THE ROLE OF LABOR RESOURCES IN THE DEVELOPMENT OF THE BAHRAIN ECONOMY

ROЛЬ ТРУДОВЫХ РЕСУРСОВ В РАЗВИТИИ ЭКОНОМИКИ БАХРЕЙНА

EL PAPEL DE LOS RECURSOS LABORALES EN EL DESARROLLO DE LA ECONOMÍA BAHREIN

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Abstract

The article analyzes the experience of the development of labor resources in the Kingdom of Bahrain. The country is a member of the Cooperation Council for the Arab States of the Persian Gulf (GCC), which are characterized by high dependence on labor migrants, a large number of young people under 25 years old, and a low share of women’s involvement in economic processes. Nevertheless, the experience of Bahrain is characterized by a unique approach to improving the quality of human capital. The multi-level principle of interaction between the state, society and business is embodied in the creation of the Tamkeen company, whose main goal is the development of national labor resources.

Keywords: Bahrain, labor, labor migration, migration to the GCC, Tamkeen.

Resumen

El artículo analiza la experiencia del desarrollo de recursos laborales en el Reino de Bahrein. El país es miembro del Consejo de Cooperación para los Estados Árabes del Golfo Pérsico (CCG), que se caracteriza por una alta dependencia de trabajadores migrantes, un gran número de jóvenes menores de 25 años y una baja participación de las mujeres en Procesos económicos. Sin embargo, la experiencia de Bahrein se caracteriza por un enfoque único para mejorar la calidad del capital humano. El principio de interacción de varios niveles entre el estado, la sociedad y las empresas se materializa en la creación de la empresa Tamkeen, cuyo objetivo principal es el desarrollo de los recursos laborales nacionales.

Palabras claves: Bahrein, trabajo, migración laboral, migración al CCG, Tamkeen.

Аннотация

В статье анализируется опыт развития трудовых ресурсов Королевства Бахрейн. Страна является членом Совета сотрудничества арабских государств Персидского залива (ССАГПЗ), который характеризуется высокой зависимостью от трудовых мигрантов, большим числом молодых людей...
в возрасте до 25 лет и низкой долей участия женщин в экономических процессах. Тем не менее, опыт Бахрейна характеризуется уникальным подходом к повышению качества человеческого капитала. Многоуровневый принцип взаимодействия государства, общества и бизнеса воплощен в создании компании "Тамкин", основной целью которой является развитие национальных трудовых ресурсов.

**Ключевые слова:** Бахрейн, труда, трудовая миграция, миграции в ССАГПЗ, Тамкин.

**Contribution of the research participants:**

The authors wrote an article during the execution of the project grant. I.A.Z. Aydrus: general idea of the project, conducting field research in the Gulf countries, writing the section of the article, preliminary editing the article; SV Ryazantsev: the general methodology of the project, the distribution of responsibilities for the project, control over the implementation of the project, writing the section of the article, general scientific editing; I. Bogdanov: analysis of primary data, collection and analysis of literature, writing section of the article; RR Asmyatullin: analysis of primary data, writing section of the article, drawing up a chart; histograms; M.Homsi: collecting primary material, analyzing data, working with literature in Arabic, writing a section of the article. The authors have no complaints against each other and guarantee that their research does not infringe the interests of third parties.

**Introduction**

The population of the countries of the Arab Gulf Cooperation Council (GCC), established by the six countries of the Arabian Peninsula in 1981 - Bahrain, Qatar, Kuwait, the UAE, Oman and Saudi Arabia, is characterized by high national, cultural and religious diversity. When oil was found in the Persian Gulf at the beginning of the 20th century, the active development of various sectors of the region’s economies began. The economic boom of the 1970s led the GCC countries to a period of unprecedented growth, accompanied by the emergence of new industries and the implementation of large infrastructure projects. Initially, an oil and gas complex was created. Then the countries moved to the formation of the petrochemical industry, which is the second largest industrial sector in the region after oil and gas, and other industries (aluminum, legal, chemical, etc.), along with the service sector (finance, telecommunications, education, logistics and etc.).

One of the key factors for economic success is the development of labor resources. From a demographic point of view, the GCC countries (with the exception of Saudi Arabia) are small countries. The economic boom in such countries naturally attracts a large number of labor migrants to meet their labor needs (Karabulatova, Kim, 2017).

