

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/>

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The flagship journal of the CYRUS Institute of Knowledge

THE CYRUS CHRONICLE JOURNAL (CCJ)

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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 emerging economies in Asia, Africa, and other emerging economies. 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

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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.

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He will be assisted by an editorial board consisting of Tarek Hatem, Ph.D., American University in Cairo, Egypt

We invite authors to submit their papers and case studies to 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.

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.

Editor's Introduction

Since inception in 2012, the Cyrus Institute of Knowledge has held five annual meetings. Last year we published the first volume of *Cyrus Chronicle Journal (CCJ): Contemporary Economic and Management Studies in Asia and Africa* in conjunction with the 2016 annual conference.

CYRUS Institute of Knowledge (CIK) had two successful international conferences. Between the CIK March 2016 conference at the American University of Cairo and the April 2017 at MIT, we have received more than 120 abstracts and 30 full papers. Papers, abstracts, and presentations have come from all continents and more than 40 countries and more than 50 institutions of higher education and organizations. Please see CIK website for detail information in this regard.

The acceptance rate for this issue is less than 20% considering many papers that were submitted for review and full papers for the conference. Two papers in this issue are invited. These articles, one by Professor Ghadar and another by Professor Contractor, two eminent international scholars, whose insight will enhance the quality of CCJ and give it the prominence it seeks. Our aim is to publish the highest quality papers that pass through multiple review process. CIK colleagues and conference participants have proposed and suggested special issues of the journal which is based on core topics (i.e., entrepreneurship, innovation, ethics, and sustainable development) and/or country specific. Therefore, we welcome your articles which meet these characteristics. We already have several papers about Iran.

Now we welcome you to the second issue (CCJ.V2). The journal intends to cover scholarship pertaining to emerging economies in Asia, Africa, and other emerging economies. Scholarship dealing with these regions tend to be either ignored or misunderstood, and there are limited outlets for scholars who work in 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 and other emerging markets. Focusing on assessment, evaluation, and possible solutions help advance countries in this which has the largest world habitats. 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 man-made 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, Morocco 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.

In this second issue of the *Cyrus Chronic Journal*, we include six articles and four book reviews. Scholarly articles, from established scholars and policymakers, cover the gamut from US-China relations and anomie and dysfunction in the Middle East to direct investment in the MENA countries, inclusive business in supply chain and, finally, barriers that Western educational entrepreneurs face in pursuit of educational initiatives. In addition, we included reviews of four books each of which is timely in coverage and penetrating in their analysis. We will continue to bring you book reviews as part of our mission to advance knowledge.

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 21st-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 the 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.

Energy Efficiency and Environmental Sustainability

Fariborz Ghadar¹

Over time, the world has insatiably required more energy, and companies have continuously increased production to meet that need. Now that the environmental sustainability of this pattern has been called into question, a joint effort by all stakeholders is necessary to address carbon concerns in the context of an ever-increasing global energy demand. The development of nonfossil, renewable fuels is an important aspect of the sustainability solution, but right now, the most critical concern must be efficiency.

BP's 2016 Energy Outlook posits a "most likely" scenario in which global GDP more than doubles. This growth in the world economy means a greater demand for energy, driven primarily by population and income; between 2014 and 2035, energy consumption is projected to increase by 34%. Emerging economies, particularly China and India, will account for the bulk of additional energy consumed, primarily in the industry and transport sectors.¹

The global appetite for electricity is expected to raise demand 70% by 2040.² while renewable energy is expected to expand, fossil fuels will continue to be a mainstay of the energy industry, especially when it comes to generating electrical power. Since all fuels compete in the powergeneration market, that sector plays a key role in determining the global fuel balance. By 2035, both natural gas and renewable (non-fossil) fuels are expected to grow rapidly. Oil is projected to increase steadily, though its overall share in the energy sector will decline, and coal is anticipated to slow sharply, hitting an all-time low as a primary energy source.³

Just as electrical power generation drives energy demand, especially in emerging economies, so too does the expanding vehicle fleet. Globally, the number of commercial vehicles and passenger cars is projected to double—from approximately 1.2 billion in 2014 to 2.4 billion by 2035. The bulk of this expansion will occur in developing countries since mature markets are already close to saturation in terms of vehicle ownership.⁴

Increased fossil fuel consumption translates to increased carbon emissions, but thanks to more rapid efficiency gains and a broader range of fuels in use, those increases are not directly proportional. The growth rate of carbon emissions over the next 20 years is expected to halve as compared to the past 20 years; still, the International Energy Agency predicts that carbon emissions will increase 16% by 2040, a rate inconsistent with the goal of limiting the Earth's temperature increase to two degrees Celsius.⁵

