley  
University, USA

Willem-Jan van den Heuvel, Ph.D.,  
Tilburg University,  
The Netherlands

Constantine Vardavas, Harvard  
University, USA

### ***THE CCJ: An imprint of the CYRUS Institute of Knowledge (CIK)***

#### **Background:**

This is a historical time for the mentioned regions, and The Cyrus Chronicle intends to offer what is most urgently needed. There is no question that organizations and businesses that are capable of analyzing and applying advanced knowledge in management sciences and development are in high demand, and especially during transitional periods. It is an unusual time in the target regions and the world, a time which requires active intellectual participation and contributions. It is the era of revolution in terms of communication, technology and minds for billions of people. It is a time for intellectuals, entrepreneurs, and philanthropists to help enlighten minds and therefore enrich the quality of life for millions. It is a time to focus intensely on the regions' historical characteristics, achievements, human and natural resources, and its significant deficit in development, management sciences, and democracy. CIK's vision, "to cultivate the discourse on human capital potentials for better living," is the appropriate response to current challenges, and the journal is a platform for sharing the perspectives of scholars and practitioner with a wider audience.

CYRUS associates tend to have a foot in two worlds. First, most of the associates possess a wealth of intellectual and experiential knowledge which is enhanced by their active involvement in business, consulting and scholarly research and collegiate teaching. Second, some associates are sons and daughters of the affirmation regions and possess an ethnic identity, language skills, and the insights only embraced by insiders. Third, most of the CIK board of directors' members and associates are well-known scholars, members of editorial boards of journals, and even editors. CYRUS possesses depth, breadth, and a competitive edge to successfully manage chronicle.

CYRUS is committed to developing knowledge that positively contributes to the life of the world citizens, especially, the target regions. CIK is a charitable, educational, and scientific organization that has been in operation since 2011. It is a secular and nonpartisan organization that has many scholars and practitioner as member.

For more information on the Institute, please contact: [Editor@Cyrusik.org](mailto:Editor@Cyrusik.org); [Sagafinejad@loyola.edu](mailto:Sagafinejad@loyola.edu); [Nasgary@Cyrusik.org](mailto:Nasgary@Cyrusik.org). ***CYRUS Institute of Knowledge (CIK), Box 380003, Cambridge, MA 02238-0003, USA***

## **Editor's Introduction**

Welcome to the premier issue of *Cyrus Chronicle Journal (CCJ): Contemporary Economic and Management Studies in Asia and Africa*. The journal intends to cover scholarship pertaining to the two vibrant and rapidly growing continents, Asia and Africa. They tend to be either ignored or misunderstood; and there are limited outlets for scholars who work on these countries to share their scholarly outputs. Focusing on these two continents will help researchers from both developed countries as well as these two continents - which together account for the largest portion of the world population and growth. The CCJ intends to fill these gaps. An examination of our mission may shed some light on this question. The primary purpose of the journal is four-fold:

1. To share and promote knowledge of economic, management, and development issues facing countries of Asia and Africa. Focusing on assessment, evaluation, and possible solutions help advance countries in this two continent which has the largest world habitants. Development challenges are global; virtually every country faces problems concerning economic development, sustainability, food and water, population and environmental degradation. Yet no country gains by shunning opportunities that globalization can provide, with the possible exception of a few countries whose leaders lack a full understanding of the opportunities that globalization can offer. To take advantage of such opportunities, knowledge is the primary requisite. And this journal aspires to make a contribution to this body of knowledge.
2. To encourage the generation and dissemination of knowledge by local scholars whose access to mainstream academic outlets may be limited? We know many scholars from academic, public and private sector organizations whose first-hand knowledge of problems and solutions isn't being shared for lack of an appropriate outlet for dissemination. The CCJ may provide an opportunity for spreading such knowledge.
3. To focus on countries that span the northern band of Asia – from China to Turkey – to the northern tier of Africa, areas that have not previously been the subject of much attention. In the past these countries have tended to gain the attention of scholars and the media only in times of manmade or natural crises. But in fact, these nations have many challenges similar to those of others. They wrestle with shortages of food and water and the growth of population and pollution. Although they have educated their own citizens, especially in countries that had been under the shackles of dictatorship for decades, now they have become freer to express ideas in journals such as this.
4. Academic scholarship emanating from the region under the journal's coverage tend to get lost in the academic jungle where the pressure of "publish or perish" leaves behind the younger and less experienced members. This journal will give an opportunity to the scholars with first-hand knowledge of these areas to publish their research and thereby make important contributions to the management and development body of scholarship on which the journal will concentrate. We need to know more about these topics in countries such as Afghanistan, Kazakhstan and Tunisia as well as other countries covered by this journal. The CCJ will provide a platform for established as well as younger scholars who might collaborate with them in their research.