Currently, a characteristic feature of the GCC countries is a high proportion of foreign labor. Perhaps no other region in the world depends so much on labor migrants. Despite the fact that for the most part this situation is mutually beneficial both for the countries of the region and for foreigners, it raises a number of problems in terms of employment of citizens of the GCC countries.

Since the beginning of the 1970s, the share of foreigners in the population of the region’s countries has significantly increased: in Bahrain from 18% to 52%, in Oman from 8% to 49%, in Qatar from 59% to 90%, in Saudi Arabia from 11% to 37%, in the UAE from 64% to 88%, in Kuwait, the share of foreigners remained at 69%. On average, the GCC in the early 1970s, foreigners accounted for 20% of the population, at the moment the share of foreigners is 51% (Fig. 1).
In the GCC there is a clear gender imbalance among the foreign population. If the average for the integration grouping, there are just over 300 men for 100 women, in the rest of the countries except Kuwait, Saudi Arabia and Bahrain, where there are 220, 230 and 300 men for 100 women, respectively, the figure is much higher. Thus, in the United Arab Emirates, the number of men per 100 women is more than 400, in Qatar the level approaches 500, and in the Sultanate of Oman - to 600. With regard to the ratio of men and women among the local population, the average for the GCC is 1:1. (Gulf Labor Market and Migration, Electronic resource).

If we consider the proportion of migrants in the working population of the Arabian monarchies, then the figures will be much higher. In 2015, the highest level is Qatar, with 95% of foreign workers. In second place is Kuwait, where the share of labor migrants is 86% of the employed population. In Oman and Bahrain, the numbers reach 81%. Saudi Arabia is characterized by the lowest share, where foreigners account for only 57% (Gulf Labor Market and Migration, Electronic resource).

Traditionally since the 1970s, most of the migrants came from India and Pakistan. There is now diversification of flows due to increased inflows from Sri Lanka, Nepal and Bangladesh. Natives of South Asia make up the lion’s share of labor migrants. In the GCC countries there are also migrants from the countries of North and Sub-Saharan Africa.

Saudi Arabia, due to the scale of the economy, is seriously distinguished from other member countries of the group and is one of the largest labor markets in the world. The country has 11 million foreign workers from more than 100 countries and 2.3 million domestic workers (Saudi Arabia has 11 millions workers from more than 100 countries, Electronic resource).

Although immigration is an effective tool to compensate for the shortage of labor resources, the economic future ultimately depends on the success of the efforts of the GCC countries in training young people. About half of the region’s population is under 25 years old. Moreover, the region is characterized by one of the highest rates of youth unemployment in the world. In Saudi Arabia, the indicator over the past four years has increased by 1% to 31%; in Bahrain - by 2% to 31%; in Oman - by 5% to 26%; Kuwait - 3% to 19%; in the UAE - by 2% to 12% and in Qatar - by 1% to 3% (How will the GCC close the skills gap, Electronic resource).

Despite the fact that birth rates tend to decline, due to the increasing cost of living in the region and gradually increasing employment and
education opportunities for women, the positive trend of increasing unemployment persists.

In order to prevent the growth of unemployment, the GCC countries implement a policy of replacing migrants with national labor: Bahrainization, Saudization, Omanization, etc.

Acceleration of the rate of replacement of migrants with local labor resources in 2017 and 2018. It is also associated with a slowdown in economic growth in the GCC against the background of falling world energy prices and, accordingly, revenues of petrodollars to the budget.

The nationalization of labor resources has recently been added to the implementation of the strategy by the need to improve the skills of young people and fill the vacuum between the demands of the labor market and expertise. Traditionally, the GCC high expenses for education. In 2017, $27 billion was allocated to education (How will the GCC close the skills gap, Electronic resource).

For small states that do not possess excess reserves of natural resources, the formation of a knowledge economy is critical to ensure the economic development of the country. The Kingdom of Bahrain, as the smallest state not only of the Gulf, but also of the Arab region, has a unique experience in the development of national labor resources.

The purpose of this article is to study the experience of Bahrain in the development of national labor resources in the context of the current demographic trends.

Materials and methods

The article first analyzes the demographic trends and their impact on the labor market in Bahrain, since this is what has become a prerequisite for the implementation of government reforms in the development of national labor resources.

