WJEMSD

WASD
WORLD ASSOCIATION FOR SUSTAINABLE DEVELOPMENT

World Journal of
ENTREPRENEURSHIP, MANAGEMENT
AND SUSTAINABLE DEVELOPMENT

ISSN: 2042-5961 (Print) | 2042-597X (Online)

WJEMSD V18 N6 2022

OPEN ACCESS

DOI: 10.47556/J.WJEMSD.18.6.2022.5

RESEARCH PAPER

Financial Diversification and Implications of Growth Reviewing MENA Economic Policies

Dr Faleh Alrashidi
The Public Authority for Applied Education and Training (PAAET)
Kuwait
Email: fm.alrashidi@paaet.edu.kw

Dr Randa Diab-Bahman
Kuwait Technical College (KTECH)
Kuwait
Email: randadiab5@gmail.com

Dr Abrar Al-Enzi
Gulf University for Science & Technology (GUST)
Kuwait
Email: alenzi.a@gust.edu.kw

ABSTRACT

PURPOSE: This paper analyses the scope and need for financial diversification in the Arab region and shows the current challenges and plans for countries to diversify.

METHODOLOGY: The paper reviews current policies and obstacles that may implicate the process of diversification, re-iterates the benefits of doing so in both the short and long term and the need to consider economic diversity for sustainability.

IMPLICATIONS: As oil and gas prices fluctuate and shrink in the global markets and the remaining resources are depleted, relying on other sectors has become the vision for MENA countries' progress. Some have accepted the challenges and invested in developing their infrastructure and other parts of their economies, while others in the region are yet to take action. This research will aid in developing efficient policies aligned with global indices.

LIMITATIONS: The research used pre-existing information from multiple sources and did not have access to uniform comparisons between countries selected.

CITATION: Alrashidi, F., Diab-Bahman, R., Al-Enzi, A. (2022): Financial Diversification and Implications of Growth Reviewing MENA Economic Policies. *World Journal of Entrepreneurship, Management and Sustainable Development*, Vol. 18, No. 6, pp. 761–776.

RECEIVED: 26 July 2021 / **REVISED:** 10 September 2021 / **ACCEPTED:** 20 September 2021 / **PUBLISHED:** 10 January 2023

FINDINGS: The paper concludes with recommendations for policy-makers to consider for a positive trajectory in financial diversification and overall economic growth.

KEYWORDS: *Financial Diversification; MENA; GCC; Policy; Economic Development; Sustainable Development*

INTRODUCTION

According to International Monetary Fund (2019) projections, the Arab region would expand by 3.4% in 2018 and 3.7% in 2019, showing growth up from 2.6% in 2017. As seen in Figure 1, the high growth trend in the Asian region, and in India and China, will act as the catalyst for establishing new economic ties and entering into Free Trade Agreements (FTAs) between the Arab World and these giant markets. Even today, India imports 50% of its oil supply from the MENA region (Vivoda, 2019). Growth trends will further urge macro-economic, financial, and infrastructural improvements, as well as labour market efficiency. ICT progress has encouraged the emergence of the tech-savvy young middle class that will become the main potential for the new rise of the region.

Due to COVID-19, financial diversification has become a necessity for the Arab world; the deep-rooted and continual dependence of the Arab region on oil cannot continue. Oil is no longer the liquid gold; in fact, it is a liability with lack of storage and continued lockdowns that prevent any growth in demand.

Figure 1: World GDP Growth Forecasts 2019

Source: Focus Economics, 2020

METHODOLOGY

Multiple sources will be used to compare pre-existing data of several countries throughout the MENA region. The aim is to scan the region for best-practice approaches in terms of policy and economic strategies that may be impactful on growth. The paper is exploratory in that it scans the region and gives relative comparisons using global indices. Financial diversification faces huge difficulties across the region as most MENA nations experience the ill effects of fragile organisations, absence of coordination between strategy-making and strategy execution, incompetent private sectors, absence of development and restricted investment in R&D, inefficient legal and administrative frameworks, and absence of responsibility and transparency (Mishrif and Balushi, 2018).

LITERATURE REVIEW

A critical amount of literature has investigated GCC economic diversification from various points of view (Luciani, 2013). Economic diversification means the method involved with lessening the reliance on a single source of yield, pay, employment, and government incomes, etc. It additionally involves diminishing the reliance on an homogeneous case of export merchandise. Diversification includes fostering a more powerful scope of areas and provides diverse range of products and services (Malik and Masood, 2020). It plays a critical part in supporting nations' long-term financial development and improvement (Malik and Masood, 2020). Diversified economies can perform better than those nations that have specialised in the exports of essential products (Gelb, 2010). It assists with keeping up with and additionally making international competitiveness in the economy. A noticeable benefit of economic diversification is that it helps in making a strong economy ready to lessen the probability of occurrences of business fluctuations.