On the journal's operational side, we want to make the publication more accessible to a wide audience across the world, and so, consistent with the 21<sup>st</sup> century trend toward electronic media, we will publish this journal online. To maintain rigor and originality, articles submitted to the journal will undergo the standard blind review process. Reviewers' anonymous comments are shared with authors, as appropriate.

Submission guidelines and procedures are delineated on the journal's website <http://www.cyrusik.org/research/the-cyrus-chronicle/>.

As the first editor of the journal, I am pleased and proud to accept this challenge. I bring some experience; my first editorial assignment was as an undergraduate at then Pahlavi University in Shiraz, Iran, a top ranking institution in the region. A few students and I founded and published *Danesh-Pajouh* (knowledge seeker). In those days when freedom of expression was severely limited, we managed to publish one issue in March 1965 before the censors put a stop to the enterprise.

Years later, while directing a doctoral program in international business in Texas in the early 2000s, I also was the co-editor - and eventually editor - of the *International Trade Journal* (ITJ) until my retirement in 2013. Under my leadership *ITJ* acceptance fell below 10%.

As editor of the *CCJ*, I hope to accomplish the goals of the journal elucidated above. In the premier issue, we have already reached a threshold of about 20% in acceptance. Still, *CCJ* needs your support and so I ask for your help in the following ways:

1. Contribute articles;
2. Encourage your colleagues to do the same;
3. Spread the word, especially in countries where *CCJ* can be most effective;
4. Cite the articles published in this journal in your own research when applicable;
5. Attend the annual conferences of the CIK (<http://www.Cyrusik.org>) that serve as a spawning ground for articles that may ultimately be published in this journal;
6. Give us your feedback by telling us how we can further promote and improve the journal?

Welcome and thank you.

Tagi Sagafi-nejad, Editor

# Role of Institutions in Sustainable and Socially Equitable Development\*

**Nader H. Asgary**

Cyrus Institute of Knowledge, President  
Professor of Management and Economics,  
Bentley University, Waltham, MA 02452, USA

## INTRODUCTION

The objective of this brief communication is to start a conversation about critical role that institutions play for sustainable development and how each of us as can assist with the development and nurturing of institutions. Our goal is to nurture equitable and sustainable economic and social development. There is so much to be done, especially when change triggers violence and tension among those who feel threatened by progress. Cyrus Institute of Knowledge (CIK) offers positive and constructive alternatives to such horrific and counterproductive responses. CIK is an educational and scientific secular and nonpartisan institute, dedicated to peace, cooperation, harmony, and nonviolence. CIK's mission and values are shown in the banners put up in this conference. While here I touch upon a few issues, there are interesting papers in the conference which will analyze many issues in-depth.

\*Presented at CIK Conference, Harvard University, April 24-26, 2015.

## WHAT ARE INSTITUTIONS?

Social institutions contribute to the problems faced as well as their solutions. This is true because institutions provide the rules and guidelines that people live by. As we know, different beliefs, traditions, and ways of life often conflict with each other in ways that lead to tension, misunderstanding, and even violence. In the United States during the 1960s, for example, the rival institutions of racial segregation and integration opposed each other. The conflict

between rival institutions, however, emerged as the catalyst for positive change.

Strategies of response are also powerful institutions. Nonviolent methods for advancing social, economic, and legal equity (as developed by leaders such as Henry David Thoreau, Gandhi, Martin Luther King, and Nelson Mandela) are embraced by millions of people. Unfortunately, an opposite institution based upon violence, intimidation, and social tension also exists. In many parts of the world (including the Middle East, North Africa, and Central Asia) these two institutions compete for the loyalty of the people.