The analysis of demographic indicators used data from the national statistical agencies of Bahrain, in particular the Bahrain Open Data Portal. The labor market statistics (Labor Market Regulatory Authority) was used to analyze labor market indicators.

It is worth noting that there is no summary statistics on the composition of the population by nationality, so the data on the national composition of Bahrain (like many other GCC countries) do not fully reflect the real situation. However, statistics on the division of the population between Bahraini and non-Bahraini people is presented in sufficient detail.

The basis for the implementation of the Bahraini policy is the national economic development strategy of Bahrain until 2030 (Economic Vision 2030), which with its mission set the goal of “moving from an oil-based economy to a globally productive and globally competitive economy ”An economy that will create a middle class of Bahraini residents with a high standard of living and well-being thanks to increased productivity and the creation of high-paying jobs.” In this formulation, the leading driver of economic development denotes efficiency and labor productivity, i.e. development of labor resources of the country. As steps to achieve the objectives of Strategy 2030 regarding the development of the country’s labor resources, the following activities are mentioned:

- encourage and motivate the private sector to increase productivity;
- to help Bahraini people to get a medium and high-paying job through support programs and continuing professional education;
- to transform the state system of human resource management;
- support and development of talented youth through their education;
- support and professional development of teachers, improving the image and attractiveness of a teacher’s career in society;
- provide high-quality training for people with skills and attract new industries to Bahrain;
- develop quality standards in the field of education, conduct regular monitoring. At the present stage of development of the higher education system in Bahrain, the key problem is ensuring the high quality of education and meeting the requirements of the labor market;
- to stimulate research in universities and others (Aydrus, Zeyn, Asmyatullin, 2016).

Tamkeen’s experience in the development of Bahrain’s national workforce has been studied. This initiative is implemented in the framework of Vision 2030.
Results

The current demographic situation and the labor market in Bahrain. To assess the efforts of Bahrain to nationalize and develop the national labor force, it is first necessary to analyze the kingdom’s demographic characteristics, which are the basis of the reforms implemented by the government. The population of Bahrain, the smallest in size is the Arab state (about 780 sq. Km.), Is 1.3 million people. The population of the kingdom is expected to reach 1.592 million by 2020 and 2.128 million by 2030. The average population growth rate is 7.4%. (Ministry of Information Affairs, Electronic resource). For centuries, Bahrain was the center of the intersection of maritime trade routes between India and the Middle East, so foreigners often visited the kingdom.

The Sumerians also mentioned the state of Dilmun (4-3 centuries BC), which included the territory of modern Bahrain, as a major commercial and cultural center. The island, called the Greeks of Tilos, proslat as a shopping center during the rule of the Phoenicians in the region. Under Caliph Osman (644–656), Bahrain regained its status as a commercial center for the Gulf region. The geographical position of the country has always had a significant impact on its economic development, which is actively taking place due to an external factor, and accordingly was characterized by the movement of migrants.

After the discovery of oil fields, Bahrain became a place of even greater attraction for migrants. The first oil was scored in 1932, and in 1934 the country began exporting. 1930s can be called a milestone in the history of Bahrain precisely because of the beginning of the development of the oil refining industry there. In 1936 the first oil refinery was built.

By the middle of the last century, the share of foreigners was about 18%, representing a third of the country’s labor force.

The national profile of expatriates in Bahrain was shaped by political factors. In response to the revolution and tightening of control over migration, the number of Iranians gradually decreased. Fearing the influx of cheap labor from Iran, the government of Bahrain encouraged the recruitment of labor migrants from India (Louër Laurence, 2008).

The economic development of other Arab countries in the region also contributed to the decline in the proportion of Arab migrants. If in the second half of the 20th century Omanis made up the majority of Arab foreigners in Bahrain, now their numbers have declined significantly, which is a consequence of the active economic development of Oman.

In the 1970s, the industrialization process was launched - aluminium production was imposed (the ALBA aluminium plant is one of the largest in the world) and the ship repair industry was created, represented by the powerful shipbuilding and ship repair company ASRY. The oil boom of 1973 and the subsequent rapid growth of business activity in the region turned Bahrain into an international financial center. In 1978, the beginning of the formation in the country of a world center of Islamic finance was laid.

If before the 1970s, the number of foreigners did not exceed 20%, by the end of the XX century their share was 37%, and after 2007, the population of foreign citizens began to exceed the number of Bahraini residents.