In this manner, the aim of economic diversification is not just to limit the adverse consequence of oil price fluctuations; it is also a requirement since an expanded economy will, in general, be steadier and have the ability to create occupations, while being less susceptible to the win and fail pattern of oil and gas costs (Malik and Masood, 2020). Such requirements have put diversification at the actual centre of financial improvement systems and planning since the mid-1990s (Fasano-Filho and Iqbal, 2003). This is unmistakably obvious in the public vision, where each GCC country focuses on the significance of advancing business ventures, supporting and expanding private sector jobs in the economic advancement measures. For example, evidence of diversification might be found in the decrease of oil and gas shares in GDP from 41% in 2000 to 33% in 2013 (IIF, 2014) and increase in spending on industrial infrastructure. UAE's spending increased by more than 400% (Davidson, 2011). This is additionally clear in the increased share in GDP of the services and financial areas, and the investments in education, medical services, water, transportation, the travel industry, and other non-hydrocarbon areas.

Previous studies have also shown that severe execution issues in the education, employment and trade sectors, as well as key deficiencies in the GCC financial construction, contrarily influence economic diversification (Coury and Dave, 2010). What remains significant here is not whether diversification will succeed or fail, but how GCC nations will address the primary challenges of diversification. Some challenges that need to be dealt with by the countries in the Arab region include:

World Demand for Resources

The entire world is concerned about the ecological issues associated with climate change and is in the process of a shift to renewable energy sources such as solar and wind energy from the fossil fuels used in the last two centuries. This change will obviously bring down the consumption and demand for oil that is estimated to decrease by 40% in the coming five years; this includes the demand from India and the rest of the world (Figure 2). The final nail in the coffin came with the COVID-19 pandemic (Deloitte, 2020). The demand for oil completely dried up, contracting by over 30% compared to pre-pandemic levels. Due to the COVID-19 pandemic and its enforced lockdowns, no one is driving, flying, or doing the activities that require oil and other natural resources. The world is left awash with oil with little demand and insufficient storage capacity, with US oil prices dropping below zero for the first time in history. Consequently, the MENA region should be well prepared to shift its focus to goods and services that are more in demand in the global value chain.

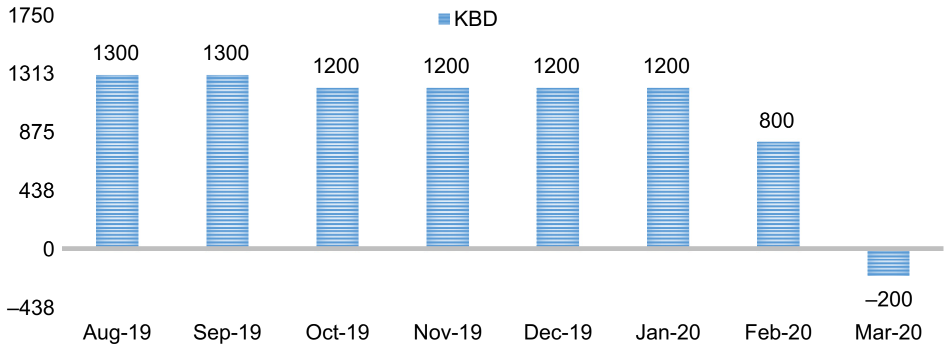

Figure 2: Global Oil Demand in 2020

Source: International Energy Agency, 2020

Economic Consequences of the COVID-19 Pandemic

In the current scenario, the most significant obstacle to overcome for the Arab region and for the entire world is COVID-19. The global pandemic has shaken the roots of every nation's economies, big or small, causing all financial projections to collapse. The Arab region is expected to lose over US$42 billion of its GDP, in addition to heavy losses in capital markets (ILO, 2020b).

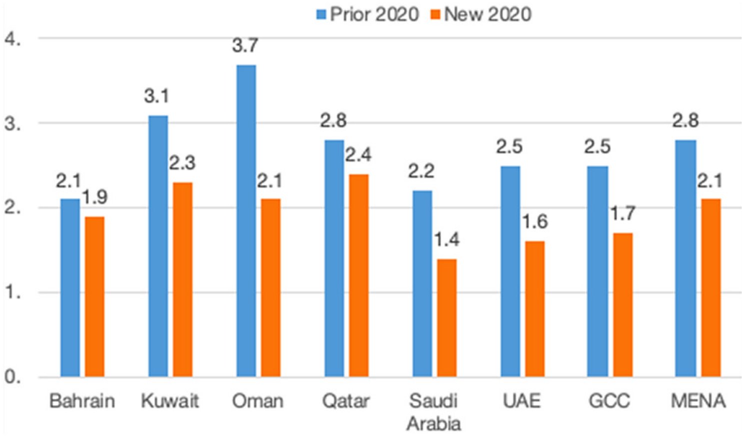

Figure 3: GCC and MENA Regional Real GDP Growth in 2020 (%)

Source: MUFG, 2020

The graph in Figure 3 depicts a sharp reduction in the expected GDP growth of the GCC and MENA regions pre- and post-COVID. The growth in GDP was predicted to be 2.8% for the MENA region, while post-pandemic, the forecast has dropped from 25% to 21% (MUFG, 2020). The impact on the global economy and GDP will be comparable to the Great Recession of 2008 when global GDP shrunk by over 2% and contracted by more than 11% for the Arab region. Figure 4 below shows the projected contraction in the MENA countries due to the COVID-19 pandemic.

