

**THE IMPACT OF HUMAN RESOURCE MANAGEMENT  
PRACTICES ON INCREASING EMPLOYEE  
PRODUCTIVITY APPLIED ON  
BAHRAIN WORKPLACE**

by  
**AHMED FAISAL JABOR ALDOSERI**

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## **Dedication**

For my wife and children

## **Acknowledgments**

I would like to take this special opportunity to thank some of the many people who made this project possible.

I would like to thank all my colleagues at the admissions office of the SSBM Geneva and all members of the Geneva Business Center for their guidance, support and advice presented to me throughout the course of my studies.

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My greatest indebtedness is to my family. My wife and children and most surely my ill mother whose Doaa'(prayers) kept simplifying very difficult times I went through pursuing this research in a relatively short but condensed time.

**ABSTRACT**

**The impact of Human Resource Management  
Practices on Increasing Employee Productivity  
Applied on Bahrain Workplace**

AHMED FAISAL JABOR ALDOSERI

**2021**

The idea of this study was to address a recommendation to increase employee productivity in the Bahraini workplace, by examining the impact of Human Resource Management (HRM) on such increase of productivity in Bahrain's workplace.

An exploration and comparison of HRM practices was carried out using desk research for articles and books on HRM and Productivity as well as interviews with various ranks within the Bahraini work settings.

It was found that HRM does have a great impact on productivity and within the Bahraini workplace an understanding of core concepts from the HRM and other theories can be shown to provide successful changes and innovations that will lead to higher productivity.

Where employees are treated as human capital and not as a commodity product, highly significant and successful improvements can be achieved.

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## **CHAPTER I :**

### **1.1 Introduction**

Although this dissertation is about Bahrain, it is built around world trends in management practice, and indeed examines how and where they can be brought to bear in Bahraini business practice.

Now and in the coming years, both profit and non-profit organizations will continue to undergo significant change, especially as a result of increased market competition and globalization.

These changes require a redefinition of the way organizations think about business.

In earlier times, solely focusing on financial issues was the way to success. However, this is no longer the case. In the new millennium, human resources, also called human capital, are widely seen as the most important factor to success.

Financially orientated approaches, such as the traditional cost accounting and financial ratios, often fail to reflect the function and the importance of the human being in a company's value creating activities, although still such quantitative approaches remain of great importance.

Successful companies in the new millennium will be able to balance human - and financial - orientated approaches.

Successful organizations are those who consistently create new Knowledge, disseminate it widely throughout the organization, and quickly embody it in new technologies and products.

In the knowledge generation process, the importance of the human being has often been neglected. However, now it takes a central position.

In earlier times knowledge management took primary technocratic approaches, such as data mining, computer networks and statistical analysis, all without clearly taking the human being as focal point in this process.

Knowledge management demands a shift of thinking of all organization members. This shift is an educational process, which takes time and faces

obstacles. This process involves changing behavior and changing the organizational culture.

Managing change in effective way means making effective decisions. To this end, companies need to be open organizations, where there is no competition

among the employees, since competition blocks information sharing and knowledge generation.

The right human resource management strategy is a critical success factor in knowledge management.

The World Bank (2017) has stated that developing countries need to improve productivity throughout the economy if they are to compete successfully in an era of rapid economic and technological change.

This requires not only capital investment, but also a workforce with the flexibility to acquire new skills for new jobs as the structure of economies and occupations change.

The level of competence of a country's skilled workers and technicians is centrally important to the flexibility and productivity of its labor force.

The development of skilled labor force makes an important contribution to development.

Skilled workers and technicians enhance the quality and efficiency of product development, production and maintenance and they supervise and train workers with lesser skills.

Sparrow et al. (2018) say the world is becoming more competitive and volatile than ever before, causing firms to seek to gain competitive advantage whenever and wherever possible.

As traditional sources and means such as capital technology or location become less significant as a basis for competitive advantage, firms are turning to more innovative sources.

One of these is the management of human resources.

As the management of human resources is seen increasingly in terms of competitive advantage (Noe ,et al 2010), the questions that arise are: What must we do to gain this advantage? And do firms in different parts of the globe practice human resources management for competitive advantage differently?

It is argued that the essence of human resource management is to bring about the full utilization of human resources of the organization.

An organization must avoid human relations characterized by unhappy, insensitive, unproductive, or disruptive employees, but the positive or strategic goal is full utilization of the organization's human assets.

Professionals in HRM contend that by claiming that the optimum use of human resources involves both short and long-term considerations, whereas

productivity affects this year's result in terms of output divided by employee input.

In the matter of human resource management, optimum utilization and productivity are parallel concepts.

When dealing with an organization's strategy and concepts, the optimum utilization of human resources is of the highest value.

The closer one comes to designing and implementing special actions, programmes, or practices, the more relevant is the narrower but more manageable concepts of productivity. Solely focusing on productivity can cause long-term difficulties.

The organization Investors in People UK (2010) states that major enablers of productivity are:

1. Having staff with appropriate skill sets.
2. Having a good training and personal development programme, which are clearly correlative.
3. Having a clear management structure.
4. Having good human resource planning.

## **1.2 Research Problem**

The essence of human resources management is to bring about the full utilization of human resources of the organization, to see to it that employees work effectively to organizational goals.

Company managers, business consultants, human resources management practitioners, and academics in Bahrain all acknowledge the importance of increasing employee productivity in Bahraini organizations, in which managing human resources is one major area of concentration.

Management practices differ from country to country, and so do human resource management practices.

For this reason it is important to obtain insight on how Bahraini human resource management practices differ from the established practices in the West.

Demographic developments (for example the level of education), economic developments, economic developments (for example Bahrain's transition to a free market economy, infrastructure, education and healthcare), politico-legal developments (for example political reforms, changing laws and labor

unions), social-cultural developments (for example national culture, the function of religion, the role of men and women in society and the function of family structures) and technological developments largely influence an organization's functioning and are often out of its control.

Other economic factors such as the branch of business or sector, customers, suppliers, distributors, competitors and relevant public opinion groups are to some extent manageable by an organization.

Micro - economic factors are manageable since they reflect one's own organization. The main players are the company management and the different functional departments.

To achieve insight into human resource practices and their management in the Bahraini workplace, all above factors play an important role. They shape Bahraini human resource management practice.

### **1.3 Significance of the Research**

This study contributes to debates on what constitutes HRM discipline, as there appear to be no consensus on the nature of HRM.

Paauwe J. et al. (2013) stipulate that there are no agreed lists of HR practices that define human resource management.

Guest (2013) further calls for a theoretical foundation of HRM, productivity and the relationship between the two concepts.

By directly addressing research questions, this study makes an original contribution to existing knowledge because it fills a gap in the literature related to the knowledge and understanding of the HRM discipline by identifying the practices and describing their strengths and weaknesses as reported in the literature.

An examination and review of HRM practices implemented by the workplace in Bahrain sheds light on an area of study that has not been covered before and that is the Bahraini workplace.

An exploration and comparison of HRM practices identified by professionals in the field and HRM practices specified in the literature will be conducted thus producing focused and specific findings that have significance for the field of HRM in settings in other work environments.

Hofstede (2017) argue that the world is full of confrontations between people, groups and nations who think, feel and act differently.

Therefore, cultural differences inevitably lead to all manners of misunderstandings which in turn result in a wide variety of emotional and practical consequences from hurt feelings and missed opportunities, to failed negotiations and lost profits, to anger and hostility and even organized warfare.

Whilst this proposal is about Bahrain, it will be built around ‘World’ trends in management practice and human resource management (HRM) more specifically, and thus will examine how and where they can be brought to bear in Bahrain’s management context.

Thus exploring how HRM is conceived of in ‘Western’ literature and examining its relationship, applicability and impact on developing countries such as Bahrain becomes an imperative factor.

As management practices differ from country to country, and so do human resource management practices, it is important to obtain insight on how Bahraini human resource management practices differ from established practices in the west.

Brief looks on the forces that are shaping culture provides a strong basis for realizing and appreciating the principal roles of these forces and therefore better understand the cultural dimensions which Hofstede has delineated for Bahrain.

Scarborough (2010) explains that a culture takes a long time to develop.

Many forces act upon a people group to establish their identity, give meaning to their lives, and define what they come to believe and how they should behave.

The forces shaping a culture are; Religion, Political Power, Physical Surroundings and Economy.

Therefore, in view of what is shaping culture as noted earlier (will be elaborated in the research), macro-economic and micro-economic factors vis-à-vis Bahrain will have to be presented and discussed.

Macro-economic factors, such as demographic developments (ie, level of education), economic developments (ie, Bahrain’s transition to a more market-led economy, education, infrastructure and health care), political developments (particularly Bahrain’s new political and labor reforms), socio-cultural developments (the national culture, religion and role of women and men in society). These factors largely influence the working environment of an organization and are often out of an organization’s control.

The micro-economics factors will illuminate the Bahraini organization's staff and management, organizational culture and various functions and operating departments within the organization.

An exploration and examination of the above two factors shaping the Bahraini HRM practice is sought to uncover differences in cultural, economic and political factors.

Hofstede's five dimensions of national cultural variability (Hofstede, 2017) reveal cultural differences which effectively uncover core values and identity attitudes and behaviors thus providing professionals and practitioners in the

human resource environment with much needed tools to deal and cope with cultural diversity.

Applied to the Bahraini culture, Hofstede's national cultural dimensions have categorized Bahrain as high in power distance, low in individualism, moderate in masculinity, high in uncertainty avoidance and low in long-term orientation.

These dimensions have profound impact on the way management practices are conducted in the Bahraini workplace context. These dimensions will be presented in the research, effectively illuminating productivity issues more vividly.

Western HRM practices have been influencing Asian and other developing countries.

Waves of modernization, globalization and industrialization have been forcing these countries to open their doors to Western influences," amongst which those relating to new forms of people management have been a major innovation" (Rowley and Mukherjie, 2014).

However, that elements of cohesiveness and collectiveness, such as harmony, information-sharing, loyalty, on-job-training, etc., were key dimensions of the now 'new' HRM paradigm, but had existed in East Asia for a long time.

It is by combining the predominate Western individualistic elements of HRM practices with East Asian (and it will be useful and interesting to see where the Bahraini context fits) HRM practices, the HRM paradigm will be expected to improve the competitiveness of organizations and the well-being of both individuals and organizations.

In Bahrain a new political and economic climate has also influenced the country's recent transition from a somehow centrally guided to a free economy

and a different emphasis emerges as a result, one that underlines economic reforms and HRM practice.

As Noe et al (2010) postulate, the phrase ‘HRM with Chinese characteristics’ which they coined, is aimed at delineating and accommodating the “character of transformation”.

In the case of Bahrain, which is also transforming as this paper has argued, different cultural and religious values (some of which come from Islam) may

combine with other cultural dimensions (as prescribed by Hofstede, 2017) to form a further hybrid model of HRM with the combination of ‘Western’ and ‘Eastern’ people management characteristics.

The issues of culture are of utmost importance when dealing with HRM practices in Bahrain (and the World in general).

The Bahraini national culture influences the organizational culture, where the Bahraini work settings experience interacting issues regarding how they manage change and innovation and how they implement learning and knowledge management.

Discussions of those issues and their interrelation with national and organizational culture represent a starting point for a better understanding of how HRM practices are managed and how they can be improved given the ‘new’ and ‘different’ Bahraini work setting.

A brief analysis of the political, economic and socio-cultural dimensions in Bahrain is deemed necessary for the understanding of their impact on HRM practices.

Little is known about these dimensions and from the literature review it will appear that this study will not duplicate work already published.

The proposed study thus reviews and attempts to extend the theoretical and methodological perspectives and debates pertaining to the HRM - productivity interaction to include a new and different setting and population.

With few exceptions, discussions on the relationship between HRM practices, productivity and how those are perceived by employees in work settings have not received sufficient attention in research and literature.

This study will provide knowledge in that area.

Moreover, the study aims to provide a solid enhancement to understandings of how human resource management is practiced in Bahrain thus paving the way

for other organizations to benefit from recommendations emerging from this study.

Another distinct contribution of this study is its formation of a knowledge base where practitioners, academics, and company officials from Bahrain and other countries, particularly with similar national cultures (such as the Gulf countries

and others) may benefit from findings and outcomes of the study.

Consequently, the study may be used as a framework for the conduct of similar research in other sectors or for more specific in-depth research.

#### **1.4 Research objective**

This study, more specifically, aims to develop a much better understanding of HRM practices and the relationship between HRM practices and productivity by drawing ideas from a wide range of sources while paying particular attention to reviewing the theoretical perspectives of the ongoing debates underlying HRM and productivity.

This is in order to develop a set of criteria against which an enhanced understanding of HRM practices and their impact on improving the productivity of the Bahraini employee can be assessed.

#### **1.5 Research Methodology: Qualitative Research Strategy**

This research is a qualitative and exploratory which undertakes the study of background relevant literature and documents since no prior comparative research has been undertaken on human resource management in Bahraini workplace.

Interviews will be conducted with various ranks of Bahraini managers and employees of 5 cross-functional companies in the Bahraini workplace thus paving the way for an analysis of how the Bahraini human resource management practices among other factors are perceived by those respondents.

25 interviews will be conducted where 5 respondents will be interviewed at each company.

Subsequently the accounts obtained will be re-presented and analyzed.

In addition company policies, laws, artifacts, annual reviews and various employee benefit schemes literature (such as housing, loan, saving and pension schemes) will be reviewed.

Other publications will be also sought from relevant government departments, such as labor law.

Therefore, this documentary qualitative exploratory analysis will provide important data which informs more reliable judgments about organizational and management practices of the Bahraini workplace.

The resulting findings on Bahraini human resource management could then be compared with Western human resource management theory as well as with the theory on cultural dimensions.

## **1.6 Research Questions**

To guide our theoretical and qualitative exploratory inquiry, the following research questions have been delineated:

1. What is understood in the West by HRM and what practices are used?
2. What is the impact of culture on organizations and HRM?
3. What are the political, economic and socio-cultural characteristics of Bahrain and how do they impact HRM practices?
4. How can productivity be improved in the Bahraini work settings?
5. Which Western HRM practices can improve Bahraini HRM?

In dealing with Bahrain human resource management the national culture is of major importance.

The national culture influences the organizational culture.

The organizational culture reflects how organizations are managing change, how they make decisions, how they see knowledge management and how they deal with innovation.

National culture, organizational culture, management of change, decision making, knowledge management and innovation are described and explained throughout the answer to the research questions.

## **1.7 Research Delimitations and Limitations including Ethical considerations**

Findings, recommendations, conclusions and many other vital elements of this research are highly exploratory and qualitative.

In practical terms, the author was faced and astonished with the fact that no literature on HRM and mainly HRM-Productivity duality and debate in Bahrain has been found to assist the researcher as reference.

The author, in explaining that there is a dissertation to be prepared eventually which could derive and/or build on information obtained from people I talked to, their books or companies' artifacts and other documents ( specially government's), was confronted with the difficult task of having to overcome the drawbacks of negative behavior.

Within the constraints of time of this research I had to complete a decent job, and make some adjustments which thankfully did not impact my research.

While aiming to be unbiased, the author sought not to express his personal opinions, values and assumptions.

## **1.8 Theoretical Basis for this Research**

The focus of this research will be on one broad area of improved employee productivity: improved management of human resources.

As argued above, increasing employee productivity is influenced by four broad areas of work namely: (1) substitution of equipment for human effort, (2) removal of unwanted practices, (3) improved method of work, and (4) improved management of human resources at company level.

These four broad areas cannot be approached independently since they have many interfaces and interrelations.

Dessler (2016) further emphasizes that differences in cultural factors, economic systems, political systems, legal and industrial relations factors, translate into differences in human resource management practices.

## **1.9 Research Framework**

The Bahraini human resource management (HRM) practices differ from HRM practices in the west.

As evidence, a recapitulation of the Western HRM literature will be offered, together with a description of Bahraini HRM practices.

Management Practices are largely influenced by their political, economic and cultural systems which in turn shape a country's (Bahrain's) HRM climate.

Support will be sought through a literature study on Bahrain's politics, economics and cultural dimensions and values.