In 2015, foreigners made up about 52% of the population of Bahrain, the largest number of foreigners are in Asian countries, in particular India (about 350 thousand people, 25% of the population of the kingdom), Bangladesh (110 thousand people, 7.9%) and Pakistan (100 thousand people., 7.2%). A significant number of migrants from the Philippines, Egypt, Sri Lanka, Nepal, Indonesia.

Asian migrants consist primarily of workers, while the Arab population includes family dependents. The sex ratio among the Arab population is more balanced than among the Asian, which is characterized by the predominance of the male population. In general, the level of minimum income for foreigners in Bahrain allows foreign men to support their family members to live in Bahrain. The Philippines is the only national group in Bahrain, represented primarily by women, since this category of expatriate’s works primarily as housekeepers.

In the national structure of the population of Bahrain, there are also a large number of citizens of Europe (particularly Great Britain) and the United States, who are represented by military personnel and their families. The demographic situation has an impact on the labor market.
Table 1. The structure of employment in Bahrain, 2006-2017.

<table>
<thead>
<tr>
<th>year</th>
<th>total</th>
<th>Bahraini people</th>
<th>Foreigners</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>431 813</td>
<td>126 011</td>
<td>305 802</td>
</tr>
<tr>
<td>2007</td>
<td>472 262</td>
<td>128 466</td>
<td>343 796</td>
</tr>
<tr>
<td>2008</td>
<td>511 899</td>
<td>129 959</td>
<td>381 940</td>
</tr>
<tr>
<td>2009</td>
<td>597 592</td>
<td>142 642</td>
<td>454 950</td>
</tr>
<tr>
<td>2010</td>
<td>593 660</td>
<td>138 356</td>
<td>455 304</td>
</tr>
<tr>
<td>2011</td>
<td>594 925</td>
<td>141 263</td>
<td>453 661</td>
</tr>
<tr>
<td>2012</td>
<td>606 914</td>
<td>142 648</td>
<td>464 266</td>
</tr>
<tr>
<td>2013</td>
<td>647 578</td>
<td>147 781</td>
<td>499 797</td>
</tr>
<tr>
<td>2014</td>
<td>661 527</td>
<td>153 525</td>
<td>508 002</td>
</tr>
<tr>
<td>2015</td>
<td>694 909</td>
<td>156 429</td>
<td>538 480</td>
</tr>
<tr>
<td>2016</td>
<td>743 290</td>
<td>160 883</td>
<td>582 407</td>
</tr>
<tr>
<td>2017</td>
<td>767 292</td>
<td>156 782</td>
<td>610 510</td>
</tr>
</tbody>
</table>


The number of people employed in Bahrain for the period from 2006 to 2017 increased 1.8 times from 431.8 thousand people to 767.3 thousand people. At the same time, the number of Bahraini residents increased 1.2 times from 126 thousand people. Up to 156.8 thousand people during the same period, while the number of labor migrants increased almost 2 times (Table 1).

Fig. 2. The dynamics of the labor force of Bahraini residents and foreigners in Bahrain

The share of foreign labor increased from 70.8% in 2006 to 79.6% in 2017 (Fig. 2). Most foreigners (80%) are employed. Obviously a slow decline in the Bahraini’s share of Bahrain’s workforce.

Despite the efforts of the Kingdom’s government to nationalize the country's labor force, the share of foreigners in the employment structure is gradually increasing, which indicates that in the near future the economy’s dependence on foreign labor will remain high.

High dependence on foreign labor is observed in the private sector, while in the public sector national labor resources prevail. Foreigners are most represented in the service and work professions, while indigenous people usually occupy leadership positions (Table 2).