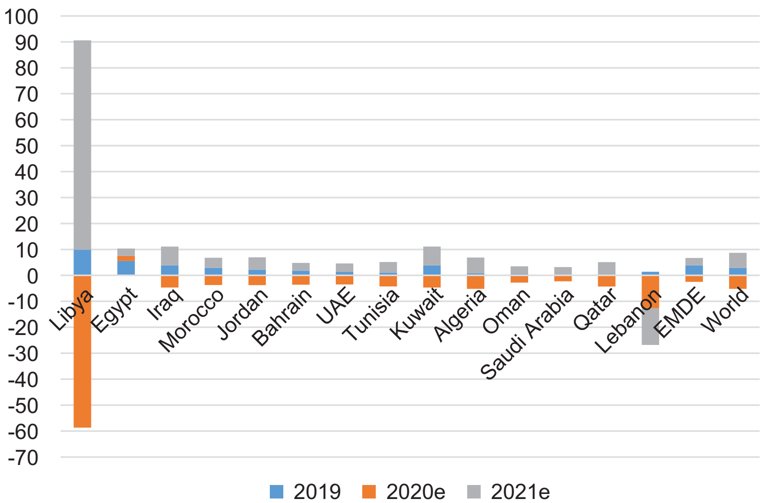

Figure 4: GDP in Select MENA Countries

Source: OECD, 2020

Plunge in Oil Prices

Due to the COVID-19 pandemic, oil is no longer the ever-dependable commodity that it was. The primary reason for the shocking downward movement is the evaporation of demand for oil for the first time in the history of the world. The situation is aggravated by the rising supply of oil and accompanying shortage of storage facilities. The negative prices of US oil indicate the severity of the crisis, Figure 5.

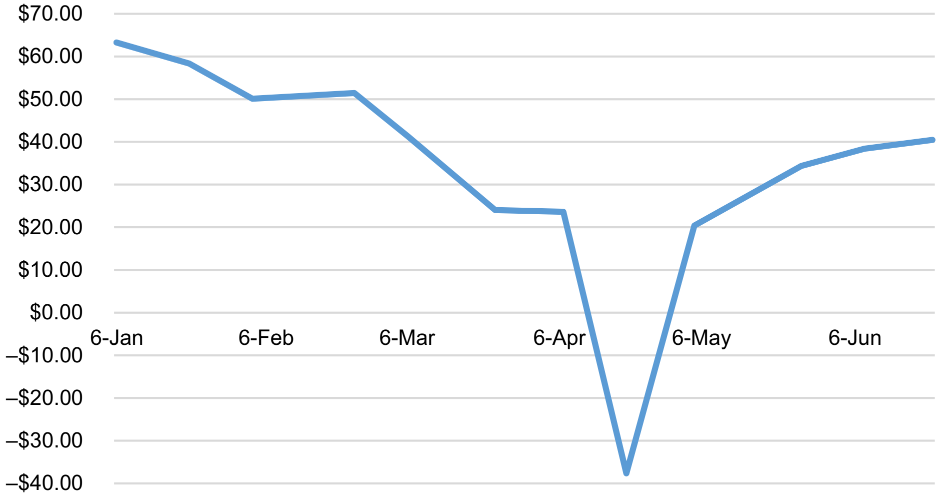

Figure 5: US Oil Price Crash

Source: Sky News, 2020

The sub-zero plunge of oil prices has put the global oil markets under immense pressure and the Arab region cannot remain unaffected by the long-lasting consequences. Additionally, price volatility will also remain exceptionally high in the coming months due to the uncertainty associated with the pandemic.

Collapse of SMEs

Small and medium-sized enterprises (SMEs) constitute about 90% of the businesses in the Arab region (Elasrag, 2012). They are the cornerstone of the countries' economies in the GCC and MENA regions, and provide well-maintained and inclusive growth for the entire economy. With international relations affected by the COVID-19 pandemic, and large corporations suffering due to their higher inertia and lower responsiveness, it is this sector that is expected to help the Arab world in its response (see Figure 6).