Lin and Neugent (1995) defined institutions as "A set of *humanly devised behavioral* rules that govern and shape the interaction of human beings, in part by helping them to form expectations of what other people will do." The emphasis is on "humanly devised behavioral rules" and "form expectations of what other people will do." Thus institutions are the rules of the game that shape human interaction. An expanded view recognizes that institutions "are systems of established and prevalent social rules that structure social interactions [including] Language, money, law, systems of weights and measures, table manners, and firms..." (Hodgson, 2006). Although some scholars offer more complex views of social institutions, (Aoki 2001; Crawford and Ostrom 1995), focusing upon rules will suffice for this short discussion.

Overt and/or covert rules often exert multiple impacts and become controversial as a result. The United Nations Millennium Development Goals, for example, encourages social institutions that are designed to eliminate crushing poverty worldwide. Although doing so is not controversial, certain tactics can trigger hostile responses. Advocating educational opportunities for girls, for example, can be threatening to those who adhere to a strict division of the sexes and tightly defined vocational options that are based upon gender. The resulting tension has resulted in violence, including the attempt by the Taliban to

murder Malala Yousafzai because she was a strong advocate for women's rights.

The kidnapping of school girls in order to turn them into concubines and wives for traditional men is another horrific example of proponents of one institution (a hyper traditional culture) violently opposing its rival (social change).

Dani Rodrik (2008) in *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth* affirms that institutions provide the rules that coordinate people, communities, and organizations. Institutions can also create regulations and/or checks and balances that encourage fairness. In this way, institutions can foster stability and sustainability.

Rodrik stated that markets need institutions because they are not self-correcting, self-regulating, self-stabilizing, or self-legitimizing. Therefore, institutions are needed to set some rules. And the market institutions are embedded in a set of nonmarket institutions; he asked questions such as "do institutions matter? If yes, which institutions matter? Here are some of them that he has highlighted:

1. Provide "rules of the game" of economic life such as property rights which is underpinning of a market economy.
2. Improve coordination within and across citizens, communities, organizations; having clearer expectations of what other people will do.
3. Restrict coercive, fraudulent and anti-competitive behavior; by creating regulations; through checks and balances within a democratic process.
4. Provide access to opportunities for the broad population.
5. Constrain the power of elites and managing conflict.
6. Provide social insurance such as health benefits and unemployment benefits.
7. Provide predictable macroeconomic stability such as implementing monetary and fiscal policy that at its core aims sustainable economic growth.

All democratic societies have addressed most aspects of the above fundamental institutions

to different degrees. The challenge is for developing countries to develop and gets buy in from stakeholders in implementing these institutions. By merging these institutional factors into the concept of development, we shall evolve with fundamental aspects of sustainable development and civil society. The big problem, as we saw above, however, is the fact that different institutions often compete. How can positive cooperation exist in such an arena? The point is that as long as people are creative and cooperative, modern business methods can be adjusted to mesh with a wide variety of social, ethical, and beliefs institutions.

### UNIVERSAL PERSPECTIVES

According to 1998 Nobel prize winner, Amartya Sen, freedom means the removal of major sources of poverty, discrimination and inequalities and other public or private discrimination. He states that positive social and economic development is accelerated by the promotion of human rights such as freedom of the press, freedom of speech, and the right to assemble because these rights foster honesty in governmental institutions. Malcolm Gladwell, who is the author of bestselling books such as *David and Goliath*, *Tipping Point*, *Blink*, *Outliers*, and other manuscripts recent argued that "People will obey authority when people feel that authority is acting legitimately," and when you increase penalties, you undermine the legitimacy of the system.

Ultimately, social institutions are the backbones of democracy and the social equity upon which it is based. The creation of fair, balanced, and transparent economic opportunities for all citizens, furthermore, encourages the establishment of a balanced and thriving society and institutions ensure its sustainability.

### THE REGIONS AND THEIR CHALLENGES.

The Middle East, North Africa, and Central Asian faces a wealth of issues that hold progress back. In a (2013) World Bank report under the title of "Regional Economic Integration in the Middle East and North Africa" Mustapha Rouis and Steven Tabor (2013) reported that.