Bahrain national culture is largely responsible for its political and economic climate, which in turn has shaped much of its human resource management practices.

Bahrain's political and economic climate has also influenced the country's recent transaction from a centrally directed to a free market economy.

A new King emerged who re-instituted democracy which totally changed Bahrain's life.

Here is where Bahrain was forced to think "western" (result-oriented), to remain competitive as all neighboring countries have capitalized on Bahrain's productivity problems.

Thinking western means adopting western economic principles and western management and HRM practices.

These in turn heavily influenced Bahrain's political and economic environment.

This will be elaborated on in coming sections of this research.

## **1.10 Conclusions and Recommendations**

In the following pages the researcher presents some of the main conclusions and recommendations. Those will be re-presented more comprehensively in chapter 5.

## ***1.11 Conclusions***

The major research finding on Bahraini human resource management was that the importance of human resource management was not uniformly understood and appreciated at all various Bahraini work sectors.

While some multinational organizations saw their human resources as the most important asset, as human capital, others generally did not.

The fact that the Bahraini workforce acknowledge that Bahrain - as most of the Gulf countries - had limited experience in industrialization might explain why human resource management in Bahrain is rudimentary and still has a long way to go.

Despite the fact that everybody spoken to by the researcher said she or he were in favor to ‘Human Resources’ being an extremely important company asset, this was not the case in practice.

The majority of managers the researcher approached were aware of the importance of HR, although they were not willing or able to act accordingly.

An HR strategy was almost non-existent in most of multinational and local workplace environments in Bahrain.

The majority of the HR departments’ literature and artifacts showed significantly static administrative departments, and not dynamic departments taking care of employees and acting as change agents.

For employees at top and higher organizational level, HR departments met HR's new role expectations to a certain extent.

However, for employees at middle and lower organizational level, HR departments clearly did not meet either HR's traditional or its new role expectations.

The HR bottlenecks faced by the organizations in Bahrain such as shortage of skilled, innovative, and motivated staff were mainly at micro-economic level, although some were at macro-economic level as well.

The vast majority of HR bottlenecks at the Bahraini workplace can only be eliminated when the indirect causes at the macro-economic level are removed.

Statistical workplace data from the Bahraini labor authorities stipulated that females were not represented at top organizational level, and were strongly under-represented at higher and middle organizational level. Overall, 95% of the females were working at lower organizational level, and 90% were unskilled.

The majority of male employees saw women as generally more effective than men at the workplace and at home.

Temporary employees were not popular at the workplace. Aside from low salaries, compared to permanent employees in the same function, they did not receive any other compensation, and often did the worst jobs.

Some of the selected local companies practiced nepotism mostly at top and higher organizational level, although it occurred at middle and lower organizational level as well. Nepotism resulted in companies not having employees fit for their job, and in deleterious situations.

Following the review of all company policies, laws, artifacts, annual reviews, and other employee benefit schemes, this study confirmed the fact that all needs and values of employees were found to be in line with Maslow's need theory.

The literature review revealed that cultures are not static, but on the move, owing to global demographic, economic, and political developments, and the growing disparities between rich and poor.

Because of this, the researcher verified the validity of Hofstede's (2011) national culture findings for Bahrain.

Generally, this study agreed with Hofstede's (2011) national culture dimensions on Bahrain in that:

Power distance: Large.

Individualism: Low.

Masculinity: Moderate.

Uncertainty Avoidance: High.

Long-term Orientation: Low.

Based on Hofstede's (2011) national culture findings for Bahrain one clear conclusion can be drawn: Bahrain is collectivistic, whereas the West is individualistic.

The following were characteristics of the majority of the higher managers at the selected companies:

- Awareness of the importance of HR, although this was not seen in practice.
- Incompetence.
- Lack of full decision-making authority.

The companies' organizational cultures were characterized by:

- Low level of innovation and risk taking.
- Little attention to detail.
- Low to moderate in outcome orientation.
- Low in people orientation.
- Low in teamwork.
- Low in aggressiveness
- Putting emphasis on maintaining the status quo.

Bahrain's workplace need to put more emphasis on the importance of human resources, to increase employee productivity.

The companies acknowledging human resources to be a competitive advantage should not only see their top and higher organizational level employees already as human capital, but also their middle and lower organizational level employees since they add the most value to the product or service.

### ***1.12 Recommendations***

Bahrain's workplace and human resource management (HRM) practice, and thus employee productivity, can be significantly improved by addressing the following three main areas:

- 1) Employees must be seen and treated as human capital, and not as a commodity product.
- 2) Management must be improved.
- 3) Company managers and employees must break up the status quo, and see the global market through new eyes.

The sub-recommendations for the three main areas are listed separately, although they are highly related and interwoven.

The sub-recommendations on the first main area 'employees must be seen and treated as human capital, and not as a commodity product', are:

- HRM must become a strategic function at the highest level of companies' management, instead of being an executive body for the top management at department level.

- Companies need to attract and retain the best people, and need to stop nepotism. This will lead to a competent workforce.
- Company managers need to address employees' values and motivational factors, since these values and motivational factors affect the employees' attitudes and behavior at the workplace.
- Companies need to make an appeal for women at middle, higher and top management positions. At present women are barely represented at higher and not at all organizational levels. Nevertheless, Bahraini men see Bahraini women as very effective and efficient at the workplace.
- The emphasis in training programmes should be on developing the trainees' ability: (1) to identify and solve problems, (2) to seek knowledge, and (3) to take the initiative to continue self-development.
- Employees should not be directly or indirectly restrained from organizing a labor union.
- The relationship between the labor unions and companies' management needs to improve. The unions and companies' management need to see one another as equal partners, and not as enemies.
- Labor unions should represent employees' and employers' interests to become equal partners, and not only employees' interests and the private interests of the elected representatives.
- Companies must improve the safety and health of their employees.

The researcher's sub-recommendations on the second main area 'management must be improved', are:

- Companies need to be staffed with competent managers. Competent management needs to be fostered. Multinational companies (MNCs) show that competent management is available in the Bahraini market and can be fostered.
- Companies must stop nepotism. The MNCs have extremely positive experience with having abandoned nepotism.
- Companies should decentralize power down to middle organizational level, so that higher and middle organizational level employees can be empowered, and can have decision-making authority. Additionally, decentralization of power will allow: (1) management of change, (2)

knowledge management, (3) innovation, and (4) challenging the status quo.

- Companies must have strategies, which translate into goals and action plans.
- HR Managers must receive decision-making authority.

The researcher's sub-recommendations on the third main area 'company managers and employees must break up the status quo, and see the global market through new 'eyes', are:

- Companies' challenges should be identified.
- Companies' HR bottlenecks must be challenged.
- Changes should be managed in phases and slowly, since the Bahraini society does not allow rapid changes. Only then changes might succeed.

## **Chapter II:**

### **Literature Review: A Theoretical Perspective**

#### **2.0 Introduction**

Chapter 2 contains ***Three Parts*** aimed at reviewing appropriate literature on **(1) Human Resource Management in the West, (2) The Impact of Culture on Organizations and HRM, and (3) a Review and Analysis of Relevant Literature on Bahrain**. Part (1) will serve as the first framework. Part (2) will serve as the second framework. The two Parts together will provide the frameworks therefore enabling the examination of Part (3) which covers the literature on Bahrain's human resource management practice.

#### **2.1 Human Resource Management in the West**

The world of work - and the world in general - is becoming faster, more complicated, and more competitive.

Attracting, retaining and motivating human capital becomes more critical to organizational success.

People are the key to success in the new economy. Countless 'gurus' and other management philosophers have maintained it for years that good people are really the most valuable resource within almost every organization.

Dessler (2016) says that acquiring, training, appraising and compensating employees, and attending to their labor relations, health and safety, and fairness concerns are core elements in human resource management.

Dowling, et al (2011) defined Human Resource Management as the activities an organization carries out to use its human resources effectively.

These activities include a firm's human resource strategy, staffing, performance evaluation, management development, and compensation and labor relations.

An organization carries out to use its human resource strategy, staffing, performance evaluation, management development, compensation, and labor relations (Hill, 2012).

The function of human resource management is evolving and becoming a strategic decision at the highest levels of corporate management and a core function of business.

Several decades ago, ‘personnel’ was, in the words of the president of the company, ‘the place where they keep the employee records.’ Today, at least in some companies, human resources (HR) are the place where they manage human capital.

Unfortunately, in other companies it is still the place where they process things.

## **2.2 Evolution of Human Resource Management**

No matter how good you might be in doing a job, unless you can get other people - your subordinates or team members - to work together cooperatively, you are doomed to failure.

It starts with hiring the right people, training them to perform their jobs and be part of a functioning team, and continuously motivating them to produce over and above the call of duty.

## **2.3 The Humanistic Relations School**

The Humanistic Relations School (approximately 1930-1950) emerged from a group of studies during the mid-1920s and early 1930s known as the Hawthorne Experiments.

The experiments were conducted in Western Electric Hawthorne plant to assess the effect of working conditions (for example lighting, rest periods, length of the work day) on productivity.

Based on the findings of the experiments the researcher hypothesized that the nature of social relations among members of a group, and between employees and their supervisor was an influential motivator of work performance.

The Hawthorne Studies marked a significant turning point in the evolution of management theory because they introduced a new way of thinking about people in organizations.

## **2.4 Maslow’s Need Theory**

Abraham Maslow, and Douglas McGregor were part of the Human Relations School.

Maslow (1954) formulated a ‘need hierarchy theory’ to answer questions such as: if humans have different needs, how many of these needs are active at the same time? And, are some needs more important than other needs?

According to Maslow, there are five different classes of needs:

- Physiological needs (need1).
- Safety needs (need 2).
- Social needs (needs3).
- Esteem needs (need4).
- Self-actualization needs (need5).

Maslow says that only the lowest unsatisfied need in the hierarchy controls a person's behavior. After this need is mostly satisfied, it declines in importance and the person's behavior is then controlled by the next unsatisfied need in the hierarchy. (Robbins, 2010).

## 2.5 McGregor's X and Y Theory

Douglas McGregor (2018) is best known for his formulation of two sets of assumptions - theory X and Y - about human nature.

Briefly, Theory X rests on an essentially negative view of people. It assumes that they have very little ambition, dislike work, want to avoid responsibility, and need to be closely directed to work effectively.

Theory Y, on the other hand, rests on a positive view of people. It assumes that they can exercise self-direction, accept responsibility, and consider work to be as natural as rest or play.

McGregor personally believed that theory Y assumption best captured the true nature of workers and should guide management practice.

As a result, he argued that managers should free up their employees to unleash their full creativity and productivity potential, (Robbins, 2016).

Chris Argyris (2012), professor emeritus of education and organizational behavior at Harvard University, says the following.

The X theory, following bureaucratic or pyramidal values, leads to poor, shallow and mistrusted relationships.

On the other hand, the Y theory, where humanistic or democratic values are adhered to in the organization, fosters trusting, authentic relationships to

develop among people and will result in increased interpersonal competence, inter-group cooperation, flexibility, and should result in increases in organizational effectiveness.

## **2.6 The Behavior School**

Influenced by the humanistic Relation school, a growing number of theorists began to shift their attention to the individual and the nature of work itself, resulting in the Behavior school. It was developed during the early 1950s.

This final category of theorists within the behavioral era encompasses a group of researchers who, as Taylor did in Scientific Management, relied on the scientific method for the study of organizational behavior.

Unlike members of the human relations movement, the behavior science theorists engaged in objective research of human behavior in organizations.

They carefully attempted to keep their personal beliefs out of their work. (Robbins, 2010).

## **2.7 Human Resource Management Nowadays**

The literature on human resource management is evolving. However, it has not changed radically in the last decade.

Many authors still approach human resource management as a collection of static items. Nevertheless, a shift is in a strategic direction, where human resource management is seen as a strategic advantage in a world facing increased market competition (Noe,et al,2010).

Globalization puts a new look on human resource management, since firms will have to deal increasingly with a multi-national workforce.

Dessler (2016) describes human resource management as the process of acquiring, training, appraising, and compensating employees, and attending to their labor relations, health and safety, and fairness concerns.

Ulrich et al (2012) contend that HR professionals focus on what HR people do: staffing, development, compensation, benefits, communication, organization

design, high performing teams, and so on. Instead of focusing on doing Ulrich et al (2012) prefer to focus on what HR professionals deliver. Delivery focuses on the outcomes, guarantees, and results of HR work.

Fitz-enz and Mattox (2014) stipulate that classic books of management have ignored, avoided, or thrown platitudes at the question of human value in the business environment.

According to Fitz-enz and Mattox (2014) no one has taken the challenge of detailing how to demonstrate the relative value of the human element in the profit equation.

As some HR authorities speak about human resources Fitz-enz and Mattox (2014) speak about human capital.

In business terms Fitz-enz and Mattox (2014) describe human capital as:

- The traits one brings to a job: intelligence, energy, a generally positive attitude, reliability, and commitment.
- One's ability to learn: aptitude imagination, creativity, and the potential and ability to get things done.
- Ones motivation to share information and knowledge: team spirit and goal orientation.

Fitz-enz and Mattox (2014) acknowledge that the most difficult point in human capital, “the economic component”, is hard to evaluate.

For many years it has been said that capital is the bottleneck for a developing industry. However, this no longer holds true.

Rather, it is assumed that the company's inability to recruit and maintain a good workforce constitutes the bottleneck for production.

Globalization has strategic implications. Globalization asks for knowledge workers. Knowledge workers need new HR management methods to manage them and a new focus on human capital.

A firm's competitiveness depends on its employees.

To be competitive employers need motivated and satisfied employees.

The business function responsible for acquiring, training appraising, and compensating those employees has to play a bigger role in the firm's success.

The notion of employees as competitive advantage has therefore led to a new field of study known as strategic human resource management.

Dessler (2013) defines the strategic human resource management as the linking of HRM with strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility.

Globalization has changed the function of the HR Department. Traditionally the HR department was an execution body.

Like every business function the HR department needs to be part of value creation. The bursting of the new economy bubble makes a focus on value creation even more important.

The HR department needs to make the in-or outsourcing decisions, such as temporary staff, recruiting, training and so on. In-or outsourcing decisions need to be based on cost reduction against the best quality standard.

Technology has changed the HR function. Computers gave workers access to the information that enables decentralized decisions.

As a result of the decentralization of decision making many middle management positions have been eliminated.

Decision making is being pushed down to the operating level, where workers are being given the freedom to make choices about schedules, procedures, and solving work-related problems (Robbins, 2010; Peck et al 2011).

The push down of decision making empower employees (Robbins, 2010).

Computers have enabled the HR officer to make hiring decisions, performance appraisals, and compensation schemes in a more efficient way.

However, technology can never take over the function of the HR officer; it can only enable the HR officer to do his work more efficiently.

The coming of the internet has a huge impact on the HR acquisition strategy.

Important decisions are often taken during meetings. Meetings make employees feel attached to the organization.

Meeting is a place to share knowledge, experience and judgment. A meeting creates a commitment to the decisions it makes and the objectives it pursues.

There are no best human resource management practices for a company.

Some HR practices seem to be more efficient for a particular kind of company, although there is no general rule.

However, knowledge of the existing human resource management practices makes it possible for corporate management and HR managers to take the best strategic decision.

## **2.8 Elements in Human Resource Management**

The major elements of human resources management (HRM) are (adapted from Noe et al, (7th ed.2010) Human Resource Management: Gaining a Competitive Advantage:

- Recruitment and placement.
- Training and Development.
- Compensation.
- Employee Security and safety.
- International HRM.

This classification is not universal, but is commonly used to analyze systematically the function and elements of HRM.

## **2.9 Recruitment and placement**

The recruitment and placement process has to be according to the national laws. In the US line managers and HR managers have to deal with many laws.

National employment laws aim to treat all kinds of people the same, independent of their race, color, religion, sex, or national origin with respect to employment.

The recruitment process is one of the critical areas that directly impacts whether an individual will eventually be successfully integrated into an organization.

## **2.10 Job Analysis**

Job analysis gives important information for several HR activities. It helps in developing the job description and the job specification.

The job description and the job specification help the managers to make recruitment and selection decisions, performance appraisals, job evaluations, and to determine training needs.