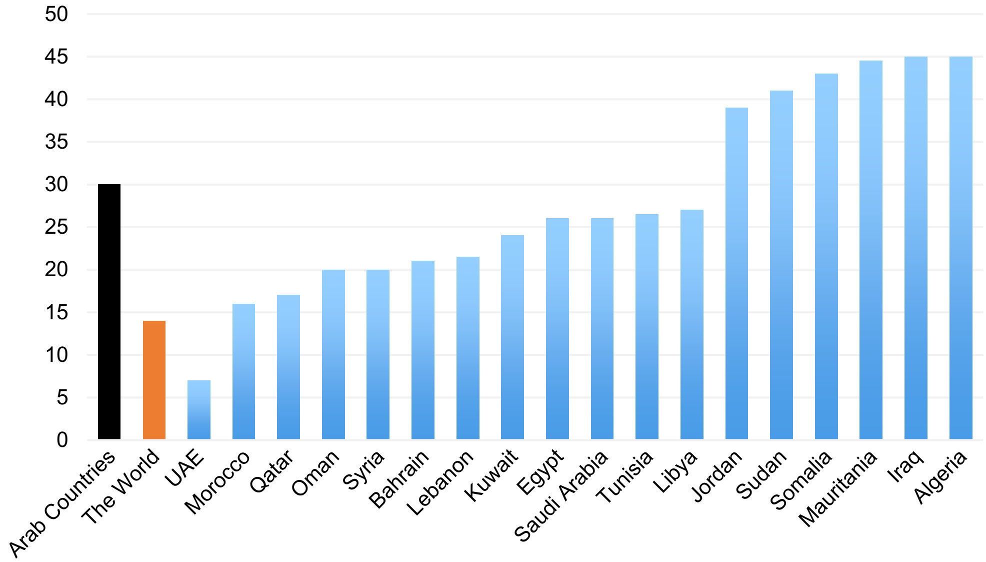

Figure 6: SMEs Per 1000 People
Source: Stephanyan *et al*., 2019

These SMEs could have served as excellent means of financial diversification in the Arab world; however, COVID-19 has led to the collapse, or impending collapse, of most of the SMEs in the Arab countries (ILO, 2020b). Countries like the United Arab Emirates and Saudi Arabia are offering stimulus packages to soften the blow. Other countries, including Jordan, Egypt, and Lebanon, may not be quite able to support the SMEs to weather the crisis. The collapse of SMEs will become a critical deterrent for the financial diversification of the Arab region.

Shift to Digitisation

The enormous changes brought forward by digitisation and social media networking have set new rules of organisation for society and lifestyles. Unsurprisingly, there are many concerns regarding security. For example, in the United Arab Emirates (UAE), half the respondents in an Executive Opinion Survey were worried about cyberattacks (increased by 30% in one year) and one in five (twice last year's figure) are concerned about data fraud (Imranuddin, 2017). To maximise the trade potential and exchange with the rest of the world, Arab countries are set to alter the role of religion and cultural restrictions within societies. Additionally, a shift to digitalisation and technologies, such as artificial intelligence (AI), are also expected to impact future job availability in the region.

Labour Market Imbalances

In a growing population, more young people enter the labour market every year. Assuming such projections will pertain, the working-age population could grow by approximately 50% by 2040, reaching 370 million (The World Bank, 2020b). Countries such as Oman, Saudi Arabia, Syria, Jordan, and Libya (who have ample youth numbers) will need to create about 58 million new jobs in the next two decades to provide employment (The World Bank, 2020b).

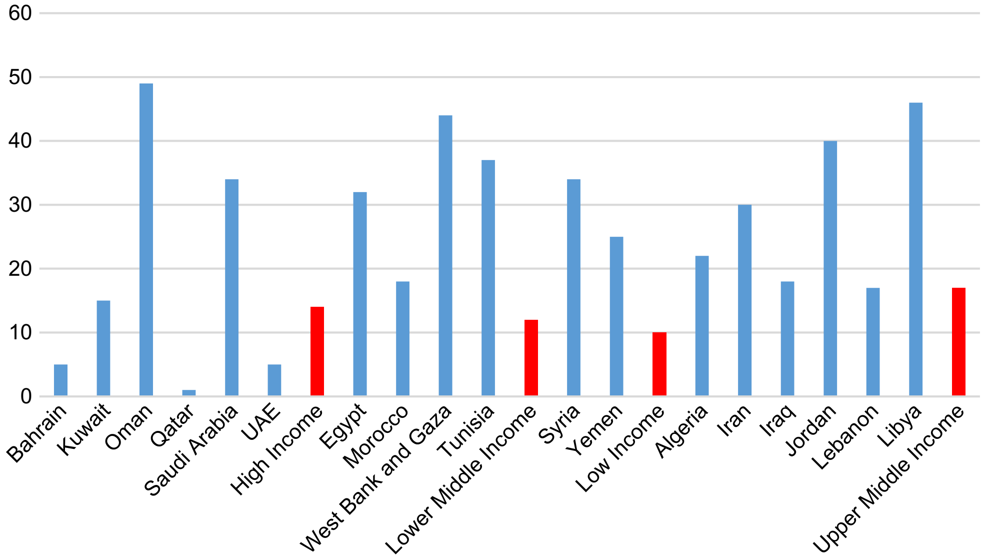

Figure 7: Youth Unemployment in MENA Countries (% of the Total Labour Force, Ages 15-24)

Note: The Red bars here denote Average employment levels in each income group

Source: Dadush, 2019

The International Labour Organization (2020a) suggests that the regional unemployment rate will likely remain stable at 7.3% from 2018 to 2020 (Figure 7). The unemployment rate in non-GCC countries, which was 10.8% in 2018, was expected to remain stable in 2020, and is now expected to grow exponentially post the COVID-19 crisis. The Economic Times (2020) has quoted the International Monetary Fund (IMF) saying that the MENA region is expected to contract by 3.3%, a first in four decades, which will cause a huge rise in unemployment. The loss of jobs will not only be concentrated in the MENA region, but will affect the entire world, bringing extreme poverty levels, and trigger active conflicts as countries adopt nationalist and selfish attitudes (Politico Magazine, 2020). The labour situation in the future will further undermine the progress of world trade and peace (see Table 1).

