

# BAHRAIN ECONOMY EXPERTS' SURVEY



## INTRODUCTION

At the start of December 2021, the Bahrain Economists Society (BES) ran its monthly survey on the Bahrain economy, with the participation of the 48 members of the Bahrain Economy Experts Panel. This month, the survey looked at innovation and organizational culture in Bahrain.

## QUESTION 1: BUSINESS CONFIDENCE

### Context

Panel members were asked the following primary and secondary question:

- **Excluding normal seasonal changes, do you think that the overall level of economic activity in Bahrain during the next six months will be: higher / unchanged / lower?**
- **Rate your confidence in your answer on a scale of 1-to-7.**

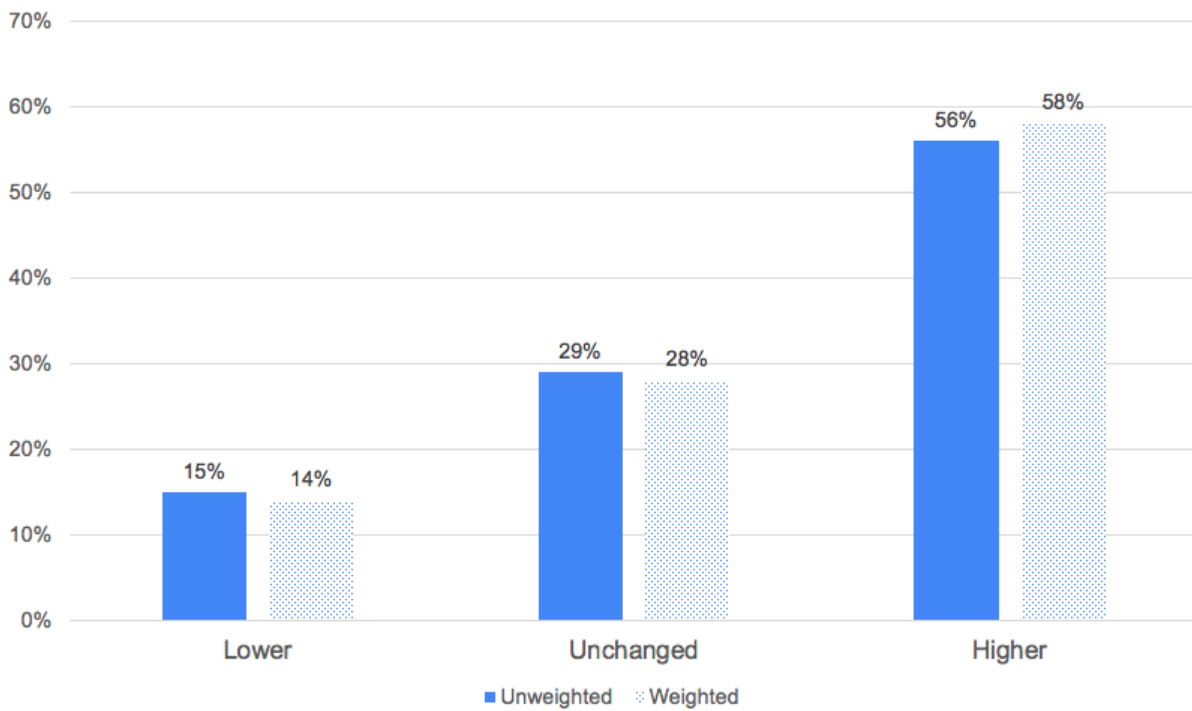
This question comes at a time of continued success in suppressing Covid-19 and elevated oil prices. The government has also launched its post-pandemic economic recovery plan.

### Results

The results are shown in Figure 1. The unweighted results are the responses based on the first question. The weighted results are the responses to the first question modified to take into account the participant's level of confidence.

- **Conclusion 1a:** Overall, the experts are optimistic about the level of economic activity in the next six months. Around 56% expect an increase, and 15% expect a decrease, with about 29% expecting no change.

**Figure 1:** Excluding normal seasonal changes, do you think that the overall level of economic activity in Bahrain during the next six months will be:



- **Conclusion 1b:** The experts are close to having a consensus on this issue.
- **Conclusion 1c:** Adjusting the responses to take into account each participant’s level of confidence does not affect these conclusions.
- **Conclusion 1d:** Optimism about the level of economic activity (0.41 on a scale of -1 to +1) is lower than during the previous two months (October, 0.70; November, 0.60; on a scale of -1 to +1) and is trending downward.

**Interpretation**

After another successful month in suppressing the pandemic, experts continue to express optimism about the economy. The positive outlook also reflects confidence in the national economic recovery plan launched during October. However, the spread of the new omicron variant of Covid-19 is beginning to adversely affect optimism.