In the eighteenth century Fredrick Taylor and Adam Smith wrote on the growing positive relation between job specialization and efficiency. However, this correlation is not a watertight relation anymore.

Nowadays, employees want humanized jobs. The job needs to be challenging. Through job enlargement and job rotation employers aim to enrich an employee's job.

## **2.11 HR Planning and Recruiting**

The first thing in the recruiting and planning process is HR Planning.

Firms can fill vacancy with an international or an external candidate. Filling open positions with inside candidates has many benefits.

The strengths and weakness of the candidates are known. Further, the candidates might be more committed to the company.

Computerized systems can help to track qualified internal employees for doing the vacant job. However, hiring from inside can also backfire.

Employees who apply for a job and do not get it may become discontented; telling unsuccessful applicants why they are rejected and what remedial action they might take to be more successful in the future is thus crucial.

The sources for finding outside candidates are enormous: media (newspapers, TV, or internet), employment agencies, and alternative staffing. The in - or outsourcing decision, and the kind of outsourcing strategy will largely depend on the solution.

## **2.12 Employee Testing and Selection**

Selecting the best candidate out of a pool of candidates is a complex job. Even after selecting a candidate his performance will depend on how he functions in his team.

The recruitment process is an expensive process, and important since it has many legal implications.

Background investigation and reference checks are commonly used in employee selection. Background checks can be useful, since they are not expensive and are straightforward.

However, reference checking can backfire, since laws are not always respected. A rejected applicant can sue the company in court and ask for compensation.

## **2.13 Interviewing Candidates**

Managers use interviews for several reasons including selection, appraisal, and exit. Interviews can be structured or unstructured.

Structured interviews are easy to conduct. However, they have the disadvantage that they do not always give the opportunity to pursue points of interest.

When conducting an interview the interviewer has to deal with pitfalls. Dessler (2016) mentions the following pitfalls:

- The first impression, which counts strongly.
- The interviews known as too little about the vacant job.
- Time pressure.
- Applicant's nonverbal behavior.
- The effect of personal characteristics (like attractiveness, gender, and race).

## **2.14 Training and Development**

The recruiting and selecting process is only the first step in having high potential employees on board.

A new employee needs to get a successful employee orientation in the firm to be able accomplish his job successfully.

## **2.15 Training**

Employee training is a hallmark of good management, and a task manager over look to their peril.

Companies can gain a strong competitive advantage through having better-trained people. Having high-potential employees does not guarantee they will succeed.

Instead, they have to know what you want them to do it. If they do not receive these instructions well they will do the jobs their way, not yours. Or they will improvise, or, worse, do nothing productive at all. Good training is vital.

The five steps in the training process are: 1) need analysis, 2) instructional design, 3) validation, 4) implementation and 5) follow up.

Knowledge gained during training which is not relevant, will not be implemented in the employee's job, or if not evaluated, can be seen as failure costs.

In general, adequate training programmes increase employee productivity.

Training can take many forms.

Many countries are yearning to improve their education and training. For developed countries, greater investment in human resources promises to give them a workforce for the 21<sup>st</sup> century, highly skilled, productive and capable of restoring competitiveness, growth, and equity.

For developing countries, more basic levels of education and training hold out hopes of modernizing their traditional sectors, facilitating the growth of more modern sectors, and stabilizing political conditions.

For more transitional countries, where skill shortages are sometimes most obvious, more and higher - quality education and training often seem all that is necessary for an enormous boost to their economies.

## **2.16 Management Development**

The secret of achieving success as a manager and as a company lies in learning how to release the hidden potential of people.

Management Development is one way to learn how to release the hidden potential of people.

Management development can be through training on - the - job ( job rotation, or trainee programmes), or through job training (seminars, role playing, management games, or case studies).

Jean (2016) says that the main difference between success and failure is decided more often than not by the quality of management of intellectual capital.

This is the main difference between managers of the 1970s and 1980s, who were more orientated towards asset management, and contemporary managers, who were more orientated towards asset management, and contemporary managers, who focus on the development and effective use of human capital.

Global trends challenge management training and developing professionals, and do change the focus management development.

The types of challengers are:

- A shift from academic training towards developing practical abilities.
- A shift away from a fragmented approach to training towards a more focused one.
- A shift away from trainer-centered towards a trainee- oriented learning process.
- A shift away from a learning process and from individual training to learning organizations.
- A shift away from standardized programmes and formal training to self-development and flexible, result –orientated learner –controlled training systems.
- A shift away from viewing training as a cost to realizing that it is an investment.
- A shift away from outside training programmes to in-company task-oriented management development.

Developing people is - or should be - a fundamental responsibility of every manager. No organization will survive for long if developing people is not a basic belief and practice in the organization.

As a manager, you should always look for ways to train and develop your people. And delegation is one of the most powerful and effective ways you have to build your employees skills.

Senge and coleman (2014) claim that interactions between corporate staff and line managers are fraught with shifting the burden structures.

Busy managers often tempted to bring in HR experts to sort out personal problems.

The HR expert may sort out the problem, but the manager's ability to solve other related problems has not improved.

In similar cases the managers will be just as dependent on the HR specialist as before. Over time, HR experts become increasingly in demand, staff costs soar, and manager's development (and respect) declines.

## **2.17 Managing Strategic Renewal**

The role of HR as strategic partner demands a different role than the traditional HR role.

Change and helping firms deal with it, is now a major issue of HR.

Professor Edward Lawler recently conducted an extensive survey of HR practices and concluded that: focusing on strategy, organizational development, and organizational change is a high payoff activity for the HR organization.

Another expert says that “as more and more HR professionals are stepping into the role of change leader in organizations, (an understanding of) change mechanics has become increasingly important.

HR professionals will have to deal with strategy, culture, structure, technology, attitude, and skill changes.

Team based organizations seems to be very successful is dealing with change.

HR professionals need to become change agents, to be able to respond to initiatives, processes, and cultural adaptations.

Frey (2010) states that a change does not come simply from treating people well.

Change of any kind is a struggle with fear, anger, and uncertainty, a war against old habits, hidebound thinking, and entrenched interests. He continues that no

company can change any faster than it can change the hearts and minds of its people and the people who change fastest and best are the people who have no choice.

## **2.18 Appraising and Managing Performance**

The goal of performance appraisal is four-fold (Dessler, 2016):

- Appraisals provide information upon which you make promotion and salary decisions.
- They provided an opportunity for you and subordinate to review his or her related work behavior.
- The appraisal is part of the firm’s career - planning process, because it provides an opportunity to review the person’s career plans in the light of his or her strengths and weaknesses.
- Appraising help you better manage and improve your firm’s performance.

Appraising is a difficult and essential supervisor skill. In performance appraisals, it is difficult and essential supervisory skill. In performance appraisal the HR department serves as a policy - making and advisory role.

The appraisal process contains three steps: 1) define the job, 2) appraise performance and 3) provide feedback.

Training supervisors in conducting performance appraisals reduce the error rate.

Performance criteria can be very diverse and depend on the job function, and the kind of organization.

The most common form of performance appraisal is the immediate supervisor appraising his or her subordinate, also called, the supervisor appraisal.

Other forms of appraisal are: peer appraisals, self-ratings, subordinates appraisals, and 360-degree feedback.

Many experts feel that traditional appraisals do not improve performance and may eventually backfire.

They argue that most performance appraisal systems neither motivate employees nor guide their development. Additionally, they cause conflict between supervisor and subordinates and lead to dysfunctional behaviors.

## **2.19 Managing Careers and Fair Treatment**

Careers today are not what they used to be. Careers were traditionally viewed as an upward linear progression in one or two firms or as a stable employment within profession.

Now, someone's career is more likely to be 'driven by the person, not the organization' (and) reinvented by the person from time to time, as the person and the environment change' (Rande et, al.2015).

Today's focus on competitiveness does not allow promotions anymore on seniority but on competence. This might sometimes be in conflict with union agreements, since union agreements sometimes contain clauses on seniority.

In the new millennium treating employees fairly is of extreme importance.

Kim and Mauborgne (2014) say that the idea of fair process is of extreme importance today.

Fair process turns to be a powerful management tool for companies struggling to make the transition from a production - based to knowledge - based company, in which value creation depends increasingly on ideas and innovation.

Fair process profoundly influences attitudes and behavior critical to high performance. It builds trust and unlocks ideas. Fair process involves employees

being part of the decision making process. It is vital to remember that relationships must be built on trust.

In helping the employee to better manage his or her career the employer needs to give the employee a realistic job preview before hiring.

Managing dismissals is a difficult part of a manager's job.

Unsatisfactory performance, misconduct, lack of qualification and the changed requirements (or elimination of the job) are, according to Dessler (2013), the main dismissal grounds. Dismissals are never pleasant and should be dealt with fairly.

If an employee leaves the job involuntarily a termination interview should take place. Nowadays many employers also conduct exit interviews for employees leaving the firm.

## **2.20 Compensation**

Employee compensation is an important element in human resource management. The basic aim of compensation (plans) is to attract and keep the best employees.

Compensation refers to all forms of pay on rewards going to employees and rising from their employment, and has two main components: 1) direct financial payments (pay in the form of wages, salaries, incentives, commissions, and bonuses), and 2) indirect financial payments (pay in the form of financial benefits such as employee-paid insurances, and vacations)

In many countries laws specify compensation (like minimum wages, health insurance, overtime pay, and benefits).

Labor unions in many countries have influence in compensation decisions. However, their role is changing.

## **2.21 Compensation Plans**

Compensation plans for a company's top executive usually consists of four elements namely: 1) base pay (salary bonuses) 2) short term incentives (cash or stock bonuses), 3) Long- term incentives (stock options), and 4) executive benefits and perks (supplemental retirement plans, supplemental life insurance plans, and health insurance without a deductible or coinsurance).

Compensating non-supervisory professionals like engineers and scientists presents unique problems. Compensation factors here tend to focus on problem solving, creativity, job scope, and technical knowledge and expertise.

Today's new workplace demands new approaches to paying employees.

It is important that compensation plans are meeting the expectation of the employee. This may result in many different kinds of compensation plans for

the diverse employees. However the amount of differentiation cannot be endless. Today's knowledge workers ask for knowledge or skill based pay.

## **2.22 Pay and Motivation**

In the literature, the relationship between pay and motivation is extensively discussed.

On the one hand it is said that money motivates. Fredrick Taylor assumed that people will work harder, and be more motivated, when they get better paid. So, the piece work rate was introduced and people got paid for every unit produced.

On the other hand, it is said that money does not motivate.

An abundance of literature contends that the most powerful workplace motivator is recognition, and more recognition. Evidence indicates that very high intrinsic motivation levels are strongly resistant to the detrimental impacts of extrinsic rewards.

It appears that changing the way workers are treated may boost productivity more than changing the way they are paid, although profit sharing or employee stockownership combined with work participation may be the best system of all.

## **2.23 Intrinsic and extrinsic Rewards**

Rewards are meant to motivate employees. Reward can be intrinsic or extrinsic (Reiss, 2012).

Intrinsic motivation is seen as the most crucial. However, this does not mean that extrinsic rewards are unimportant.

Early research on intrinsic motivation had flavor, believing that extrinsic rewards would drive out intrinsic motivation. But later research shows that the two kinds of rewards often support each other.

## **2.24 Incentive Plans**

Hopp, et, al (2010), emphasize that incentive plans can be individual, group, profit sharing, or employee group based. The difficulty of aligning incentives to performance is heightened by the fact that formulae for tying the two together are rarely effective.

Hopp favored linking incentives to performance, but leaving managers free to determine their subordinates rewards on the basis of relevant information, qualitative as well as quantitative.

## **2.25 Benefits**

Benefits are indirect financial payments employees receive for continuing their employment with the company. They include (Dessler, 2016):

- Pay for time not worked (unemployment insurance, vacation and holidays, sick leave, parental leave, severance pay, and supplemental benefits).
- Insurance benefits (workers compensation, social security, pension plans, hospitalization, health and disability insurance, and life insurance).
- Retirement benefits (social security, and pension plans).
- Services (for example credit unions, counseling services, and subsidized childcare).

## **2.26 Employee Safety and Health**

Employee safety and health are both in the interest of the employer and the employee.

Employers largely profit from declining work related accidents and injuries. Accidents and injuries are not industry related, although particular industries bear higher risks.

Many countries have adopted health and safety laws to assure that employees have so far as possible safe and healthful working conditions to preserve the human resources.

National labor inspections try to avoid imminent danger and assist or even take a lead if an accident has taken place.

Both employers and employees have the responsibility to work safely and healthily. They must prevent accidents through reducing unsafe conditions, and reducing unsafe actions.

Unsafe actions can be reduced by selecting the right persons, and through health and safety training. The most effective prevention for unsafe actions is through motivation, and positive reinforcement.

Accidents, and employee claims are costly compensation costs. Companies and employees should try to avoid accidents, and not to be “fire officers”.

## **2.27 Job Stress and Burnouts**

In our increasingly competitive world, more employees face job stress and burnouts. Job stress can have serious consequence for both employer and employee.

For the organization, consequences include reductions in the quantity and quality of job performance, increased absenteeism, and turnover, and increased grievances and health care costs.

## **2.28 Management and Leadership**

The right management and leadership are of extreme importance for the optimum utilization of human resources.

They will largely depend upon country's cultural factors, economic systems, and legal and industrial relations. It can be said that the ‘right’ management and the leadership are boundary conditions towards the optimum utilization of human resources.

The theories and literature on management and leadership are extensive. For this reason, the researcher will only present the most important theories for his research on human resource management.

## **2.29 Managers versus Leaders**

Montgomery (2011) states that manager's and leaders are two different types of people. She claims that manager's goals arise out of necessities rather than desires. They excel at diffusing conflicts between individuals and departments, and placating all sides while ensuring that an organization's day to day business gets done. She contrasts that with leaders, who adopted personal, active attitudes towards goals. They look for the potential opportunities and rewards

that lie around the corner, inspiring subordinates and firing up the creative process with their own energy. Their relationship with employees and co-workers are intense, and consequently, their working environment is often chaotic.

An abundant number of management scientists agree that business need both managers and leaders to survive and succeed. Managers and leaders are distinctive, and complementary.

## **2.30 Management**

The management functions are (Robbins, 2010): 1) planning, 2) organizing, 3) leading, and 4) controlling.

Robbins (2016) defines managers are individuals who achieve goals through other people.

Mintzberg, two decades ago, (Caramela, 2018) had conducted research on what managers do, He concluded that managerial work involves: 1) interpersonal roles, 2) informational roles, and 3) decisional roles.

He claimed these roles required a number of skills: developing peer relationships, carrying out negotiations, motivating subordinates, resolving conflicts, establishing information networks and disseminating information, making decisions with less ambiguous information, and allocating resources.

The three managerial roles are thus definite:

- Interpersonal roles: Figurehead, leader, and liaison.
- Informational roles: Monitor, disseminator, and spokesperson.
- Decisional roles: Entrepreneur, disturbance handler, resource allocator, and negotiator.

## **2.31 Leadership**

Kotter (2013) states that leadership and management are two distinctive and complementary systems of action; each has its own function and characteristic activities. Both are necessary for success in today's business environment.

Kotter says management is coping with complexity. Its practices and procedures are largely a response to the emergence of large, complex organizations in the twentieth century.

Leadership, by contrast, is about coping with change. One of the reasons leadership became important in recent years is that the business world has become more competitive.

Seeing the new role of expectations and philosophy of human resource management, a company needs change agents, which clearly shows the importance of having managers with leadership skills.

### **2.32 Managing Global Human Resources**

Globalization means dealing with the uncertain politics of global markets. Ulrich and Younger (2012) contend that those raised in Western culture often take their democratic system as standard.

However, Western rules do not necessarily apply in countries where political and economic power can be influenced by religion, revolution, family, a single dominant party, or even uprisings. Learning the deal with volatile political realities constitutes a new global challenge for many Western firms.

Because of global competition and technological change all organizations are under pressure to better harness the intelligence and commitment of their workforces.

Jeffrey Pfeffer, Stanford professor of organizational behavior has argued that using human resources well has become an important source of competitive advantage.