Table 1: Labour Market and Working Poverty Projections

Region/Country Group	Unemployment Rate (2017 to 2020) Percentages				Unemployment (2017 to 2020) Millions			
	2017	2018	2019	2020	2017	2018	2019	2020
Arab States	**7.2**	**7.3**	**7.3**	**7.3**	**4.0**	**4.2**	**4.3**	**4.3**
GCC	3.9	4.0	4.0	4.0	1.1	1.2	1.2	1.2
Non-GCC	10.7	10.8	10.8	10.7	2.9	3.0	3.1	3.1
Region/Country Group	**Employment Growth (2017 to 2020) Percentages**				**Labour Productivity Growth (2017 to 2020) Percentages**			
Arab States	**2.9**	**2.4**	**2.4**	**2.4**	**-3.3**	**0.2**	**0.7**	**1.1**
GCC	2.6	2.5	2.4	2.3	-2.8	0.2	0.9	1.3
Non-GCC	3.2	2.2	2.5	2.7	-4.3	0.0	0.2	0.7
Region/Country Group	**Extreme and Moderate Working Poverty Rate (2017 to 2020) Percentages**				**Extreme and Moderate Working Poverty Rate (2017 to 2020) Millions**			
Arab States	**15.8**	**15.9**	**16.0**	**15.9**	**8.1**	**8.4**	**8.6**	**8.8**
GCC	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Non-GCC	33.4	33.6	33.8	33.5	8.1	8.3	8.6	8.7

Source: International Labour Organization, 2019

Education Systems

Education systems are not yet providing the technical and vocational training required to support a dynamic private sector. Research and development centres are lagging in connecting fresh graduates with recruitment consultancies or directly with recruiting firms: there is an apparent mismatch between the needs of the labour market and the education outcomes. Students are not prepared enough to deal with the changes in technology, the shift to digitisation, and many other upcoming changes post-COVID-19 pandemic. Almost all occupations will require their employees to be tech-savvy and handle their jobs online. However, the current education system in the MENA region lacks the preparedness to deal with the innovative, technical, and digital needs of future jobs. Both infrastructure and educational curriculum, pedagogy and evaluation methods are archaic and need updating (Waterbury, 2019). Moreover, the delay in introducing English into elementary education in public schools has created an obstacle as most students struggle to express themselves in the language; this limits their professional opportunities.

All these factors have shown that the MENA region faces several challenges ahead of the COVID-19 pandemic, which need solutions at several levels. Having seen the various obstacles before the MENA region and its development, diversification is suggested as the way forward. This approach has several benefits:

1. diversification ensures higher GDP growth rate and inclusive participation of the labour force in the economy;
2. with the current challenges of high population growth in the region and growing youth unemployment rates, the creation of new jobs and opportunities is a priority;
3. a high proportion of the private sector drives better efficiency and dynamic expansion into the global value chain;
4. diversified economies are less volatile and more self-sufficient, therefore more resilient to the economic shocks of the global world;
5. cultural shifts and female population involvement in everyday economic activities will boost the outcome and reduce the labour force imbalance.

RECOMMENDATIONS

This paper has shown the urgent need for MENA countries to diversify their economies and gradually step away from government-led and oil-dominated growth, thereby opening new possibilities for private and non-oil sector exports. Rigid foreign investment policies limited economic diversity, and an over-reliance on the hydrocarbon sector has inhibited the opportunities for foreign investments, while excessive and time-consuming bureaucracy has caused additional obstacles to many business operations. In this section of the paper, seeds for reforms mostly driven by innovation-led countries are presented.

Strategy to Recover from the Dual Shock of the COVID-19 Pandemic and Oil Price Plunge

The entire world is suffering inexplicable turbulence owing to the COVID-19 pandemic. However, the impact on the MENA region is extraordinary and shocking. The Arab countries are not only dealing with the human consequences of the pandemic, but also with the breakdown of the backbone of their import-dependent economy. The demand for oil has dropped drastically leading to the lowest-ever oil prices and the highest quantities of excess oil that need storing. The whole economic cycle of the MENA region is severely affected with the knock-on effects disrupting exports, imports, households, businesses, governments, the financial sector, and the entire economy. Therefore, it is imperative to have sustainable strategies in place to stabilise the economic lifelines and bounce back as soon as possible. Stabilisation attempts have begun in the form of stimulus packages varying between 2% and 30% of GDP, but many more steps need to be adopted for a sustainable recovery.

It is recommended that the recovery strategy emphasises a reduced reliance on oil and public sectors, and intensifies the push for the participation of the private sector. Governments and authorities should promote financial diversification through innovation, trade in open markets, and reshuffling the regional, geopolitical, and economic orders of the MENA region.