<table>
<thead>
<tr>
<th>Year</th>
<th>Government sector</th>
<th>Private sector</th>
<th>Servants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>total</td>
<td>bahrainian</td>
<td>foreigners</td>
</tr>
<tr>
<td>2006</td>
<td>54</td>
<td>45 004</td>
<td>9 805</td>
</tr>
<tr>
<td></td>
<td>809</td>
<td></td>
<td></td>
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<tr>
<td>2007</td>
<td>56</td>
<td>46 530</td>
<td>10 287</td>
</tr>
<tr>
<td></td>
<td>817</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>59</td>
<td>47 836</td>
<td>12 086</td>
</tr>
<tr>
<td></td>
<td>922</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>54</td>
<td>46 915</td>
<td>7 537</td>
</tr>
<tr>
<td></td>
<td>452</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>55</td>
<td>47 565</td>
<td>7 862</td>
</tr>
<tr>
<td></td>
<td>427</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>55</td>
<td>47 998</td>
<td>7 928</td>
</tr>
<tr>
<td></td>
<td>926</td>
<td></td>
<td></td>
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<tr>
<td>2012</td>
<td>57</td>
<td>49 073</td>
<td>8 329</td>
</tr>
<tr>
<td></td>
<td>402</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>61</td>
<td>52 848</td>
<td>9 086</td>
</tr>
<tr>
<td></td>
<td>934</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>66</td>
<td>56 988</td>
<td>10 010</td>
</tr>
<tr>
<td></td>
<td>998</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>67</td>
<td>57 061</td>
<td>10 181</td>
</tr>
<tr>
<td></td>
<td>242</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>66</td>
<td>56 432</td>
<td>10 266</td>
</tr>
<tr>
<td></td>
<td>698</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>64</td>
<td>54 719</td>
<td>10 000</td>
</tr>
<tr>
<td></td>
<td>719</td>
<td></td>
<td></td>
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</tbody>
</table>

Source: compiled from Labor Market Regulatory Authority (LMRA), Kingdom of Bahrain, http://www.lmra.bh/blmi

About a third of foreigners work in the construction industry, 22% in the retail sector, 11% are employed in manufacturing, 9% each in the service sector and in administrative positions.
Such data reflect the dependence of the economy on a large number of low-wage foreigners. The ratio between the type of work performed by foreigners over the past years has remained relatively stable. Accordingly, it can be argued that in the short term, the employment profile among expatriates in Bahrain will not change qualitatively.

Heterogeneity in the Bahrain labor market prompted the country's government to implement the Bahraini policy, which is aimed at increasing the employment rate of the indigenous population. Current imbalances can lead to rising unemployment. The short-term solution to the problem of unemployment was to replace foreign workers and specialists in Bahraini. These measures prove to be unproductive because they do not eliminate the main cause of unemployment - the emergence of a growing number of Bahraini people who are not demanded by the labor market due to the lack of the necessary training.

Nevertheless, the Labor Market Regulatory Authority has developed targeted levels of employed Bahraini people for different types of activities and company size. The maximum level of 50% is set, for example for oil production, even for small enterprises with a population of 10 to 19 people. In the field of trade in vehicles, the bar reaches 40%, even for companies with 6–9 people. For small firms specializing in agriculture and construction, there are no requirements for Bahrainization. For larger businesses, they are minimal - at the level of 5% (Bahrainization target rate – LMRA, Electronic resource).

The structural approach of the state implies the implementation of long-term training programs and raising the level of skills of Bahraini residents to meet the requirements of the labor market.

The development of the national workforce of Bahrain. Bahrain is distinguished by the availability of skilled labor resources (national and foreign). Bahrain is the first country in the Gulf, where a public school for boys opened in 1919, and for girls in 1928. Thus, Bahrain is the first GCC country that created the conditions for women’s education, which allowed them to join the work process earlier than other countries in the region. For example, in 1959 the share of women in the structure of employment in Bahrain was 3%, by 1981 it was 18.8%, in 2006 the share of women among employed Bahraini’s population was already 26%, by the beginning of 2017 the share of women is 36 eight%.

In the late 1960s. The first colleges appeared in Bahrain. In 1986, the first university in the kingdom, the University of Bahrain, opened its doors. Today, there are three state universities in the country: the University of Bahrain (opened in 1986), the University of the Arabian Gulf (established in 1980), the Polytechnic University of Bahrain (founded in 2008).

The process of diversification of the economy has created the need for new specialists, and therefore the need has arisen to expand the offer of educational programs. During this period, the private sector received active development in Bahrain. The first private university, Ahlia University, was founded in 2001. Since then, 14 private universities have been opened, and in 2016 there are 11 private universities in the Kingdom, including 3 foreign ones. In order to develop education, the government allowed the establishment of higher education institutions to foreign countries.

About 10% of government spending is directed specifically to the field of education, which allows Bahrain citizens to study for free at public schools and higher educational institutions.