### **2.33 Human Resource Management in the Future**

Perhaps the biggest difference in today's human resource management initiatives is that they are no longer seen as HR function, but integrated throughout all of a company's operations.

How human resource management most probably will develop and will appear in the future is described in the following paragraphs.

### **2.34 The New HRD Philosophy**

Many organizations have the same human resources development (HRD) philosophy as several decades ago. They think developing their human resources requires no effort.

Organizations get trapped by dropping training since training does not automatically improve employee performance, or because they find no time to give employees training.

What organizations need is a new HRD philosophy, one that helps them to prepare for the future in order to remain productive and competitive, one that improves organizational performance.

Kucherov and Zavyalova (2012) stipulate the new HRD philosophy as follows:

- Creating a training or business partnership.
- Developing results-orientated HRD strategy.
- Improving the training delivery system so that skills can be acquired more easily and are better applied to the job.
- Using managers as agents of change to help produce positive results.
- Using HRD professionals as internal consultants responsible for developing performance measurement systems.
- Identifying and developing employee strengths and managing weaknesses.
- Developing learning transfer strategies that enhance organizational impact rather than focusing on training activity.

### **2.35 The workplace in the future**

Researchers like Renz and herman (2010) anticipate that the workplace in the future, in relation to human resource management, will be characterized by the following:

- There will be no disparity between the Values of the management and the employees within the same organization.
- Leadership lets employees know how they are performing and acknowledges the contributions of each employee through feedback, descriptive praise, and performance-based monetary recognition.
- Individuals will be given more respect, increased responsibility, and freedom. Consequently, they will become happier, more loyal, and cooperative members of the workplace.
- Leaders will personalize learning in the workplace.
- Mentoring will be encouraged to transfer knowledge about norms and values and increase feedback and job satisfaction.

- Employees will grow professionally, will be encouraged to develop their own talents, and will be able to express their professional passion.

## **2.36 Emerging HRM Patterns**

Noe et, al.(2010) have done research in their book: Human Resource Management: Gaining a Competitive Advantage, on HRM practices and policies for gaining competitive advantage and the following patterns emerged, which predict future human resource management:

- The Culture Change Dimension: Firms are seeing that it is likely to be useful to empower their employees more than today, and to promote a more diverse and egalitarian culture. As the world's workforce becomes more educated it is demanding more involvement and participation in human resource practices.
- The Structuring Dimension: Tasks and knowledge determine the involvement of employees and the role of the manager, and also impact the structure of the operations. In particular they make it necessary for work practices to be more flexible to change as the skills and abilities needed to do them change. This removes the sole responsibility for decision making from the hierarchy to those in the know and those nearest to the action.
- The performance management Dimension: There is likely to be enhanced emphasis on obtaining performance and making performance a center of attention. In particular, performance related to serving the customer would appear to be of most importance. This will be closely followed by an emphasis on the performance related to innovation, new products and services. To reinforce these emphases, remuneration schemes at both the individual and team level are likely to be implemented in significant numbers in this decade. There will be greater sharing of risks and rewards.
- The Resourcing Dimension: Flexibility with regard to job assignments and decision will be required and sought in all areas of business. Firms are likely to seek greater use of part-time or temporary workers. Firms will dedicate more training and retraining for full-time workers. This will make the current workforce more important, empowered and more decisive. To capture the fast doubling of knowledge, firms need to constantly incorporate new members and ideas. This will demand constant change and adaption for all.
- The Communication and Corporate Responsibility Dimension: organizations are likely to become involved more in community

activities, particularly training and education, and are likely to still want employees to focus on the firm. Consequently, they will devote more resources to communicating and sharing the goals and objectives of the organization with all employees. This will facilitate the empowerment of employees and helps ensure that the decisions made by employees are as consistent with the needs of the business as those made by the management.

### **2.37 Human Capital Management**

Fitz-enz and Davison (2011) claim the widespread introduction of technology is now the driving force in human resource management (HRM). The human resources information system (HRIS) has evolved from mainframe - based to hands - on applications.

With the arrival of the Worldwide web, HR professionals have almost unlimited power at their fingertips. As exciting and tantalizing as technology has become, it is nothing compared to what it will be like in another ten years according to Fitz-enz and Davison.

It is difficult to imagine what the practice of human capital management will look like then.

Nevertheless, within these three words - human capital management- lies the clue to what is likely to change.

### **2.38 The Impact of Culture on Organizations and Human Resource Management**

Hofstede (2011) contends that cultural differences inevitably lead to all manner of misunderstandings, and these misunderstandings, in turn, often result in a wide variety of emotional and practical consequences, from hurt feelings and missed opportunities, to failed negotiations and lost profits, to anger the and hospitality, to organized warfare.

If people could avoid these misunderstandings, then people would stand a very good chance of sidestepping all the unpleasant consequences they lead to.

Norms in a culture are where people get the idea of *normal* behavior. If people could stop assuming that other people are like us then they would be on the right track in avoiding cultural misunderstandings.

Getting to know the dimensions, norms and behaviors of your own and the *other* culture will give you, as global practitioners, a competitive advantage in the highly competitive global market.

This section reviews appropriate literature on culture. Culture ( Hofstede, 2011) is the complex and wide web of inter - and intra - related factors which describe a person's values, beliefs and behavior. These influence national culture, organizational culture and organizational effectiveness.

This section of the research considers how all these factors shape HR systems.

To be able to speak about 'a culture', generalizations needs to be made, and limitations need to be addressed.

This section will serve as 'second framework'; the 'first framework' is the literature on human resource management (HRM) practices in the West reviewed above. Together the frameworks will enable examination of Bahrain's human resource management practice.

Elashmawi (2012) argues, management today is increasingly multicultural, as national populations have become more informed, heterogeneous, and less isolated. With continued movement toward a global marketplace, growing trans-border exchanges are leading to trade agreements and economic unions.

Thanks to stunning technological advances in communications and transportation, the world's cultures are increasingly interacting with one another.

Hofstede (2011) says the world is full of confrontations between people, groups, and nations that think, feel and act differently.

Ecological, economic, military, hygienic, and meteorological developments do not stop at national or regional borders. Questions of economic, technological, medical, or biological cooperation have too often been considered as merely technical.

One of the reasons so many solutions do not work or cannot be implemented is because differences in thinking among the partners have been ignored.

Understanding such differences is at least as essential as understanding the technical factors.

Because of the significant social and political changes that are currently under way, there is real opportunity for world traders and entrepreneurs, free of ideologies, to engage in peaceful commerce for the benefit of humankind.

Elashmawi (2012) states that the domestic work environment in most countries is becoming more complex.

Most national workforces are experiencing a population growth among traditional minorities, who are also seeking to move beyond entry-level jobs.

Improved access to education and training fuels their vocational ambitions.

Gender barriers are slowly being eliminated, and women are now in supervisory, management, and other executive positions.

In many places, labor is not just absorption of new foreign workers, but of new foreign owners and executives as well.

In this post-industrial information age, a new work culture is emerging. One of its norms is competence, regardless of race, color, religion, or place of origin. Companies are staffed by employees of many nationalities, based on their knowledge and abilities, regardless of their cultural background.

Elashmawi ( 2012) advocates that as people moved into the 21<sup>st</sup> century, managers everywhere had been in transition, experimenting with better ways of managing human resources and material resources during a period of profound change.

Many of the forces driving these changes are economic. Domestic enterprises must restructure and renew themselves to meet the challenges of the global marketplace and worldwide customers.

To be able to manage human and material resources during a period of profound change a manager with cross-cultural sensitivity and skills is needed.

Managers need to have or obtain multicultural proficiency. This means taking the time to analyze the cultural dimensions of the new organization or country.

The literature on culture is extensive and often very theoretical and detailed, and therefore difficult to capture and understand for the business practitioner. A business practitioner needs some psychological, sociological, and cultural knowledge to do business effectively and to manage cultural differences.

Much more than 'some knowledge' is required for Bahrain. To research human resource management practices effectively in Bahrain demands a more profound understanding of the mechanism underlying the culture: how culture is shaped and how culture actually drives its people and employees.

Without knowing a culture's unwritten rules, appreciating it fully is impossible. Research cannot be done in geographical and cultural isolation.

## **2.39 Defining Culture and the Cultural Connection**

Culture is defined in different ways, each saying much the same. Hofstede (2011) defines culture as the set of values, attitudes, and beliefs shared by a group, which sets the standard of behavior required for continued acceptance and successful participation in that group.

Elashmawi (2012) define culture as “the behavioral norms that a group, at a certain time and place, has agreed upon to survive and coexist.”

Elements in culture are. 1) language, 2) non - verbal communication, 3)space and time orientation, 4) religion and belief systems, 5) pattern of thinking, 6) learning, 7) self - images, 8) set of values, 9) material culture, 10) aesthetics, and 11) relationships between sexes and generations( Elashmawi, 2012).

A culture works cohesively in a group. Members of a culture share common experiences and a heritage, which establish and reinforce common values, attitudes and beliefs.

Cultural anthropologists define core values as those that most precisely identify and circumscribe a group. They govern the fundamental beliefs, attitudes, and acceptance behaviors that a group holds most deeply and widely, those that defines its culture.

At the same time there is no justification to assume that any one individual holds any or all of the values of the group’s culture to the same degree as everyone else. Every person is a unique personality, and time is needed to know each individuals before conclusions may be drawn about that person’s attitudes and motives.

## **2.40 The Importance of Values**

Values are important to the study of organizational behavior and human resource management, since they lay the foundation for the understanding of attitudes and motivation.

When an individual’s values are ranked in terms of the strength with which they are held, that person’s value system is obtained.

All of us have a hierarchy of values that form our value system. This value system is identified by the relative importance people assign to such values as freedom, pleasure, self-respect, honesty, obedience, and equality. Values generally influenced attitudes and behavior (Robbins, 2010).

## **2.41 How Culture Drives Behavior**

Human needs - for example, survival, security, affection, esteem, or accomplishment - are universal. What is not universal is the value placed on various means for satisfying our needs.

One kind of cultural difference is well known to all - food. Self-actualization, for example, a need, maybe satisfied in one culture by amassing wealth, praise or other forms of individual recognition, whereas in another it may mean a sense of making a worthy contribution to advancing the process in one's own workgroup.

## **2.42 The Forces that Shape Culture**

Scarborough (2010) explains that a culture takes a long time to develop. Many forces act upon a people group to establish their identity, give meaning to their lives, and define what they come to believe and how they should behave.

The forces shaping a culture as stipulated by Scarborough (2010) are:

- Religion. There is perhaps no stronger force in shaping behavioral standards than religion. If a culture has long standing, dominant religion, active and firm in its teaching of what is right and wrong, those teachings have much to say about that culture's core values.
- Political power. How political power is distributed and exercised shapes attitudes toward authority, willingness to accept direction, and sense of self-reliance and independence.
- Physical surroundings. The physical surroundings of a people help shape the nature, intensity, and longevity of their values. The degree of isolation or interaction afforded by the geography and topography of their homeland, the kind of natural resource endowments, the felicity or harshness of its climate, and exposure to invasion and natural disasters all can have an effect.
- Economy. The manner in which a people sustains itself economically, how it organizes itself to produce or obtain the necessities of life, determines the role individuals are assigned and the relationship among them, and shapes attitudes towards meaning in life, work, pleasure, and success. To a degree, favorable conditions (such as wealth of resources, abundant agriculture, the 'right' politics and religion) are associated with a higher standard of living and more-competitive, task-orientated values,

whereas a greater value might be expected for cooperation and relationships in cultures characterized by subsistence economies.

## 2.43 Levels of Uniqueness in Human Programming

Every person carries within him or herself patterns of thinking, feeling and potential acting, which are learned throughout their life.

Much of it has been acquired in early childhood, because at that time a person is most susceptible to learning and assimilation. As soon as certain patterns of thinking, feeling, acting have established themselves within a person's mind, that person must unlearn these before being able to learn something different and unlearning is more difficult than learning for the first time (Hofstede, 2011).

Culture is always a collective phenomenon, because it is at least partly shared with people who live in the same social environment in which it was learned.

Hofstede (2011) says that people are partially mentally programmed. He explains mental programming of people with the three levels of uniqueness in human programming. The three levels are:

- Human nature. Human nature is what all human beings have in common. It is inherited with one's genes. It is the human ability to feel fear, anger, love, joy, sadness, and the need to associate with others. However, what one does with these feelings, how one expresses fear, anger, joy and so on, is modified by culture.
- Culture. Culture is learned, not inherited. It derives from one's social environment, not from the genes. Culture should be distinguished from human nature on one side, and from an individual's personality on the other.
- Personality. The personality of an individual is her or his unique personal set of mental programmes which she or he does not share with any other human being.

## 2.44 The Evolution of Cultural Research

Hofstede (2011) claims that in the twentieth century, social anthropology developed the conviction that all societies, modern or traditional, face the same basic problems: only the answers differ. American anthropologists, in particular Ruth Benedict (1887-1948) and Margaret Mead (1901-1978), played an important role in popularizing this message for a wide audience.

The logical step was that social scientists attempted to identify what problems were common to societies, through conceptual reasoning and reflection upon field experiences, as well through statistical studies.

In 1954, two Americans sociologist Axel Inkeles and psychologist Daniel Levinson, published a broad survey on the English-language literature on national culture.

Twenty years later Geert Hofstede was given the opportunity to study a large body of survey data about the values of people in over 50 countries around the world.

Hofstede's study was conducted among 116,000 people in over 50 countries working for local subsidiaries of the large multinational corporation, IBM. Hofstede's study is of major importance in understanding different cultures. His research is briefly discussed below:

## **2.45 Hofstede Work and Assessing Cultural Differences**

One of the most widely referenced approaches for analyzing variations among cultures was conducted by Geert Hofstede.

As already mentioned, he surveyed more than 116,000 IBM employees in over 50 countries about their work-related values. He found that managers and employees varied on five dimensions of national culture.

The five cultural dimensions are: (1) power distance, (2) individualism versus collectivism, (3) masculinity versus femininity, (4) uncertainty avoidance, and (5) long-term versus short-term orientation. These five dimensions are defined in the following paragraphs:

### **2.46 Power distance**

The extent to which the less powerful members of institutions and organizations within a country expect and accept the power is distributed unequally. Power distance is one of the dimensions of national culture, and ranges from low to high.

### **2.47 Individualism versus Collectivism**

Individualism is the degree to which people in a country prefer to act as individuals rather than as members of groups. Collectivism is the equivalent for low individualism. Individualism is one of the dimensions of national culture.

## **2.48 Masculinity versus Femininity**

Masculinity stands for a society in which social gender roles are clearly and distinct: men are supposed to be assertive, tough, and focused on material success; women are supposed to be more modest, tender, and concerned with the quality of life. Femininity, the opposite of Masculinity, stands for a society in which social gender role overlap: both men and woman are supposed to be modest, tender, and concerned with the quality of life. Together, masculinity and femininity form the one of the dimensions of national culture.

## **2.49 Uncertainty Avoidance**

The degree to which people in a country prefer structured over unstructured situations. In countries that score high on uncertainty avoidance, people have an increased level of anxiety, which manifests itself in greater nervousness, stress, and aggressiveness.

## **2.50 Long-term versus Short-term Orientations**

People in cultures with long-term orientation look to the future and value thrift and persistence. A short-term orientation values the past and present, and emphasizes respect for the tradition and fulfilling social obligations.

## **2.51 Applying Hofstede' Five Cultural Dimensions to Bahrain**

We look at how Bahrain rate on the five dimensions of national culture. The ratings on the five dimensions of national culture are all based on the outcome of Hofstede's IBM research project.

Hofstede (2011) had concluded the following five dimensions of national culture for Bahrain, among other Arab countries:

Power Distance: High.

Individualism: Low.

Masculinity: Moderate.

Uncertainty Avoidance: High.

Long-term Orientation: Low.

The research outcomes show that the West does not respond uniformly to the five dimensions of national culture. However, one clear conclusion can be drawn: Bahrain is collectivistic, whereas the West is individualistic.

The implications of the research outcomes for Bahrain, for both private and corporate life, will be discussed in Part (3) of this chapter.