Investment into Innovation

Studies show that those developing countries that have a high level of intellectual property rights (IPR) protection are more attractive in terms of foreign direct investment (FDI), and receive more technology transfer than countries of the same development level with weaker IPR protection (Maskus, 1998; Farla *et al*., 2016). Banks can also play a significant role in driving innovation and diversification. A high level of non-performing loans (NPLs) and allocating their resources to large, well-connected companies is an issue in the region (Haque, 2019). It limits the banks' potential to finance MSMEs comprising only 2% of total loans in GCC. Several governments, the International Finance Corporation (IFC) and the World Bank, play a crucial role in supporting MSMEs financing in this area. Countries either set quotas for banks to finance SMEs (Egypt) or allow them to invest part of their assets in start-ups (Lebanon).

Setting Up Strategic Partnerships

The trade structure is unique in the MENA region as manufactured exports, as a share of GDP, are lower than any region other than sub-Saharan Africa (Belkhir *et al.*, 2016). This is why diversification programmes should be aimed at raising the level of competitive product share in the global market. Free trade zones will enable technology transfer via trade agreements, integration policies, and tax incentive programmes. Together with FTAs, it is highly recommended to create an attractive legislative base for investors, such as enhancing larger ownership rights in the projects.

The Arab world also has average effective tariffs rates (i.e., tariffs plus non-tariff barriers) that are higher than the average in East Asia, Europe and Central Asia, South Asia, and sub- Saharan Africa. These high effective tariffs result primarily from non-tariff barriers such as regulatory policies. Apart from the GCC countries, the region's markets remain protected, largely because of non-tariff barriers, such as technical barriers to trade, quotas, and prohibitions, import and export licenses, anti-dumping, and other anti-competitive measures. All these aspects need deliberation and improvements that make it easier for foreign investors to invest in the MENA region.

Diverging in Tourism Resorts

Nowadays, energy subsidies in resource-rich countries amount to 7% of GDP; this distorts the competitive investment environment in the remaining sectors. The concept of 'Smart Cities' will promote a safe and efficient experience for tourists. Business tourism and medical tourism could also be among the alternatives that could be developed. For example, 25 million people were expected to attend Dubai Expo for six months in 2021, which could be a good base for new employment opportunities (UAE Embassy, 2020). The city has already reached the highest global rank in tourism with 4.8 visitors per resident. NEOM Bay urban area project in Saudi Arabia with a value of US$500 billion was to run in 2019-2020. It includes the construction of homes, lifestyle and tourist facilities, innovation centres, as well as hotels. Although plans for tourism are on hold due to the COVID-19 pandemic, it remains a viable alternative for diversification.

Downsize the Dominance of the Public Sector

A key issue for all GCC countries is the social contract that secures the welfare of citizens with well-paid public jobs and protection in private key sectors such as transport and communication. As a result, large parts of the private sector are being deprived of such privileges and face considerable difficulties in starting efficient and competitive business projects. Despite being non-homogenous, the Arab states have been providing people with jobs as the main employer in the country. Of total employment 60-80% is provided by the state in the region; for example no Kuwaiti nationals work in the public sector, while two-thirds of the workforce comprises of foreign employees (Al-Moosa and McLachlan, 2017). Additionally, the public sector should strive towards enabling, rather than opposing, the private sector. Government policies need to be aimed at reducing monopolies and fostering the emergence of new private tradable sectors. The potential of the private sector is largely untapped in the MENA region, and it is time for this potential to be unlocked by reducing the regulatory barriers.

Fiscal Policy

For oil-producing countries, the introduction of VAT will allow the use of the fiscal surplus to absorb the large shocks of oil prices in the global market. For instance, Kuwait's oil revenues account for around 65% of its GDP and 80% of the government's revenues; therefore, the country remains vulnerable to fluctuations in global energy markets. FDI in Jordan accounts for nearly 90% of GDP, second only to Lebanon in the region; however, regional insecurity and the influx of refugees from neighbouring Syria due to the long-running civil war has affected Jordan's trade routes and lowered investment and tourism inflows. The Investment Promotion Law allows duty-free imports of raw materials into Jordan.

On the other hand, non-oil producing countries suffer from excessive governmental control over the industries with little to no privatisation. According to the World Bank (2019), the lack of regulation regarding conflicts of interest in Lebanon has led to a concentration of market power into a handful of firms, limiting the capacity for diversification. In the financial sector, therefore, banks turned towards public sector financing, while government expenditures were directed to covering unnecessarily high levels of debt service payments.

GCC Empowerment

The high level of development and progress in GCC resource-rich countries has left no alternative than the spread towards resource-poor Arab states, creating greater regional development inequalities. As of 2017, Jordan had almost 96% public debt to GDP ratio, second only to Lebanon. Lebanon's electricity crisis has the capacity to provide 24-hour electricity supply, ruining these countries' fiscal potential. It has further pushed the resource-poor countries to rely on foreign aid from the World Bank or the wealthier GCC states to maintain political and economic stability. As a result, the non-oil producing countries remain dependent on the GCC for creating jobs and generating income.