In a special report released in June 2015, the IEA outlined a five-point Bridge Scenario geared toward lessening greenhouse gas emissions. Of the five objectives, the first two focused on improving efficiency in the industry, buildings, and transport sectors and phasing out inefficient coal-fired power plants.⁶ Compared to the Intended Nationally Determined Contributions (INDC) scenario, under which countries submitted individual pledges to reduce greenhouse gas emissions, the Bridge Scenario is projected to result in 13% fewer greenhouse gas emissions by 2030. A remarkable 49% of that reduction—the largest portion of it—is the result of improved energy efficiency.⁷ The IEA notes, "Energy efficiency plays a critical role in limiting world energy demand growth to one-third by 2040, while the global economy grows by 150%,"⁸ emphasizing that environmental sustainability is not antithetical to economic expansion.

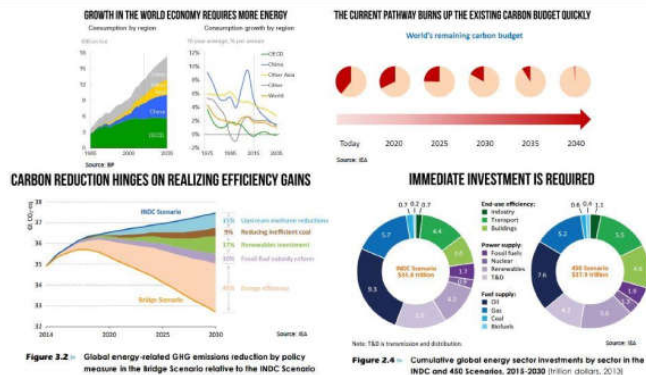
Improving the efficiency of electricity on both ends—how it is generated and how it is consumed—stands to vastly reduce carbon pollution. Upstream, power plants are the single largest source of carbon emissions, accounting for 31% of the greenhouse gases released in the U.S. The Clean Power Plan, announced by President Obama and the EPA in August 2015, aims to cut emissions by 870 million tons by 2030, a level 32% lower than in 2005 and equivalent to the annual electricity usage of all U.S. households.⁹ Downstream, U.S. households typically emit 14,920 pounds of carbon per year through electricity use.¹⁰ Over their lifetime, ENERGY STAR rated appliances, lighting, heating and cooling equipment, electronics, and office equipment can cut a household's greenhouse gas emissions by 130,000 pounds and save \$11,000 on energy bills.¹¹ In 2014 alone, Motor vehicles

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account for almost 25% of U.S. carbon emissions each year, so increasing their efficiency is yet another key measure in slowing the progress of global warming.¹³

BALANCING ENERGY DEMAND AND CARBON DIOXIDE EMISSIONS



The coming decades serve as an inflection point for international policy regulators. The world economy will continue to grow. Demand for more energy will grow alongside global GDP. The time is now to act on limiting carbon emissions. While renewables will continue to grow, they will not be able to offset enough CO₂ emissions in order to keep global temperatures within two degrees Celsius. The bulk of reductions in CO₂ reductions must come from realizing efficiency gains in both the production and consumption of energy. Realizing substantial gains in efficiency will require immediate and significant investment paired with higher levels of collaboration among industry, government and society at large.

DR. FARIBORZ GHADAR WILLIAM A. SCHREYER PROFESSOR OF GLOBAL MANAGEMENT POLICIES AND PLANNING
FOUNDING DIRECTOR, THE CENTER FOR GLOBAL BUSINESS STUDIES

The EPA and NHTSA have proposed fuel efficiency standards that would lower carbon emissions by approximately 1 billion metric tons, slash fuel costs by about \$170 billion, and reduce oil consumption by up to 1.8 billion barrels over the lifetime of the vehicles sold in the program. According to a joint press release, “These reductions are nearly equal to the greenhouse gas emissions associated with energy use by all U.S. residences in one year.”¹⁴ On an individual level, the average vehicle emits roughly 5 to 8 tons of carbon dioxide per year. Simply switching from a car that gets 20 MPG to one that gets 25 MPG can lessen carbon emissions by 10 tons over the life of the vehicle, cutting more than a year’s worth of greenhouse gases.¹⁵ The mounting global demand for energy coupled with a continued, albeit more gradual, rise in carbon emissions poses a pressing challenge to industry, policy makers, and consumers alike. The global population is continuing to grow, electrification is expanding further across the world, vehicle ownership is doubling, and fossil fuels are not going anywhere. Being responsible stewards of both the economy and the environment means recognizing the reality of the world’s reliance on traditional energy sources and promoting the technologies that will make those energy sources more sustainable over the long term. Prioritizing efficiency plays a crucial role in accomplishing this goal.

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