## **2.52 Organizational Culture**

Robbins (2010) states the idea of viewing organizations as cultures - where there is a shared meaning among members - is a relatively recent phenomenon.

Organizational theorists now acknowledge the important role culture plays in the lives of organizational members. The theorists agree that culture affects an employee's attitudes and behavior. Organizational culture is defined in different ways, each much the same.

## **2.53 Primary Characteristics of an Organizational Culture**

Bowditch and Buono (2010) say that organizational cultures have several dominant characteristics and consequences.

In essence, an organization's culture is the repository of what members agree about. Given the emotive and symbolic nature of organizational culture, it is also inherently fuzzy in that it is not a monolithic, unitary set of ideas.

An organizational culture aims at a sense of unification of ideas to enhance member's feelings of belonging and commitment.

At the same time, however, there is a "dark side" to such identifications in that people often destruct, fear, or dislike with "other" ideas or ways of doing things.

In fact, in some instances an organization's culture can discourage change by forcing organizational members to work with in the same set of beliefs.

The most recent research suggests that there are seven primary characteristics that, in aggregate, capture the essence of an organization's culture, namely:

- *Innovation and risk taking.* The degree to which employees are encouraged to be innovative and take risks.
  
- Attention to detail. The degree to which employees are expected to exhibit precision, analysis, and attention to detail.
- *Outcome orientation.* The degree to which management focuses on results and outcomes rather than on the techniques and processes used to achieve the outcomes.
- *People orientation.* The degree to which management decisions take into consideration the effect of outcomes on people within the organization.

- *Team orientation.* The degree to which work activities are organized around teams rather than individuals.
- *Aggressiveness.* The degree to which people are aggressive and competitive rather than easygoing.
- *Stability.* The degree to which organizational activities emphasize maintaining the status quo in contrast to growth.

Robbins (2010) explains that each of these characteristics exists on a continuum from low to high. Appraising the organization on these seven characteristics gives a composite picture of the organization's culture.

This picture becomes the basis for feelings of shared understanding that members have about organization, how things are done in it, and the way members are supposed to behave.

## **2.54 Culture Change in Organizations**

As Bowditch and Buono (2010) say, organizational cultures do change. Since culture is an integral part of a group's learning process and experience, over time, changes occur as people cope with shifts in the external environment and problems raised by the internal integration efforts.

Since the assumptions underlying a culture do not easily change, however, it is important to note that cultural transformation is typically incremental and evolutionary process.

Efforts to create a particular type of culture must be guided slowly and patiently by committed leaders who envisage compelling missions for their organizations, carefully cultivating and nurturing these processes.

Bowditch and Buono (2010) continue that there are two fundamental ways to effect culture change in an organization: (1) by getting organizational incumbents to "buy into" a new configuration of beliefs and values, and (2) by recruiting and socializing new people into the organization (with an emphasis on those new beliefs and values) while removing past members as necessary.

## **2.55 National versus Organizational Culture**

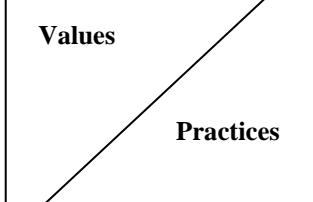
National cultures need to be taken into account if accurate predictions are to be made about organizational behavior and human resource management practices, in different countries.

It seems appropriate at this point to ask the question: Does national culture override an organization's culture? The answer is: Yes.

Research indicates that national culture has a greater impact on employees than does their organization's culture. The conclusion of the research is: As influential as organizational culture is to understanding the behavior of people at work, national culture is even more so.

Hofstede (2011) says using the word 'culture' for both nations and organizations suggests that two kinds of culture are identical phenomena. This is incorrect: A nation is not an organization, and the two types of 'culture' are of a different nature.

***The nature of cultural difference can be described with the following figure:***

| <i>Level</i> |   | <i>Place of socialization</i> |
|--------------|---|-------------------------------|
| Nation       |  | Family                        |
| Occupation   |   | School                        |
| Organization |   | Workplace                     |

***The nature of cultural differences: the national, occupational and organizational levels***

Hofstede gives the following explanations to the figure above.

The figure illustrates that at the national level, cultural differences reside mostly in values and less in practices (as long as people compare otherwise similar

people). At the organizational level, cultural differences reside mostly in practices and less in values.

## **2.56 Implications of Culture: Implication of Organizational Behavior**

Robbins (2010) has done research and claims that most of the concepts that currently make up the body of knowledge called organizational behavior (OB) have been developed by the American subjects within domestic contexts.

Approximately 80% of the studies were done in the United States and conducted by the Americans. Follow-up studies continue to confirm the lack of cross-cultural consideration in management and OB research.

This means that: (1) not all OB theories and concepts are universally applicable to managing people around the world, especially in countries where work values

are considerably different from those in the United States, and (2) cultural values should be taken into consideration when trying to understand the behavior of people in different countries.

## **2.57 Managerial Implications**

Of more direct interest to us is the manifestation of culture observable and understandable in workplace behavior. The previous paragraphs discussed how values motivate actions.

Scarborough (2010) argues that people work to obtain what they value, beginning with survival and then progressing on toward ambitions regarding their desired life-style, spanning the range of human needs: affection and affiliation, esteem, of self and others, self-actualization, and so forth.

Values shape attitudes and beliefs about work, success, wealth, authority, equity, competition, and many other such components of the content and context of the work environment. They govern how people wish to be treated and how they treat others; how they communicate, negotiate, process information, and make decisions; the preferred leadership style; and how and where people want to be led.

For managers, whose fundamental challenge is the motivation of others to help achieve desired ends - that is to behave in productive, cooperative ways - it is difficult to underestimate the importance of understanding value systems in an increasingly global environment and in increasingly diverse workforces.

The five dimensions causing cultural differences, as discussed earlier, help to identify core values. Further, they identify attitudes and behavior, and give managers tools to deal with cultural diversity.

## **2.58 The Multicultural Manager**

Global managers should also be multicultural managers. Elashmawi (2012) see multicultural managers as innovative leaders who are effective intercultural communicators and negotiators. These people are comfortable operating anywhere in the world.

Elashmawi (2012) say Multicultural managers are:

- Students of worldwide human relations and values.

- Open and flexible in dealing with diversity in people.
- Comfortable with those from different disciplines, fields, backgrounds, races, and genders.
- Facilitators of minorities and newcomers, strangers and immigrants to the workplace.
- Collaborators in joint ventures, consortia, or coalitions.
- Planned change agents and futurists.

## **2.59 Review and Analysis of Relevant Literature on BAHRAIN**

Bahrain is a developing country with a population of 762,000 (CIO, 2009 latest estimate). It is heavily dependent on petroleum revenues which are now declining. Seventy percent of the population is below the age of 30. The Bahraini literacy rate is among the highest in the Arab world averaging 85.2 percent (literacy among males stand at 90 percent and 80 percent among females) (CIO, 2009 latest estimate).

Realizing the depleting oil reserves and revenues, Bahrain had to diversify into other alternative economic sectors, particularly banking, information technology, tourism and insurance, however, the manufacturing sector still contributes marginally at about 12 percent of the gross national product (ILO, latest available estimate 2004).

The main challenges facing Bahrain are the rapid growth in population, high proportion of youth, unemployment and high reliance on foreign imported labour. This situation has increased the pressure on government for job creation, education and training.

Understanding one's own national cultural dimensions makes it possible to uncover the implications of those for the workplace and human resource management practices. This paves the way for improvements to be made.

Hofstede (2011) asserts that cultural differences strongly affect human thinking and behavior and therefore business organizations in which people interact on the basis of shared values.

The following cultural dimensions as given by Hofstede have profound impact on the way management practices are conducted in Bahrain.

Hofstede (2011) has concluded the following five dimensions of national culture for Bahrain:

Power Distance: High.

Individualism: Low.

Masculinity: Moderate.

Uncertainty Avoidance: High.

Long-term Orientation: Low.

## **2.60 Uncovering Implications of Cultural Dimensions in the Bahraini Context**

Utilizing analysis from Hofstede (2011) for verifying implications of above five national cultural dimensions, the following is a slight elaboration on what all five dimensions mean when applied to the Bahraini workplace.

### **2.61 High Power Distance**

Most government and non-government organizations in Bahrain adapt a non-participatory approach to decision making. Final decisions are usually made by

higher level superiors without consulting their subordinates. These organizations are characterized by high degree of centralization, formality, low disclosure and openness.

The Bahraini employee is rarely given the chance to express her or his opinion or participate in the decision making process. There is therefore considerable dependence of subordinates on their superiors.

However, the Bahraini employee does not prefer autocratic or paternalistic superiors, an area of management practice that is under-researched in Bahrain.

### **2.62 Low Individualism**

This means that the level of collectivism characterizing the Bahraini workplace is manifested in the close dependence on the groups or institutions. This collectivistic tendency emphasizes loyalty to the group.

The value systems take into consideration obligation to the group and harmony among its members. Social and personal relationships are emphasized along with cooperation with others to avoid risks and settle conflicts through negotiation and compromise.

### **2.63 Masculinity**

Bahrain scored moderate on the masculinity index, only slightly higher than average.

While Hofstede (2011) believe the score should be higher as women in the Arab world have ‘‘limited rights’’, he attributes the above score to the Muslim religion.

However, the score - being moderately higher than average - does provide some tendencies and indications for the Bahraini context.

## **2.64 High Uncertainty Avoidance**

Bahraini organizations feel a strong need for rules and regulations. Security and esteem are effective motivators. Preference is given to working hard. Decision making process takes into account change and risk avoiding nature of Bahraini management.

Strong uncertainty avoidance with high power distance creates a situation where power and authority, and laws and control join forces to disallow democratic changes much needed in the state and workplace.

## **2.65 Short-term Orientation**

Hofstede (2011) say that data for short and long-term orientation are not available. However, the researcher could argue here that the Bahraini society is generally short-term oriented, possibly due to the Muslim religion which emphasizes current events with high respect for traditions and the past.

Bahrain Labour market is highly segmented between nationals and expatriates. Nationals are mainly concentrated in public sector jobs accounting for 90 percent of jobs in this sector. On the other hand expatriates are dominating the private sector and making up more than 60 percent of total workforce in this sector, in lower-paid unskilled and semi-skilled jobs.

The Bahraini Centre for studies and Research (BCSR,2017) conducted a study on unemployment in Bahrain, at the request of the Ministry of Labour, which revealed that as many as 35,000 Bahraini nationals were unemployed in 2017 (BCSR, 2017).The General Organization for Bahraini Workers (GOBW) estimates unofficially puts unemployment figures among Bahraini nationals at about 55,000.

The high percentage of young Bahrainis within Bahrain’s population profile led the Bahrain Economic Development Board (BEDB, 2016) to estimate that at least 200,000 Bahrainis will enter the labour market in the next ten years.

In 1999 Bahrain had a new King who immediately re-instituted elections in 2002, the first in decades, signaling the end of political repression that defined the 1990’s and bringing about a relatively better relations with most of the opposition and interest groups of civil society. A new constitution was

promulgated in 2001 which introduced political and social reforms granting citizens including women the right to organize, vote and run for elections. A trade union representing Bahrain's workforce was established, as a result, for the first time in the history of Bahrain.

However, it took four more years, specifically until the end of the year 2005 to diagnose the education sector in Bahrain as needing a major transformation to meet the challenges that Bahrain will face over the coming years.

In 2016, the Bahrain Economic Development Board (BEDB) chaired by the Crown Prince of Bahrain announced a major country-wide National Education Reform in collaboration with international partners from Australia, Singapore, New Zealand and UK. Underpinning the reform, four initiatives were delineated which produce graduates who have the skills and knowledge that they need to compete in a modern economy. More importantly though, it needs to "produce a range of graduates who have different talents and preferences, who are dynamic and possess strong skills in problem-solving, leadership, communication and teamwork and who are naturally inclined to take risks and be creative". (BEDB, 2016).

In brief, BEDB efforts to reform the Bahrain education sector are based on four initiatives; 1) establishing an independent quality assurance authority in Bahrain in cooperation with the Australian Universities Quality Agency; 2) a teacher development reform in cooperation with Singapore's National Institute of Education; 3) creating The polytechnic of Bahrain with cooperation from Polytechnics International New Zealand and finally; 4) a Secondary Vocational Education Reform in joint – effort with both the Department of Education in the state of Victoria in Australia and the Holmesglen Institute of Technical and further Education, also in the State of Victoria, Australia.

In Bahrain, a 'flurry of reforms' has been proposed to remedy the deficiencies of the Bahraini educational system. All reforms have addressed a number of initiatives ranging from the United Nations Educational Scientific and Cultural Organisation (UNESCO, 2010), the International Labor Organisation (ILO, 2010; 2011; 2012), and the latest Education Reform Initiative.

## **2.66 The UNESCO REPORT**

In brief, the UNESCO (2010) report put forward the following eight steps for consideration by the government of Bahrain: a) introducing a substantial guidance programme into third year of intermediate schools presenting and

reviewing occupations in Bahrain which should be taught by qualified vocational guidance teachers; b) technical, vocational and commercial secondary schools should hold an ‘open house’ each year where representatives of the business industry will tour the schools along with parents and students from the intermediate schools; c) those responsible for the training of teachers should develop special programmes for the training of practical arts for intermediate schools; d) technical vocational and commercial teachers should have their salaries increased along with teachers of general secondary schools; e) consideration should be given to the conversion of some general secondary schools into technical schools thus providing more training places and opportunities for students; f) the ongoing reliance on the City and Guilds of London should be re-examined with view to developing national or regional courses to suit the aptitudes and requirements of the Bahraini students on one hand, and the requirements of the growing and changing economy of Bahrain and the region on the other hand; g) legislation will be needed to establish recognition of the certificates and affiliation to City and Guilds could still be sought where further education is necessary, general technical and vocational education content should be incorporated into all secondary and intermediate schools in Bahrain in order that all students have some orientation to the world of work; h) one language only should be used as a medium of instruction in the secondary technical and vocation schools (instead of both: Arabic and English) and a final recommendation was to provide a better balance in the curricula between time allocated to practical work, technical theory and general subjects, where more priority is to be given to practical training in the workshops( UNESCO Report,2010).

None of the above eight recommendations saw the light as Bahrain political environment was highly restrictive of any such reforms’ initiatives in the 1980’s until late 1990’s.

## **2.67 A NEW KING**

By the end of 1999, Bahrain had a new King who launched a major reform initiative starting with restoring full political constitutional rights in Bahrain. Diagnosed by Amnesty International as participative and potentially expansive, the environment in Bahrain became open for political, economic and social prosperity and advancement.

The educational reforms were put at the top of the priorities of the new government and the scene was set for a new expert opinion. This is where ILO was requested to interfere.

## **2.68 The ILO Mission Initiatives**

An ILO mission to Bahrain (ILO, 2010) visited Bahrain three times, in 2002, 2003 and 2004 at the request of the government of Bahrain where it was asked to develop an integrated framework for addressing employment and

unemployment issues, Bahrain labour market strategies, labour law reform and reforms of the educational system.

In its report the ILO called for a shift in focus from short-term measures regarding unemployment toward action to address the problems' root causes. This, the ILO mission further noted, should involve structural reforms combined with targeted labour-market programmes.

More specifically the report called for creation of an enabling and expansive environment based on clear development strategy and vision that builds on Bahrain's competitive advantage and potential including adoption of a comprehensive human resource management and development and employment policy and adapting existing ageing labour laws to current priorities and realities.

Moreover, removing distortions and segmentation in labour market through gradual but consistent structural reforms, investing in the quality of human capital by enhancing productivity, skills and employability of the Bahraini youth, evaluating and institutionalizing labour market interventions and introducing innovative targeted programmes, rethinking social protection policies and taking full advantage of the democratic process thus promoting a comprehensive dialogue between broad-based tripartite social partners which should necessarily draw on experiences of other countries in adopting macro-economic and sectoral policies that sustain growth and create jobs( ILO,2010).

The ILO mission further consulted with employers, workers and government officials where the mission encouraged consensus building between the social partners on economic and social policies, particularly the growing concern over the missing links between the education system and the job market and the need for a greater provision of vocational education and training.