Education and Healthcare

Studies of diversification consistently find a strong correlation between the levels of education and the extent of diversification (Imbs and Wacziarg, 2003). Education can be a driving force to increase labour productivity, facilitate innovation, and enhance the country's potential to produce higher value-added goods and services. The shift from labour-intensive sectors to high productivity industrial sectors sets new demands for the availability of high-skilled workers. Over the past decade, Jordan has implemented structural reforms in education and health, and privatisation and liberalisation. This is the first step in opening up the economy for diversification; however, further investment in skill development is necessary to ensure that the private sector is able to find the talent it needs to function. Therefore, skills mismatch in the region serves as an impediment for establishing new enterprises. The World Bank Enterprise Surveys find that only about one-third of fresh graduates in the region possess the relevant skills for the open positions (World Bank, 2020a). In addition, access to technology in schools is still insufficient.

CONCLUSIONS

The diversification process is happening slowly in the MENA region. This paper has discussed a thorough analysis of governance, trade, innovation, and the business environment in the Arab states. All these factors can inevitably affect local and foreign companies' investment decisions to choose the right industry in which to invest. The extreme volatility in oil prices has further emphasised the need to insulate the economy of the MENA region from the impact of oil prices. An effective framework and policy system are required to be in place to lay the foundation of a strong and sustainable financial diversification in the Arab region.

In addition, weak regulatory environments limit the extent of competition between companies, lead to a risk-averse financial system, and encourage inappropriate product standards. The GCC countries have already made significant progress in terms of regional integration that can be a good platform to spread the progress across the other countries in the region. A shared historical background, language, and culture can make this region be seen as a common market for FDI, particularly for the large wealth funds. Moreover, capacity building mechanisms will allow better performance of contract enforcement in the region, which will further encourage investment and inflow of venture capital. Fostering institutional reforms and engaging wider layers of social groups such as youth and women in the creation of added value can raise the countries' efficiency and productivity. However, the first step remains the need for intent and planning to work towards diversification.

REFERENCES

Al-Moosa, A. and McLachlan, K. (2017): *Immigrant labour in Kuwait*. Routledge.

Belkhir, M., Maghyereh, A. and Awartani, B. (2016): Institutions and corporate capital structure in the MENA region. *Emerging Markets Review*, Vol. 26, pp.99-129. Available at: https://www.sciencedirect.com/science/article/pii/S1566014116000029.

Coury, T. and Dave, C. (2010): Oil, Labor Markets and Economic Diversification in the GCC: an Empirical Assessment, *Topics in Middle Eastern and North African Economies*, Vol. 12. Middle East Economic Association and Loyola University, Chicago. Available at: http://www.luc.edu/orgs/meea/.

Dadush, U. (2019): *Youth unemployment in the Middle East and North Africa, and the Moroccan case*. Economics Discussion Papers No. 2019-4.

Davidson, C. (2011): *Power and Politics in the Persian Gulf Monarchies*. London: Hurst.

Deloitte (2020): *The world remade by Covid-19: Scenarios for resilient leaders*. Available at: https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/COVID-19/Thrive-scenarios-for-resilient-leaders.pdf. 27pp.

Economic Times (2020): Mideast debt, unemployment to spike in virus recession: IMF, 15 April. Available at: https://economictimes.indiatimes.com/news/international/business/mideast-debt-unemployment-to-spike-in-virus-recession-imf/articleshow/75159648.cms?from=mdr.

Elasrag, H. (2012): *The developmental role of SMEs in the Arab countries*, Available at SSRN: https://ssrn.com/abstract=2127954 or http://dx.doi.org/10.2139/ssrn.2127954. 15pp.

Farla, K., De Crombrugghe, D. and Verspagen, B. (2016): Institutions, foreign direct investment, and domestic investment: crowding out or crowding in? *World Development*, Vol. 88, pp.1-9.

Fasano-Filho, M.U. and Iqbal, M.Z. (2003): *GCC Countries: from Oil Dependence to Diversification*, International Monetary Fund.

Focus Economics (2020): *Emerging Markets Economic Outlook 2018 and 2019*. Available at: https://www.focus-economics.com/blog/emerging-markets-2019-economic-outlook. Accessed: 22 May 2020.

Gelb, A. (2010): *Economic Diversification in Resource Rich Countries*. Center for Global Development, 23pp.

Haque, F. (2019): Ownership, regulation and bank risk-taking: evidence from the Middle East and North Africa (MENA) region. *Corporate Governance: The International Journal of Business in Society*, Vol. 19, No. 1, pp.23-43.

Imbs, J. and Wacziarg, R. (2003): Stages of diversification. *American Economic Review*, Vol. 93, No. 1, pp.63-86.

Imranuddin, M. (2017): *A Study of Cyber Laws in the United Arab Emirates*. Masters' Thesis. Rochester Institute of Technology. 24pp.

International Energy Agency (2020): *Oil 2020*.

International Institute of Finance (IIF) (2014): The economic impact of Syrian refugees on host countries: empirical evidence from Jordan. https://www.iif.com/publication/economic-impact-syrian-refugees-host-countries-empirical-evidence-jordan. Accessed: Jan 12, 2019.