**Question 2: Innovation**

**Context**

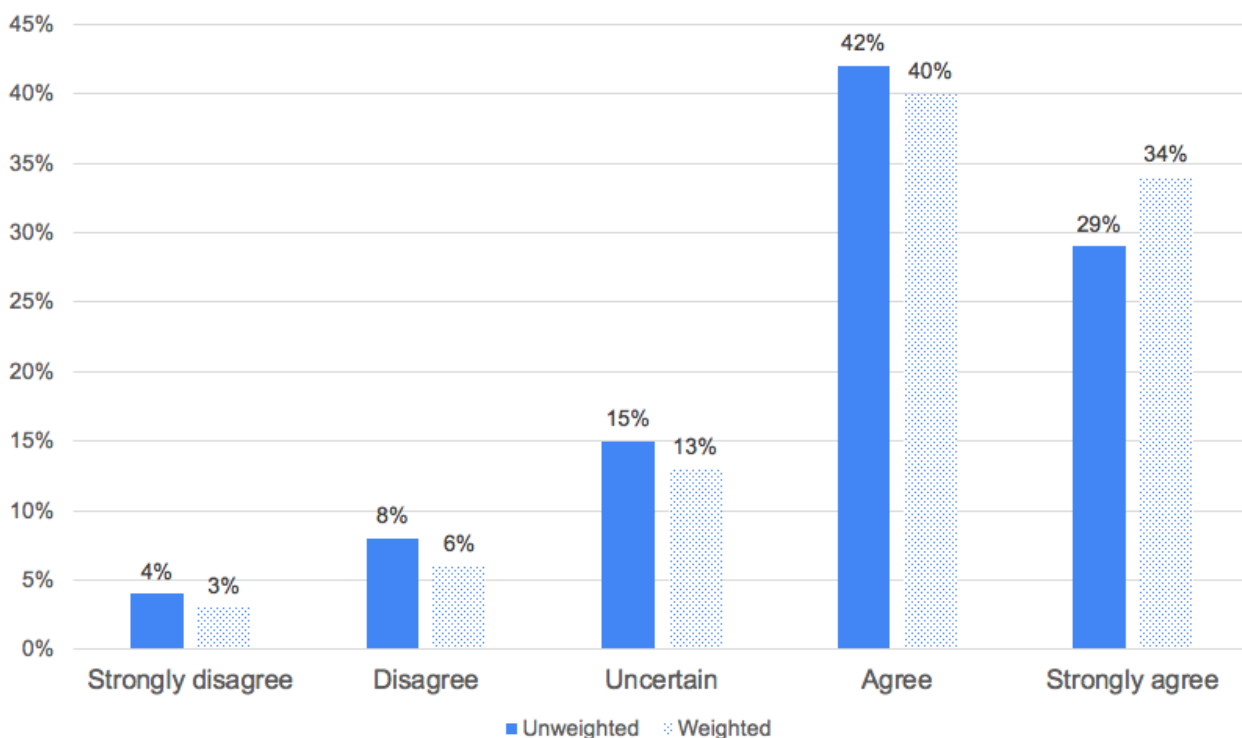
Innovation is a critical component of Economic Vision 2030, and the October 2021 post-pandemic economic recovery plan attempts to boost innovation. However, using a wide variety of indicators, innovation in Bahrain has been weak for the last two decades, and continues to be weak. Weak innovation is a complex problem with many different potential causes. One of the potentially important factors is an organizational culture that works against innovation.

For the second question, participants were asked to express the extent to which they agreed with the following statement:

- **An important reason for the weakness of innovation in Bahrain is that when employees present innovative ideas to top management, top management either**

**Figure 2:** To what extent do you agree with the following statement?

*"An important reason for the weakness of innovation in Bahrain is that when employees present innovative ideas to top management, top management either implement the idea without rewarding the employee, or they admonish the employee because the idea implicitly draws attention to a deficiency in the organization. As a result, employees do not take the time to develop new ideas, and when they do develop new ideas, they do not share them with top management."*



- **Implement the idea without rewarding the employee, or they admonish the employee because the idea implicitly draws attention to a deficiency in the organization. As a result, employees do not take the time to develop new ideas, and when they do develop new ideas, they do not share them with top management.**

They were also asked:

- **Rate your confidence in your answer on a scale of 1-to-7.**

## Results

The results are shown in Figure 2. The unweighted results are the responses based on the second question. The weighted results

are the responses to the second question modified to take into account the participant’s level of confidence.

- **Conclusion 2a:** Overall, the experts expressed agreement with the statement, with 71% responding “agree” or “strongly agree”, and only 13% responding “disagree” or “strongly disagree”.
- **Conclusion 2b:** The experts are close to having a consensus on this issue.
- **Conclusion 2c:** Adjusting the responses to take into account each participant’s level of confidence strengthens conclusion 2a and weakens conclusion 2b, because the participants who were more confident in their answers were more likely to agree with the statement.

## Interpretation

Overall, the experts clearly believe that organizational culture is an important part of innovation. One of the experts agreeing with the statement made the following comment:

*“Innovation is generally driven by a company’s culture. The most innovative companies have innovation strategies that are both top and bottom driven, and have the structures and processes in place to enable employees to develop, test and implement new ideas.”*

However one of the experts who expressed “no opinion” remarked:

*“I believe it also has to do with a lack of creative thinking/open mindedness from top level management, so even if employees come up with innovative ideas, these ideas aren’t appreciated by top management because they have much more traditional ideas of how to run a business.”*

Moreover, several experts also affirmed the complexity of innovation, and the need to look beyond the role of organizational culture. One remarked:

*“The issue of corporate innovation is more complex than the aforementioned factors. Structured corporate innovation requires the development of internal infrastructures, policies, reward schemes, trial and testing processes and workflows. These would create the necessary resources (time - teams - channels - programs - funds) to prioritize innovation.”*

Another expert added:

*“It’s also important to note that for any organization to successfully be able to take ideas*

*from start to end, it would need a robust framework of some sort that is openly shared with employees and relevant stakeholders.”*

Synthesizing the above, improving innovation is very difficult due to how complex it is, but it is something that must be done in Bahrain given the importance of innovation to Bahrain’s economic strategy. For the efforts to be successful, attention must be paid to the deep flaws that exist in Bahrain’s organizational innovation culture.

Ordinary employees work on the front line and therefore possess accurate information regarding how to improve the organization’s performance through innovation. However, for them to share that information, they must feel that top management wants to hear it, and they must also feel that top management will reward them for taking the time to develop the ideas and share them. Bahrain must work harder in this regard.


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