Finally, a tripartite consensus that was achieved ascertained the root causes of unemployment in Bahrain as encompassing economic and labour market policies as well as education and training (ILO, 2010).

## **2.69 Educational pathways and Massification**

In Bahrain, the government regards higher education (hence HE) and vocational education and training (hence VET) systems as essential and integral constituents of the political, economic and social dimensions of the education system as a whole, emphasizing the links between education and training, formal and informal training, and between HE and VET.

It is concluded here that while accommodating a larger number of students, the quality of the content of HE institutions' provision currently offered in Bahrain has been undermined. However, the government of Bahrain will have to adopt mechanisms and frameworks to enable policies that can effectively facilitate the above transformation.

The next two brief sections shed light on the economy and unemployment in Bahrain. This is deemed vital for the purpose of providing the background needed to fully appreciate and understand HE expansion and its implications for the development of VET systems in Bahrain and in broader contexts.

## **2.70 Diagnosing the Bahraini Economy**

This brief section seeks to ascertain the type of economy Bahrain has for the purpose of determining the country's skills and knowledge needs.

Bahrain hosts a mainly market-led, low skill mixed economy that is nevertheless more skewed towards capitalism.

Evidence from ILO (2010) and CIO (2009) studies of Bahrain, characterized the Bahraini economy as being predominantly low value added (manufacturing sector contributing a marginal 12% of gross national product), low skills (semiskilled and unskilled mainly foreign labour) and low wages (covering semiskilled and unskilled foreign imported labour in low paid jobs). These characteristics of the Bahraini economy are very much skewed toward a low skills equilibrium situation.

## **2.71 A Deeper Look at Unemployment**

Youth population of Bahrain accounts for about 70% of total population as per government figures (CIO, latest estimate, 2009).

Unemployment, on the other hand is soaring at approximately 10% of total youth population (under 30 years of age – unofficially estimated at 35,000 unemployed Bahrainis).

Whilst UNESCO (2010) and ILO (2010; 2011; 2012) initiatives and proposals have highlighted some policy and cultural issues covering the educational system of Bahrain - as noted earlier - it is not clear whether these initiatives have addressed the heart of the matter. Root causes of unemployment, and

particularly crucial issues, pertaining to the socio-economic backgrounds of the Bahraini youth profile appear to have been completely ignored.

Looking at causes of unemployment, we find that as a result of a deficient and inadequate VET system, there was a large number of youths who dropped out of school; too many of them lacked basic literacy and numeracy; little or no form of training for young entrants to the labour market; and lastly a lack of some form of apprenticeship or adult training systems.

Additionally, the proliferations of initiatives that have examined the Bahraini context of unemployment have obviously failed to address critical issues associated with the socio-economic backgrounds of unemployed Bahraini youths.

A major root cause of unemployment in Bahrain is the reliance of employers on very low cost labour from Asia. Legislation in Bahrain reflects the failure of policy makers to impose and create the necessary incentives and penalties to force employers to take VET more seriously.

Sustained by the state, appropriate VET institutions may be developed as middle to long term solutions to the shortage of skilled Bahraini workforce. However it is no use, for example, prescribing training levies on employers who do not have the traditions or expertise to carry out effective training.

On the other hand, difficulties associated with convincing employers to improve the quality of their products and services and thus move towards higher skills equilibrium, and it is fundamentally this point that underlies Bahraini employers' unwillingness to recruit and encourage Bahraini skilled labour. Pay and work conditions for the Bahraini workforce will naturally exceed these considered acceptable for (say) Asian workers and thus this is where state intervention is needed.

Addressing a similar situation (of competing at the low skill end) in the global economy, Bahraini scholars warn of the long term consequences of undermining the national economic success and more importantly the distribution of earnings for the workforce. They note that this situation profoundly demonstrates a failure of government policy which is pivotally responsible for the prosperity and protection of its workforce.

Pressing issues of social equality, fair pay and social inclusion may be jeopardized if a case of competing at low-skill equilibrium continues in an economy. This issue is most certainly further complicated if foreign labour are replacing local workforce resulting in larger volumes of unemployment (in the case of Bahrain). I believe these are the issues uncovered in the initiatives that genuinely reveal Bahrain's problems.

In Bahrain it is claimed that in some developed countries, expansion of HE may have been "a matter of government decision". In other countries, it may have been attributed to some other economic or social and cultural issues. Other developing nations' motivations, in our case Bahrain, to pursue an expansion of higher education are not clear. This section probes these motivations as well as their implications for VET in close connection to the previous subsections on the economy and unemployment in Bahrain.

More than three decades ago in the UK situation - in what became famous in the UK as the Dearing Report; three broad motivations were identified as guiding government policy pertaining to the expansion of HE. These were; a) to inspire and enable individuals to develop their capabilities to highest potential levels throughout life, so that they can grow intellectually, are well equipped for work, can contribute effectively to society and achieve personal fulfillment; b) to serve the needs of an adaptable, sustainable, knowledge- based economy at local, regional and national levels; and c) to play a major part in shaping a democratic, civilized and inclusive society. (The Dearing Report, 1997. Para. 23).

Finally, we note that the debate related to a country's economic performance; participation of lower class backgrounds and their relation to HE expansion have not been subjected to rigorous explanation or analysis. Nevertheless, profound implications might be derived which can be beneficial for understanding and combating the underlying causes of Bahrain's skill and productivity problems.

## **2.72 Implications for VET Skills and Knowledge**

Recapping the deficiencies of the economy of Bahrain outlined earlier, we note that it is marked by rising unemployment of poor youth who are mainly from lower socio-economic class (predominantly rural areas) and lacking skills and in some instances literacy and numeracy. A declining manufacturing sector that is heavily reliant on imported low paid labour , characterizes what is potentially viewed as a low skill, low quality equilibrium.

It seems paradoxical that whilst the reform initiatives, as noted earlier have indeed diagnosed the deficiencies of the educational system of Bahrain and thus illuminated HE and VET shortcomings for further perusal, all of them have

failed to address an important and imperative element; the ***human factor*** and related underlying socio-economic factors (i.e., family background, class, education). Thus these initiatives' failure to provide plans to address these socio-economic issues, coupled with an expanded HE and a deficit VET system and institutions have further complicated the issue for both government and those affected.

The presence of a high - and escalating - youth population in Bahrain of which 10 per cent (also escalating annually – BCSR, 2010) are unemployed is an issue that should have formed an integral part of any initiative to reform education in Bahrain. Addressing their skills and training needs as a means of making them more employable and thus increasing their social inclusion is a primal government responsibility which should have merited state intervention.

The Bahraini government faced by 35,000 unemployed youth - were 20,000 several years earlier - should have known that Bahrain's main skills and knowledge deficiencies lie not at graduate level - where HE has been unjustifiably expanded - but intermediate levels extensively available at properly established VET institutions (currently unavailable at Bahrain as a result of decades of ignorance and under-investment).

Arguably, encouraging more and a more youth (in Bahrain the unemployed in particular) to follow VET skills and knowledge training is a more important political and socio-economic contributor to stability, security and social cohesion and inclusion. One of the main reasons for this is that VET training normally covers larger proportions of workforce and subsequently plays a vital and more important role than HE in providing intermediate level skills and knowledge qualifications forming the direct basis for entry to employment opportunities particularly for the unemployed.

Thus, put briefly, the government of Bahrain surrendering to market-led competitive and globalized capitalism has rendered all reform initiatives to remedy VET routes and systems incapable of achieving any success.

The existing situation in Bahrain is leading to a substantial increase in polarization between the rich and poor. They further note that this caused growing high earning jobs at the top with also growing low earning jobs at the bottom, where middle technical and craft jobs are almost non-existent. It is argued here that analysis of further market trends points towards a significant expansion at the lower end of the labour market, with the likely creation of a large number of jobs that demand low levels of qualifications while offering

low wages, low job security, limited job satisfaction and a few if any opportunities for progression.

### **2.73 Concluding Remarks**

The intention here is to recommend a high quality work-based apprenticeship system where large numbers of unemployed Bahraini youth could be absorbed in vocational institutions while also receiving some wages by the organizations providing their training.

Some Bahraini scholars offer model of VET system which incorporates many of the features advocated by the extant literature as suitable, though not entirely, for contexts such as Bahrain's.

Bahrain, skewing fairly rapidly towards global capitalism and the knowledge economy - thus treating knowledge as its main resource - perhaps needs more than higher skill equilibrium advocated by the extant literature it also needs "a renewal of democracy, citizenship and social justice".

Put briefly, Bahraini scholars propose that a developing country such as Bahrain should try and adopt a high skill high value equilibrium by, at least partly, providing the workforce with the skills necessary to make products and have a contribution to the market. They propose a greater role for the VET systems mediated by the state where the state provides the infrastructure for school-based VET education.

### **2.74 Conclusion**

The previous pages on Bahrain have sought to examine, review and diagnose the education system (HE, VET) in Bahrain as it is the main cause of low productivity in Bahrain. A number of initiatives were discussed, particularly, the ILO's, which provided recommendations for the reforms of the education and workplace.

An attempt has been made to understand why nation states would undertake an expansion of higher education and what are the implications and impact of such expansion on the development of skills, knowledge and productivity.

Paradoxically, a revealing reason for such an undertaking might be, among other reasons, the failure of governments to install an effective, successful and efficient VET system and more specifically a high quality work-based apprenticeship system and route.

Societies, skewing toward a globalized capitalistic economy have failed to address - and respond to - the needs of disadvantaged social groups.

A greater polarization between the rich and the poor, social exclusion and declining social mobility all characterize the absence of the State role in mediating remedy to these distressing conditions.

Supporting a training system, of any kind, that is capable of making increasing numbers of youths employable is greater in importance than expanding HE as this paper has argued.

What we need, more than high skill equilibrium then, is a "renewal of democracy, citizenship and social justice".

## **CHAPTER III:**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Methodology: Qualitative Research strategy**

This research is a qualitative and exploratory which undertakes the study of background relevant literature and documents since no prior comparative research has been undertaken on human resource management in Bahraini workplace. Orientating interviews will be conducted to gather the accounts of some executives for discussion and representation.

Furthermore, company policies, laws, artifacts, annual reviews and various employee benefit schemes literature (such as housing, loan, saving and pension schemes) plus other publications will be also sought from relevant government departments, such as labor law. Therefore, this documentary qualitative exploratory analysis will provide important data which informs more reliable judgments about organizational and management practices of the Bahraini workplace. The resulting findings on Bahraini human resource management could then be compared with Western human resource management theory as well as with the theory on cultural dimensions.

#### **3.2 Role of the Researcher**

In conducting the orientating interviews the researcher faced issues. The researcher's role was to deal with these ethical issues as follows:

- The researcher explained to the interviewees, as much as possible the objectives, strategy and importance of the research.
- The researcher also explained to the wider audience as well as possible the objectives, strategy and importance of the research.
- The researcher aimed to establish a relationship of mutual trust with the interviewee and the audience.
- The researcher aimed to be neutral and not be biased (for example culturally biased). Further, he sought not to express personal values and assumptions.
- The researcher explained to the audience that when they felt offended they needed to mention this immediately to the interviewer.
- The researcher explained that the information obtained would be handled confidentially and that such information would be masked if required.

### **3.3 Data Collection**

A literature study on Bahraini human resource management was conducted at Bahrain's main employers where the researcher felt more information could be obtained concerning the workplace.

Through personal meetings and interviews with specialists at these organizations, with business consultants and with some managers of major Bahraini companies, an orientation on Bahraini human resource management was achieved. The persons being interviewed provided data, information, or knowledge on Bahraini macro-economic developments and (human resource) management practices. The researcher's theoretical basis evolved on the basis of the data, Information given and knowledge transferred by the respondents. In the interviews, inductive logic prevailed. The respondents provided rich context-bound information leading to patterns, theories, or assumptions, which have been helpful for the researcher to explain the situation in the workplace to be examined.

Prior to the start of the research, Bahraini company managers and academics claimed that the service sector might be more interesting for research, since service companies must be customer and market-orientated. In contrast, Bahraini manufacturing companies are said to be "Tyloristic" and less customer and market-oriented. A difference in customer and market-orientation is expected to translate into different management and human resource management practices.

The researcher's questions were used inductively so that they did not direct respondent's answers. One of the reasons that the qualitative method was selected is that practically nothing has been written or researched on human resource management in Bahrain. In contrast, in the West much has been written on human resource.

The research on Bahraini human resource management has an exploratory character. Through interviews, the researcher has obtained both a global and an in-depth picture on Bahraini human resource management practices. The researcher also interviewed union representatives. Where applicable the researcher examined social artifacts, such as company magazines, newspaper articles and labor law. In the case of conflicting information, the researcher tried to explain the differences in information and sought to transfer this into

additional insight. The researcher tried to respect and to protect the human rights, needs, values, and desires of the respondents and informants. Findings

were analyzed without mentioning company and persons names, and are presented with general conclusions and recommendations, despite its provisos.

### **3.4 Company and Respondent Selection**

In general the researcher interviewed the following persons (total of 5) at each of the 5 companies selected, thus conducting a total of 25 interviews.

- General Manager.
- Human resource manager/director.
- Department Head.
- Supervisor.
- Bottom - line employee.

All 5 companies selected were cross-functional thus representative of all service and manufacturing sectors in Bahrain (both government-public and private). The researcher tried to meet all respondent selection criteria during respondent selection, although some latitude had to be applied.

### **3.5 Interview Checklist**

The researcher conducted a total of 25 one hour interview at the selected 5 cross-functional companies. Questions were designed to focus on asking the respondents about how they perceive and see Bahraini culture, economy, politics, management and human resource management. The checklist covered respondents' assessment of Bahraini culture, labor unions, government laws and regulations, company bottlenecks, leadership, human resource management practices and their views for ways forward.

### **3.6 Data Analysis**

The data analysis implemented the following procedures:

Step 1: Organize and prepare the data for analysis.

Step 2. Read through all the data, to obtain a general sense of the information and reflects its overall meaning.

Step 3. Generate a description of the setting or people, as well as categories or themes for analysis. A detailed rendering of information about people, places, or events was established.

Step 4. Briefly, comparing findings on Bahraini HRM with Western HRM theory and the cultural dimensions theory.

Step 5. The final step in data analysis involves making an interpretation or meaning of the data. The question “What are the lessons learned” was asked and captured the essence of the interpretation or meaning of the data. The researcher has brought his personal interpretation, couched in the individual understanding that the inquirer brings to the study from his experience. With the interpretation or meaning of data the researcher has also made a comparison between the findings of Bahraini human resource management and Western human resource management theories. Recommendations have been made on how to improve Bahraini HRM practice and thus Bahraini productivity. (Please see chapter 5).

## **CHAPTER IV:**

### **ANALYZING RESULTS**

#### **4.1 Analyzing Results**

In Chapter 2(part 2) a literature review on the impact of culture on organizations and HRM was presented. This literature review will serve in this chapter as the theoretical framework to describe and analyze the cultural data and information obtained through interviews, which has impact on the management of human resources. The literature will be critically compared with the data obtained during the orientating interviews, interviews at the cross- functional companies, and with researcher's personal experience in Bahrain. One conclusion can already be stated, Bahraini culture is not static, but on the move, owing to demographic, political change and economic development, and the growing disparities between rich and poor.

#### **4.2 Respondents' Values**

Values are important in the study of human resource management, since they lay the foundation for the understanding of attitudes and motivation. For this reason, the researcher asked the majority respondents to mention their values.