International Labour Organization (2019): *World Employment Social Outlook: Trends 2019*. Available at: https://www.ilo.org/global/research/global-reports/weso/2019/lang--en/index.htm. Accessed: 23 May 2020. 122pp.

International Labour Organization (2020a): *Global Employment Trends for Youth 2020*. Geneva. Available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_737648.pdf. 184pp.

International Labour Organization (ILO) (2020b): *COVID-19 and the world of work: Impact and policy responses*. Available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_738753.pdf. 15pp.

International Monetary Fund (IMF) (2019): *Regional Economic Outlook: Middle East and Central Asia Update*. International Monetary Fund, Washington DC. Available at: https://www.imf.org/en/Publications/REO/MECA/Issues/2019/04/17/reo-menap-cca-0419.

Luciani, G. (2013): *Resources Blessed: Diversification and the Gulf Development Model*. Gerlach Press.

Malik, M. and Masood, T. (2020): An Analysis of Economic Diversification of Middle Eastern Countries. *Saudi Journal of Economics and Finance*, Vol. 4, No. 2, pp.72-76. DOI: 10.36348/sjef.2020.v04i02.002.

Maskus, K.E. (1998): The role of intellectual property rights in encouraging foreign direct investment and technology transfer. *Duke Journal of Comparative and International Law*, Vol. 9, p.109.

Mishrif, A. and Balushi, Y. (2018): *Economic Diversification: Challenges and Opportunities in the GCC*. Gulf Research Centre Cambridge.

Mitsubishi UFJ Financial Group, Inc (MUFG) (2020): *MUFG expects growth in real GDP in 2020 in the MENA region*. Available at: https://www.mufgemea.com/media/mufg-expects-growth-in-real-gdp-in-2020-in-the-mena-region/.

OECD (2020): *COVID-19 crisis response in MENA countries*. Available at: http://www.oecd.org/coronavirus/policy-responses/covid-19-crisis-response-in-mena-countries-4b366396/.

Politico Magazine (2020): Coronavirus Will Change the World Permanently. Here's How, 19 March. Available at: https://www.politico.com/news/magazine/2020/03/19/coronavirus-effect-economy-life-society-analysis-covid-135579.

Sky News (2020): Coronavirus: US oil price plunges below zero for first time in history as pandemic hits demand, *Sky News*, 21 April 2020. Available at: https://news.sky.com/story/us-oil-price-plunges-below-zero-for-first-time-in-history-11976165.

Stephanyan, V., Abajyan, G., Ndoye, A. and Alnasaa, M.M. (2019): *Enhancing the role of SMES in the Arab world—some key considerations*. International Monetary Fund, Washington DC.

The World Bank (2019): *MENA Economic Update*. Available at: https://www.worldbank.org/en/region/mena/publication/mena-economic-monitor. Accessed: 20 March 2020.

The World Bank (2020a): *Enterprise Surveys*. Available at: https://datacatalog.worldbank.org/dataset/enterprise-surveys. Accessed: 25 May 2020.

The World Bank (2020b): *World Development Indicators*. Available at: https://datacatalog.worldbank.org/dataset/world-development-indicators. Accessed: 22 May 2020.

UAE Embassy (2020): *Economic diversification drives growth in the UAE*. Available at: https://www.uae-embassy.org/sites/default/files/pdf/uae_economic_development_infographic_v7_1.pdf. Accessed: 25 May 2020.

Vivoda, V. (2019): LNG import diversification and energy security in Asia. *Energy Policy*, Vol. 129, pp.967-974.

Waterbury, J. (2019): Reform of Higher Education in the Arab World. In Badran, A., Baydoun, E. and Hillman, J.R. (Eds): *Major Challenges Facing Higher Education in the Arab World: Quality Assurance and Relevance* (pp.133-166). Springer International Publishing.

BIOGRAPHY

Dr Faleh Alrashidi has a PhD in Finance from Durham University, UK and an MBA in Banking and Finance from Case Western Reserve University, US. He is Assistant Professor of Finance at Public Authority for Applied Education & Training (PAAET), College of Business Studies, Kuwait. He has published in international scientific journals and presented his articles in conferences. Prior to joining (PAAET), Dr Alrashidi worked in the financial services sector at Gulf Custody Company (GCC), Kuwait. He has also worked for the World Bank as Financial Sector Specialist on various project in FCV countries.

Dr Randa Diab-Bahman has an MSc from the UK and a PhD from France. She is an avid advocate for equality and change, and has successfully established several non-profit groups to serve her cause; she has been a key player in pushing the boundaries for workplace policies. Her research interests include corporate social responsibility and applied psychology. She is currently lecturing in the Faculty of Business at the Kuwait College of Science & Technology. She is also a Fellow of the Higher Education Academy (UK).

Dr Abrar Al-Enzi has a BSc and MSc from Gulf University for Science and Technology (GUST), Kuwait, and a PhD from Loughborough University, UK. Some of her research interests include organisational behaviour, career development, social capital, innovation and organizational commitment. She has recently joined GUST and teaches at the Faculty of Business.