1. The MENA region has 5.5% of the world's population, but only has 3.9% of the world's GDP.

2. People in the region want to work, but institutional barriers prevent it. This has resulted in a crippling regional brain drain.

The United Nations refugee agency, UNHCR, reported recently that out of the 51.2 million people displaced by 2014, half of them are children, many of whom were caught up in conflicts or harassments, the highest figure of displaced people since World War II. This is a tragedy and its consequences will be felt for generations.

3. Economic activities are not adequately diversified with oil production dominating,

4. Institutionalized constraints on economic competitiveness is a fundamental problem (World Bank 2013).

The following problems and challenges are recognized and require serious attention:

1. High unemployment rates,
2. Low female labor force participation rates,
3. Low levels of private sector development,
4. Weak public sector and corporate governance,
5. Bloated and inefficient public sectors,
6. Pervasive corruption,
7. Weak and limited infrastructures,
8. Low entrepreneurial activities (O'Sullivan and Galvez 2012)

In this regard, O'Sullivan and Mendez (2012), Jeffrey Sachs (2004) and others suggest that strategies to promote inclusive economic growth and employment should be embraced. They propose:

1. Improving governance, transparency, rule of law, accountability, and citizen participation in economic life,
2. Increasing social and economic inclusion,
3. Supporting private sector, particularly SMEs and entrepreneurial activities aiding job creation, and developing human capital.
4. Fostering regional and global integration to reap the benefits of globalization.

These strategies must rely upon strong social and economic institutions that are supported by a strong and educated workforce. These institutions ultimately set the "rules of the games" that lead to sustainable development and is our generation challenge and responsibility.

## AN ENVIRONMENT FOR CHANGE

In the Middle East, North Africa, and Central Asia, people are demanding rights, dignity, social equity, and respect. The biggest challenge facing moderate citizens is the lack of fully functioning democracies. The missing link, furthermore, is education and that is where CIK is aiming to advance. Although this region possesses enormous natural resources, most of its countries rank towards the bottom on human development indexes. To make matters worse, their competitiveness is undercut by a *chronic brain drain*.

Joseph Nye, Harvard University Professor, states that in the Middle East, "you're seeing religious divisions, state divisions, and non-state groups all battling. And essentially, in that kind of a situation, there's going to be a lot of fluidity in terms of what alliances - temporary coalitions are going to happen...[the United States] is not going to be able to run that any more... And it takes two or three decades for these things to work themselves through. So will we be involved with one group and then another group and the enemy of my enemy and so forth? I think yes." (CNN-Freed Zakaria, GPS, 3/8/15).

Unfortunately, the future of the region is uncertain because members of the younger generations demand a better quality of life, dignity, and a more representative form of government. Achieving these goals will take time and needs education and institutions building.

Above assessment, what we hear on the news, and what is truly happening in the regions are sad and depressing; it is beyond words to explain it. At least, there are two opposite responses, a) hear the daily depressing news and move on with our personal life, b) articulate and initiated activities that can have a positive impact on the event, as least in the long -run. Our aim at CIK is the latter.

## SUMMARY

Social and economic development that is accepted by insiders and outsiders alike must be based on practical principles along with a culturally competent focus. The CIK is poised to provide leadership in both regards. The CIK mission involves nurturing and supporting



scholars, visionaries, and practitioners so they can contribute to the regions in positive and constructive ways that benefit all.

CIK seeks “Win-Win” situations, not a “Zero-Sum Game”. By offering equitable and culturally sensitive options, tensions can be more effectively abated and true progress can be given the best chance of success. CIK is in a unique position to accept a leadership role in this regard which summed up as “advancement of human capital”.

Those of us who are here today believe, act, and represent progressive views regarding human rights, personal dignity, and equal opportunities. We are equally respectful of local cultures and traditions as well as the social equity they deserve. This culturally competence, coupled with business, economic, and social expertise, provide CIK with a unique ability to help strengthen regional institutions in equitable and productive ways. I look forward to working with you in this regard. Thank you!