The researchers chose to classify the values according to (1) the different need levels of Maslow, and afterwards (2) the frequency with which they were mentioned by respondents. The frequency of answers have limited statistical value, since the values are strongly personally bounded, and depend, for instance, on a respondent's educational background, exposure, experiences and (hierarchical) position within the company. However, the classification gives an indication of Bahraini values. The values are given in table 4.1 below:

***Table 4.1 Respondents' needs and values according to Maslow***

| <b>Need Level</b> | <b>Maslow's need</b> | <b>Respondent's values</b>                   | <b>Frequency</b> |
|-------------------|----------------------|--|------------------|
| 1                 | Psychological needs  | Survival                                     | 4                |
| 2                 | Safety needs         | Stability and peace                          | 12               |
|                   |                      | Job security                                 | 9                |
|                   |                      | Having work in life                          | 9                |
|                   |                      | Being able to rent a house or having housing | 5                |
|                   |                      | Extended family                              | 5                |
|                   |                      | Good health                                  | 4                |
|                   |                      | Minimizing risks                             | 4                |
| 3                 | Social needs         | (Good) family life                           | 8                |

|   |                          |                         |   |
|---|--------------------------|-------------------------|---|
|   |                          | (Good) relationships    | 8 |
|   |                          | Social security         | 7 |
|   |                          | Establishing a family   | 4 |
|   |                          | Democracy               | 4 |
|   |                          | Love                    | 3 |
| 4 | Esteem needs             | Higher living standard  | 8 |
|   |                          | Respect and recognition | 7 |
| 5 | Self-actualization needs | Personal development    | 8 |
|   |                          | Freedom                 | 4 |

***Source: Interviews***

The following explanations about respondent's conditions need to be made before being able to understand Table 4.1. First, the majority of the respondents were educated, either holding a college diploma or university degree. Only 5% of the respondents were not educated beyond grade 12. Secondly, the gatekeepers at most companies were deliberately biased and presented 'good' employees. Knowing these two conditions it becomes possible to understand the value classification.

Respondents with the least education (grade12) and with a bottom line position gave values falling into needs levels 1 and 2. This can be uniformly explained through the fact that these respondents have a low salary; with this salary they can merely survive.

Respondents at lower organizational level with a college diploma or university degree predominately mentioned values falling into need levels 2 and 3, despite the fact that their salary is not enough to maintain a 'normal' life style.

The majority of the values of respondents at middle organizational levels fall in into need level 3. Some of this group of respondents also mentioned values falling into need level 2 or 4.

Respondents at top and higher organizational levels mentioned values falling into need levels 3, 4 and 5.

The needs theory of Maslow applies for the respondents, meaning that the lowest unsatisfied need in the hierarchy controls a respondent's behavior, and that after this need is mostly satisfied, it declines in importance and the respondent's behavior is then controlled by the next unsatisfied need in the hierarchy.

Aside from the values mentioned in Table 4.1 the respondents mentioned as well: (1) national pride, (2) Bahraini culture, (3) dignity, (4) cooking and house work is for women, and (5) resistance to change as Bahraini values.

However, the researcher does not see these as values, but more as elements of Bahraini culture.

### **4.3 Forces that Shape Culture**

Scarborough (2010) states that the shaping forces of a culture are:

1. Religion.
2. Political power.
3. Physical Surroundings.
4. Economy.

Respondents do not uniformly agree that religion has an impact on the workplace. On the one side, respondents say that religious people behave and perform better at the workplace as a result of their religious background.

On the other hand, an equal proportion of respondents claim that religion has no impact at all on an employee's behavior and performance at the workplace.

It is interesting to note that the majority of the lower educated or lower organizational respondents find that religion has a strong impact on the workplace, although respondents at top and higher organizational level do not.

Respondents and the researcher see Bahrain's physical surroundings as not supportive in developing the country, and its population. The isolation of social groups make Bahrainis depend upon the group. According to the researcher, this might explain why Bahrainis find collectivism important, and consider individualism generally as Western and unethical.

Respondents see Bahrain as a subsistence economy, which is in line with the literature. The economy is characterized by a majority of people adding only extremely little value of a product or service, and only buying products to survive. On the one hand, this stimulates employment. On the other hand the profit margins for all people become low. The interviews showed that the majority of Bahraini people are not task orientated, but relationship orientated. This is in line with Scarborough's (2010) theory that subsistence economies are collective and relationship orientated.

### **4.4 Longstanding Influences**

The analysis on the shaping forces of culture discussed above shows that the longstanding influence of Bahrain's difficult physical surroundings, its subsistence economy, has largely shaped Bahraini culture. Furthermore , respondents claimed that the previous long absence of democracy did not expect nor allow Bahrainis to think, which resulted in a non-creative society,

where change and improvement were seen as offensive; challenging the status quo meant risk to one's own existence.

Nowadays, however, Bahrain is undergoing transition on many fronts: culturally, politically, economically, and, last but not least, in the field of human resource management. The changes on the cultural front will be explained in the following paragraphs.

#### **4.5 Managing Crises**

According to Xi (2017) the world is facing two crises:

1. The population crisis.
2. More subtle but equally lethal, in humankind's relationships to its extensions, institutions, ideas, as well as the relationship among many individuals and groups that inhabit the globe.

Bahrain with an area of about 700 km is facing both crises.

According to CIO (2010) the rapidly growing population in Bahrain (stands now at less than a million) puts a high load on the country's development.

Respondents found that humankind's relationships to its extensions are changing in Bahrain. The extended family seems no longer to function as effectively as before. Frequently, the oldest of the family is now supporting the youngsters. In contrast, the model should function the opposite way round: youngsters in the family should support the elderly.

Half of the respondents saw the way out of these crises is to adopt the Western model. The other half of the respondents claimed this will not work. One thing became clear during the interviews: many of the young respondents do not want to establish a family (to marry or have children), if they cannot financially

afford this. In managing the Bahraini crisis the majority of the respondents came up with solutions for the government and their company management.

Respondents regard the cultural situation in urban areas in Bahrain as subject to significant change. However, they do not see the situation in rural areas in Bahrain as subject to significant change, the respondents say the gap between the urban and rural areas is widening significantly.

#### **4.6 Generalization**

The researcher has been forced to make generalizations to make this dissertation easier to understand and more efficient. The category 'respondents' does not always include all respondents, although always the majority of them.

The researcher has decided to adapt the two categories respondents have used to classify Bahraini culture, namely:

1. Urban Bahrain
2. Rural Bahrain

The classification of Bahraini culture into these categories allows the researcher to make an efficient analysis of the cultural data obtained.

#### **4.7 Intimacy and Integrity**

Based on the definition of intimacy and integrity of Akama and Yee (2016) the researcher found that Bahrainis, based on the respondents, are generally intimacy orientated. However, a small proportion of the population in urban areas is integrity orientated.

Overall, the researcher has found Bahrainis to be intimacy orientated. They are clearly interconnected with others. Intimacy favors interdependence. This group of people does not have choice as to their own relationships and destiny. At the workplace, respondents and the literature indicated that maintaining good relationships is more important than reaching results, and that protocol has an important function. Seniority is important in decision making. Knowledge is seen as having life experience. The older one is, the more life experienced. Additionally, the research showed that experts who have embodied years of a disciplined, shared praxis can only evaluate knowledge (Bernstein, 2011).

By contrast, a small proportion of the respondents, mainly the modern elite, who have lived, and studied or worked abroad, clearly favor the integrity orientation.

In the integrity orientation, people have independently chosen how to be connected. Integrity's basis for knowledge is fundamentally intellectual.

Respondents forming the modern elite claimed that it was often very hard for them to keep integrity prevailing above the intimacy orientation once back in Bahrain, since the majority of Bahrainis are intimacy orientated. Among this group, a substantial proportion of the people shifted over time from integrity to intimacy orientation.

The majority of the respondents forming the modern elite say that the intimacy orientation is devastating for the development of the Bahraini economy.

## **4.8 Ethics**

Given the fact that the majority of Bahrainis are intimacy orientated, they avoid harming each other because such action would harm the individual in some way as well. According to Akama and Yee (2016), at the workplace this results in:

- Employees all clearly meeting the performance standards.
- Employees claiming a good relationship with peers and their superior.
- Employees not criticizing their superior.
- Superiors not being critical towards their subordinates.

Respondents were asked the following question in the interviews: "The relationship between my boss and me is often loaded with emotions," to which the vast majority of the respondents replied: "I strongly disagree" or I disagree". Their claim that the relationship between them and their boss was not loaded with emotions could lead to the conclusion that the respondents were content with their work situation. However, in most cases the opposite seemed to be the case, as shown by the interviews. This contradiction might be explained by the fact that Bahrainis are reserved.

## **4.9 Assessment of the Cultural Dimensions**

In assessing Bahraini culture the researcher used the model of Hofstede's (2011), since this model is worldwide the most referenced approach for analyzing cultures. As already explained, Hofstede found that managers and employees vary on five dimensions of national culture. The five cultural dimensions are: (1) power distance, (2) individualism versus collectivism, (3) masculinity versus femininity, (4) uncertainty avoidance, and (5) long-term versus short-term orientation.

Hofstede's (2011) IBM research project has given the following five dimensions of national culture for Bahrain:

- Power distance: High.
- Individualism: Low.
- Masculinity: Moderate.
- Uncertainty Avoidance: High.
- Long-term orientation: Low.

The researcher has verified the validity of the five cultural dimensions in the following paragraphs, through an analysis of Hofstede's characteristics of that particular cultural dimension.

## **4.10 Power Distance**

Verification of the 'power distance dimension' confirms Hofstede's finding that the power distance in Bahrain is high. However, this research outcome needs a more detailed explanation.

The Bahraini society and the workplace contain most of the characteristics that support a society with a high power distance, namely:

- Superiors and subordinates consider each other as unequal (Hofstede, 2011).  
Respondents said that high power distances are officially accepted in Bahraini society and at their company. Respondents accepted this part of their life. However, respondents of the young educated class, and the modern elite, did not like to see each other as unequal, but as complementary.
- Power at organizations is highly centralized (Hofstede, 2011). At the selected companies, in most cases the top manager has all power in his hands. However, the majority of the top managers pretend that they have decentralized the power and have empowered their employees. The researcher saw decentralized authority only for routine tasks, and in the case of non-routine tasks the power remains strongly centralized.
- Subordinates are expected to be told what to do (Hofstede, 2011). At the selected companies, the unskilled and semi-skilled employees clearly expected their superior to tell them what to do, even in the case of routine tasks. In the event that the work deviated from the normal routine the supervisor intervened as troubleshooter. However, the skilled employees at the selected companies did not expect their superior to tell them what to do.
- Organizations have a lot of supervisory personnel, structured into long hierarchies of people reporting to each other (Hofstede, 2011). At the selected companies, many supervisory personnel maintain the control and work discipline. At most companies, employees were not allowed to bypass their immediate superior, even in the case of structural and escalating problems.
- The salary system show wide gaps between top and bottom line employees in the organizations (Hofstede, 2011). At the case-study companies, the salary gaps between bottom line employees and top

managers varied by a factor of 300. Between bottom-line employees and their supervisor the factor was 2 to 4, depending on the company. The salary gaps at the multinational companies were smaller, and the salaries were generally higher, except for the temporary unskilled workers.

- The majority of the workers in the organizations are relatively uneducated (Hofstede, 2011). At the selected companies, the majority of the employees were unskilled or semi-skilled.
- Supervisors are entitled to privileges (Hofstede, 2011). At the selected companies, this was the case to a certain extent. At higher organizational level certain employees received clear privileges, such as more annual leave, a company car, and overseas training.
- Contacts between supervisors and subordinates are supposed to be initiated by the supervisors only (Hofstede, 2011). This was to a certain extent the case in the traditional managed local companies, but not at companies managed by the modern elite or by the expatriates.
- The fact that only supervisors were supposed to initiate contacts conflicts with the fact that Bahrainis are collective orientated. In the collective orientation the relationship between the supervisor and subordinates should be maintained from both sides, because of mutual interest. This mutual interest allows subordinates to initiate contact with the supervisor, although it conflicts with the large power distances between subordinates and superiors.
- The ideal boss is a good ‘father’ (Hofstede, 2011). Respondents said that Bahraini employees accept their superior as unequal if they have a good relationship with their boss. At most companies, the subordinates had a good relationship with their superior, due to mutual interests. However, in the event of a disturbed subordinate-superior relationship, the relationship will be loaded with emotions and the subordinate’s productivity is likely to decline sharply.
- The relationships between subordinates and supervisors are frequently loaded with emotions (Hofstede, 2011). At the selected companies, surprisingly, a large majority of the subordinates and supervisors were mostly not loaded with emotions. The researcher has only one explanation for this: Bahrainis take things as they are, even if they

have a strong impact on their personal situation. Furthermore, the researcher considers Bahrainis by nature as peaceful and not as people who like to create friction.

The fact that Bahraini society and the selected companies have large power distances does not mean that Bahrainis and respondents do not want a smaller power distance. In fact they would like to see Bahraini society and the selected companies with small power distances.

#### **4.11 Individualism versus Collectivism**

Verification of the ‘individualism versus collectivism dimension’ overall confirms Hofstede’s finding that Bahraini society and the Bahraini workplace is characterized by high collectivism, which is the equivalent of low individualism. However, this research outcome needs more explanation and is not valid for all cases.

Hofstede found that a collective society has the following characteristics:

- Collegial decision - making practices (Hofstede, 2011). Respondents said that this was clearly the case at private level, although not really at corporate level. Collegial decision making was seen among peers, although rarely between subordinates and superiors.
- Responsibility and accountability are shared (Hofstede, 2011).
- Tasks are assigned to groups without individual responsibilities (Hofstede, 2011). This seemed not to be the case at the selected companies.
- Maintaining personal relationships (Hofstede, 2011). Respondents said that this was absolutely the case throughout society, both at private and at corporate level.
- Economic activity is valued in terms of its potential to advance the welfare of the social group (Hofstede, 2011). Respondents said that this was clearly the fact in Bahrain. However, they also claimed that in urban areas economic activity had been used more to advance the individual.

Hofstede found that a collectivistic society has the following characteristics at the workplace:

- Poor performance of an employee is no reason for dismissal (Hofstede, 2011). This was clearly the case for permanent employees at all case-study companies. The reasons were diverse, but roughly as follows: (1) Bahraini supervisors tend to defend a poor performing employee by giving him or her a still satisfactory performance appraisal, (2) the Bahraini labor law and unions make it almost impossible to dismiss an employee on poor performance, and (3) poor performing employees brought in by top, higher and middle managers are almost immune for dismissal. By contrast, at all companies selected

for study, of temporary employees was practically always a reason for immediate dismissal.

- Performance and skills, however, do determine what tasks one assigns to an employee (Hofstede, 2011). It seemed that performance and skills were mostly used to determine what kinds of tasks were assigned to an employee. However, during recruitment and during work a more critical review of people's skills needs to be made.
- Better pay on offer from another employer is no reason for terminating a work relationship (Hofstede, 2011). This was not the case for the majority of the respondents. Respondents were likely to shop from one employer to the other for slightly better pay, partly because promotion chances within all selected companies were extremely rare. The respondents mentioned 'pay' as the most important job motivator, up to higher organizational level.
- Management in a collectivistic society is the management of in-groups (Hofstede, 2011) this was clearly the case at all companies.
- Subtle and indirect ways of communicating employee feedback (Hofstede, 2011). Employee feedback was preferably given diplomatically and subtly at some of the selected companies. However, other companies feedback was given more directly. The way that employees received feedback seemed to depend on the organizational culture.
- Preferential treatment of one customer over others is not considered as bad business practice and unethical (Hofstede, 2011). This was the case at the majority of the companies. However, the

researcher does not see Hofstede's preferential treatment as a necessary characteristic for a collectivistic society.

The researcher has the following additional remarks on the 'individualism versus collectivism dimension'.

Bahrain is a collectivistic society. However, in urban areas change is taking place. The people in urban areas are becoming more and more individualistic; in particular the people who want to grow and develop themselves (for example higher educated people, business men, the modern elite, and self-employed people). This group of people see the collective as an obstacle in reaching their personal goals.

The researcher puts this down to the fact that because the people in urban areas are exposed to globalization individualism will be fuelled. In addition, it seems that the collectivistic system no longer pays off in urban areas.

#### **4.12 Masculinity versus Femininity**

Verification of the 'masculinity versus femininity dimension' overall confirms Hofstede's finding that Bahraini culture is moderately femininity although culture is masculinity orientated. However, this research outcome needs additional explanation.

Scarborough (2010) says a feminine society has the following characteristics:

- Work lacks intrinsic value; it is a matter of survival and little more (Scarborough, 2001). This is clearly to be the case for the unskilled and lower educated employees; work for them was not much more than survival. However, at top and higher organizational level intrinsic satisfaction was also an important job motivator.
- Work is done as an obligation to the family (Scarborough, 2010). The majority of the respondents saw work as an obligation to the family, although this characteristic is not restricted to feminine societies, since it also seems to apply to masculine societies.

Scarborough states that a feminine society has the following characteristics:

- Career demands are subordinate to family needs. Career demands were strongly subordinate to family needs for the unskilled and lower educated employees, probably because they had no career perspective. However, this was not the case for the educated employees and those at the top and higher organizational level.

- Nepotism supersedes merit (Scarborough, 2010). In some local companies nepotism was wide-spread, although some of the top

managers at these companies were aware that nepotism does not supersede merit.

- Achievement does not prevail (Scarborough, 2010). Overall, achievement clearly prevailed at lower and middle organizational levels, although it seemed to prevail less at the top and higher management levels.

Respondents stated that Bahraini companies were struck by a lack of decision-making and acceptance of responsibility. However, at the multinational companies, achievement prevailed throughout the organizational levels.

Hofstede continues, that a feminine society has the following characteristics:

- The manager in a feminine culture is less visible, intuitive rather than decisive (Hofstede, 2010). This was clearly the case for most Bahraini managers at the selected companies. The manager was present, in his office, although hardly visible to the employees.

In general, Bahraini managers did not have an open door policy, and are not decisive. This appeared to be due to the fact that power was highly concentrated in the companies. In contrast, expatriate managers and the Bahraini managers at the multinational companies were strongly visible. Furthermore, these managers took responsibility and were decisive within their authority.

- Service industries have a relative competitive advantage. Manufacturing companies have a relative competitive disadvantage (Hofstede, 2010). The researcher strongly agrees with this. Bahraini service companies had a competitive advantage compared to the Bahraini manufacturing companies

Overall, the majority of the higher educated respondents said that they wanted: (1) to develop, (2) to be recognized, and (3) to have job enrichment, which are all characteristics of a masculine society.

#### **4.13 Uncertainty Avoidance**

Verification of the 'uncertainty avoidance dimension' does not match overall with Hofstede's finding that Bahrainis are high in uncertainty avoidance. This research outcome needs further explanation.

Respondents at top and higher organizational level, as well as educated respondents, said that people in urban areas tend to be inflexible overall and relatively indifferent to the potential stress of changing circumstances.

The interviews showed that some of the respondents liked laws and rules, but an equal proportion said that they hated them. 'Tolerance and moderation' on the one hand go together with their opposite 'conservatism'. Both positive as well as negative attitudes towards young people were seen.

Bahrainis do not generally see time as money. However, for the young, educated, top and higher organizational respondents time was money. The majority of the respondents said that they had to learn to be punctual and precise, and now they were. However, overall, respondents did not see Bahrainis as being punctual and precise. Security and esteem motivated half of the respondents. Half of the respondents said that there should not be more rules than are strictly necessary.

No significant differences between respondents in different organizational levels were found on the uncertainty avoidance cultural dimension.

The researcher would label respondents as moderate, and not weak, in 'uncertainty avoidance'. The reason respondents scored differently on uncertainty avoidance as compared with Hofstede might be that the majority of the respondents had a proper education (either college diploma or university degree), and a broader exposure than Bahrainis in rural areas.

Based on information obtained from respondents, including social scientists, Bahrainis in urban areas could be characterized as 'weak to moderate' in uncertainty avoidance, and Bahrainis in rural areas as 'weak'.

#### **4.14 Long-term Versus Short-term Orientation**

Verification of the 'long-term versus short-term orientation dimension' overall confirms that Bahraini culture is short-term orientated. However, this dimension needs further explanation.

Hofstede claims that short-term orientated societies have the following characteristics:

- Respect for traditions (Hofstede, 2010). Most of the respondents said that they had respect for traditions. In case of a wedding or a burial an employee receives special leave from the employer, as per the labor law. However, respondents at top and higher organizational level were not happy with these implications of the labor law at the workplace.
- Respect for social and status obligations regardless the cost (Hofstede, 2010). Respondents confirmed that many Bahrainis overspend their budget to respect social and status obligations.
- Social pressure ‘to keep up with the Joneses’ even if it means overspending (Hofstede, 2010). The researchers did not verify this characteristic.
- Low savings rate, little money for investments (Hofstede, 2010). Respondents said that this was the case for most Bahrainis. Mostly, Bahrainis have no savings or money for investments.
- Quick results expected (Hofstede, 2010). Respondents said that most people in Bahrain expect quick, short-term results. They said that generally Bahrainis are not interested in long-term results. However, the researcher noticed that the educated class, modern elite, and respondents at top and higher organizational levels tended to be long-term oriented as well.
- Concern with ‘face’ (Hofstede, 2010). Overall, at selected companies, in the event of a superior making a mistake it was not likely that the superior admitted this to the subordinates.

Hofstede’s characteristics of a short-term orientation society do not match all situations the researcher encountered during the study. Nevertheless, overall, the researcher agrees that Bahraini society is short-term oriented. Yet respondents claimed that in urban areas people are also starting to take the long-term orientation into consideration.

At the workplace, Bahraini companies are now starting to make strategies and are planning long-term. Furthermore, some of the selected companies had started to conduct market research. However, if Bahraini’s economic situation is not going to improve, the great majority of the population will be forced to stay short-term orientated, despite the eventual desire to become futurists.

At the selected companies, it appeared that respondents in sales and marketing functions were long-term orientated and looking ahead at the workplace. On the one hand, some of these respondents called planning one week in advance as looking ahead and being long-term orientated. On the other hand, other respondents planned two to five years in advance and considered this long-term.

#### **4.15 Summary of the Assessment**

Generally, this study agreed with Hofstede's IBM research project findings on Bahrain in that:

- Power distance was high.
- Individualism was low.
- Masculinity was moderate.
- Uncertainty avoidance was high.
- Long-term orientation was low.

## **CHAPTER V:**

### **Conclusions and Recommendations**

Research results and findings are now interpreted enabling the researcher to finalize his research by drawing conclusions and making recommendations. In the following pages the researcher presents all research conclusions and recommendations.

#### **5.1 Conclusions**

The major research finding on Bahraini human resource management was that the importance of human resource management was not uniformly understood and appreciated at all various Bahraini work sectors. While some multinational organizations saw their human resources as the most important asset, as human capital, others generally did not.

The fact that the Bahraini workforce acknowledge that Bahrain - as most of the Gulf countries - had limited experience in industrialization might explain why human resource management in Bahrain is rudimentary and still has a long way to go.

Despite the fact that everybody spoken to by the researcher said she or he were in favor to 'Human Resources' being an extremely important company asset, this was not the case in practice.

The majority of managers and respondents the researcher approached were aware of the importance of HR, although they were not willing or able to act accordingly.

An HR strategy was almost non-existent in most of multinational and local workplace environments in Bahrain. The majority of the HR departments' literature and artifacts showed significantly static administrative departments, and not dynamic departments taking care of employees and acting as change agents.

For employees at top and higher organizational level, HR departments met HR's new role expectations to a certain extent. However, for employees at middle and lower organizational level, HR departments clearly did not meet their HR's traditional or its new role expectations.

For unskilled and semi-skilled employees, only extrinsic motivators seemed to count, while for other educated employees at higher organizational level the significance of extrinsic job motivators declined, and the importance of intrinsic motivators increased. This finding is in line with Maslow's need theory.

The HR bottlenecks faced by the organizations in Bahrain such as shortage of skilled, innovative, and motivated staff were mainly at micro-economic level, although some were at macro-economic level as well.

The HR bottlenecks at micro-economic level are probably indirectly caused by macro-economic and political factors and developments over the last few decades.

The vast majority of HR bottlenecks at the Bahraini workplace can only be eliminated when the indirect causes at the macro-economic level are removed.

Statistical workplace data from the Bahraini labor authorities stipulated that females were not represented at top organizational level, and were strongly under-represented at higher and middle organizational level.

The majority of male employees saw women as generally more effective than men at the workplace and at home.

Temporary employees are not popular at the workplace. Aside from low salaries, compared to permanent employees in the same function, they did not receive any other compensation, and often did the worst jobs.

Some of the local companies practiced nepotism mostly at top and higher organizational level, although it occurred at middle and lower organizational level as well. Nepotism resulted in companies not having employees fit for their job, and in deleterious situations.

The power of the labor unions in Bahrain was declining. Unions in Bahrain could have significantly stronger power if they focused on the main aims of unions: union security, improved wages, hours and benefits for union members. However, the unions need to take into consideration Bahrain's macro-economic context.

The major research findings on the impact of culture on organizations and human resource management were:

- 1) Urban Bahrainis were weak to moderate in uncertainty avoidance, and respondents were moderate in this respect.
- 2) Urban Bahrainis were also becoming individualistic, 'masculine', and long-term orientated.

Following the review of all company policies, laws, artifacts, annual reviews, and other employee benefit schemes, this study confirmed the fact that all needs and values of employees were found to be in line with Maslow's need theory.

The literature review revealed that cultures are not static, but on the move, owing to global demographic, economic, and political developments, and the growing disparities between rich and poor.

Because of this, the researcher verified the validity of Hofstede's (2011) national culture findings for Bahrain.

Generally, this study agreed with Hofstede's (2011) national culture dimensions on Bahrain in that:

Power Distance: High.

Individualism: Low.

Masculinity: Moderate.

Uncertainty Avoidance: High.

Long-term Orientation: Low.

Based on Hofstede's (2011) national culture findings for Bahrain one clear conclusion can be drawn: Bahrain is collectivistic, whereas the West is individualistic.

The following were characteristics of the majority of the higher managers at the selected companies:

- Awareness of the importance of HR, although this was not seen in practice.
- Incompetence.
- Lack of full decision-making authority.

The majority of the top and higher managers at the companies were not multicultural managers.

The companies' organizational cultures were characterized by:

- Low level of innovation and risk taking.
- Little attention to detail.
- Low to moderate in outcome orientation.
- Low in people orientation.
- Low in teamwork.

- Low in aggressiveness.
- Putting emphasis on maintaining the status quo.

The major bottlenecks the companies were facing are in line with the literature.

The companies' bottlenecks were mainly at the micro-economic level.

Practically all companies' bottlenecks at the micro-economic level could be grouped under the name 'management problems'.

The researcher found that the majority of the micro-economic bottlenecks were indirectly caused over time by Bahrain's macro-economic factors that include the Bahraini culture.

The selected companies need to put more emphasis on the importance of human resources, to increase employee productivity. The companies acknowledging human resources to be a competitive advantage should not only see their top and higher organizational level employees already as human capital, but also their middle and lower organizational level employees since they add the most value to the product or service.

## **5.2 Recommendations**

The selected companies and Bahrain's human resource management (HRM) practice, and thus employee productivity, can be significantly improved by addressing the following three main areas:

- 1) Employees must be seen and treated as human capital, and not as a commodity product.
- 2) Management must be improved.
- 3) Company managers and employees must break up the status quo, and see the global market through new eyes.

The sub-recommendations for the three main areas are listed separately, although they are highly related and interwoven.

The sub-recommendations on the first main area 'employees must be seen and treated as human capital, and not as a commodity product', are:

- HRM must become a strategic function at the highest level of companies' management, instead of being an executive body for the top management at department level.

- Companies need to attract and retain the best people, and need to stop nepotism. This will lead to a competent workforce.
- Competent HR managers must staff the HR departments.
- HR Managers should facilitate the line managers with their expertise. Moreover, they must become coaches, mentors, and change agents, and not just problem solvers.
- Companies should have an HR strategy, and translate this strategy into goals and action plans.
- Company managers need to address employees' values and motivational factors, since these values and motivational factors affect the employees' attitudes and behavior at the workplace.
- Companies must approach their employees as unique individuals, as human capital, to reduce the shortage of skilled employees by training employees adequately.
- Companies need to make an appeal for women at middle, higher and top management positions. At present women are barely represented at higher and not at all organizational levels. Nevertheless, Bahraini men see Bahraini women as very effective and efficient at the workplace.
- Companies should consider part-time work and flexitime to attract and retain women with a family.
- Jobs should be humanized and challenging, through addressing intrinsic and extrinsic job motivators.
- Companies need to improve their recruitment and placement. They should have a training policy, give employee orientation, and should allocate a training budget. Moreover, the steps in the training process must be followed, to avoid failure costs.
- Training should not be restricted to middle, higher and top organizational level employees. Instead, training should be available for all organizational members.
- The emphasis in training programmes should be on developing the trainees' ability: (1) to identify and solve problems, (2) to seek knowledge, and (3) to take the initiative to continue self-development.
- Performance appraisals should not be conducted for promotion and

salary decisions only. They should also be conducted for: (1) employee feedback, (2) career planning, and (3) improving the management and performance of the company. Moreover, they must be critical.

- Recruitment and promotion decisions should be taken on objective

criteria, and on an individual's performance, and not be based on subjective criteria and own interests.

- Exit interviews should be analyzed and followed up.
- Piece-rate pay should be abandoned, since unskilled and semi-skilled employees experience piece-rate pay as a significant job de-motivator.
- Temporary employees should get a better salary. They also should receive: (1) medical costs, (2) transport allowance, (3) leave, and (4) a five- or six-day working week.
- Employees should have extrinsic rewards met first, and only afterwards intrinsic rewards, since the lowest unsatisfied need will determine an employee's behavior.
- Employees should be rewarded on an individual basis, and not only on a collective basis.
- Bonuses should be based on the performance of the company, department, or individual and should not be fixed.
- Employees should not be directly or indirectly restrained from organizing a labor union.
- The relationship between the labor unions and companies' management needs to improve. The unions and companies' management need to see one another as equal partners, and not as enemies.
- Labor unions should represent employees' and employers' interests to become equal partners, and not only employees' interests and the private interests of the elected representatives.
- Labor unions should bid farewell to the principle of 'the same rights and compensation for all employees'; they should advocate compensation

and promotion based on an individual's performance.

- At least some of the elected labor union representatives within each union should have an education.
- Temporary employees cannot be assigned to 'definite' positions. This practice needs to be stopped. It is highly un-ethical to employ an employee as temporary for several years, since one cannot remain 'a temporary' within the same company and remain a long time.
- Companies must improve the safety and health of their employees.
- Working conditions and environment, physical working conditions, and workplace design should be improved.
- Expatriates must develop awareness of Bahrain's culture.
- Expatriates should attend expatriate training.
- Employees need to have self-criticism and should not always finger-point at others.
- Companies where operational employees continually do overtime should employ more operational employees, given their workload. It would be better for the Bahraini economy if these companies assigned extra operational employees, instead of paying overtime.

The researcher's sub-recommendations on the second main area 'management must be improved', are:

- Companies need to be staffed with competent managers. Competent management needs to be fostered. Multinational companies (MNCs) show that competent management is available in the Bahraini market and can be fostered.
- Managers must become transparent, and should not have second (hidden) agendas.
- Companies must stop nepotism. The MNCs have extremely positive experience with having abandoned nepotism.
- Companies should decentralize power down to middle organizational

level, so that higher and middle organizational level employees can be empowered, and can have decision-making authority. Additionally, decentralization of power will allow: (1) management of change, (2) knowledge management, (3) innovation, and (4) challenging the status quo.

- Companies need to focus both on the short- and long-term in their decision making, and not only on the short-term.
- Companies must become task-oriented for employees at top, higher and middle organizational level, and for the educated employees at lower organizational level. For this group of employees task-orientation will lead to higher performance and productivity.
- Companies must be relationship-oriented for their unskilled and semi-skilled employees. For this group of employees relationship-orientation will lead to higher employee productivity.
- Companies must have strategies, which translate into goals and action plans.
- Companies' bottlenecks must be challenged.
- Inter- and intra-departmental communication must be improved.
- HR Managers must receive decision-making authority.

The researcher's sub-recommendations on the third main area 'company managers and employees must break up the status quo, and see the global market through new eyes', are:

- Companies' challenges should be identified.
- Companies' HR bottlenecks must be challenged.
- Current roles at the companies should be challenged.
- Conflicts should emerge, although should not turn personal.
- Unproductive norms should be challenged.
- Changes should be managed in phases and slowly, since the Bahraini society does not allow rapid changes. Only then changes might succeed.

- Employees should look critically at themselves.

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