According to the UN Human Development Report, Bahrain is in 45th place in the world and belongs to the group of countries with a very high human development index (Human Development Report, Electronic resource).

The main problem of the development of the national labor resources of Bahrain is the mismatch of Bahraini’s qualifications to the requirements of the country's labor market. The Government of Bahrain seeks to create a closer link between the labor market and national labor resources.

In order to implement the Bahraini policy, a method was found for the development of the labor resources of its citizens. In the framework of economic reforms and the national strategy of Vision 2030, in 2006, the Tamkeen organization was created, the goal of which is to develop the private sector of the kingdom. The system of strategic planning for the staffing of the economy should be multi-level (state-public-corporate). This principle of cooperation and implemented in the creation of Tamkeen. The formation of a company is essentially one of the main initiatives of economic reforms in the country. Tamkeen’s key goals are to stimulate the creation and development of entrepreneurship, to increase the productivity of companies and people.
Given the migration situation in the kingdom, the Tamkeen financing mechanism is particularly interesting. The Tamkeen budget is formed through the mechanisms of state grants and taxes collected from the private sector. Bahrain’s unique experience is that companies that employ foreigners pay a special monthly tax on each foreign employee. This tax on foreign labor is the main source of funding for advanced training and retraining of citizens of Bahrain. Creating additional barriers to employing foreigners, companies have the only way out - to hire Bahraini people, but not all Bahraini people have the appropriate qualifications or do not want to work at all (Aydrus, Shkvarya, 2016).

Such a mechanism, on the one hand, stimulates the development of professional skills of its citizens and, on the other, motivates companies to hire Bahraini people in highly paid positions. Tamkeen provides support through various schemes ranging from direct payroll subsidies to professional development, filling the gap between the current and future economic needs of specialists.

Tamkeen is focused on two large segments: business (both start-ups, growing companies, and large organizations) and individual citizens (students, applicants, and ordinary employees).

For citizens of Bahrain, there are two areas of professional development:

• The basic skills training program (Tamkeen Basic Skills Certifications Scheme) allows Bahraini citizens to acquire key fundamental skills, increasing the working ability and efficiency of work at the current job. This program includes courses to improve computer literacy, mathematical skills, language courses and others.

• The Tamkeen Professional Certifications Scheme provides candidates with professional qualifications that cover more than 27 specialties. Within the framework of this program, together with partner universities and companies, Tamkeen offers more than three hundred certificates. Within the framework of vocational training, students receive financial support for obtaining one of many internationally recognized professional certificates. Each certificate has its own size of support, as well as a payment scheme. Students also have the right to request to add certain certificates that are not currently supported, and this request will be reviewed by Tamkeen.

As part of Tamkeen for students, the Mashroo3i Business Plan competition is held (the business plan of my project), the main purpose of which is to include students in the real business world. While participating in the competition, students learn business planning and entrepreneurship.

The A9eel program (Akil), which is being implemented at the national level in order to develop the right attitude to work, also deserves attention. The aim of the program is to strengthen such skills as punctuality, rational use of company resources, honesty, cooperation, teamwork, initiative in relation to professional growth, etc.

Business support includes the following programs:

• Training and salary subsidies. This service helps companies hire and train new employees, as well as develop already experienced company employees. For young professionals who have just graduated from university, a three-year support scheme is provided: in the first year, Tamkeen subsidizes 70% of the salary of a new employee, in the second year - 50% and in the third year - 30%. For employees with work experience (from 2 to 5 years after graduation), 25% of salary is subsidized.

• International experience (International Placement). This program supports employers in the private sector who wish to improve their productivity through their international experience. Tamkeen co-finances 80% of the cost of employing an employee abroad: monthly salary, flight, visa, medical insurance, language course.

• Consulting services provide assistance to companies in networking with experts, coaching, internships and much more.

Tamkeen partners in the implementation of professional courses are many different organizations, both Bahraini and foreign. We give examples of some partners:
Business: Microsoft, Oracle, AXELOS, etc.

Regulators: Solicitors Regulation Authority (England and Wales), etc.

Communities: British Royal College of Physicians, American Society of Public Relations, etc.

Universities: Bahrain Institute of Banking and Finance, University of Cambridge (UK), Heriot-Watt University (Scotland), Harvard University (USA), etc.

The Tamkeen budget in 2015 amounted to 51.2 million bahraini dinars (approximately US $ 136 million), of which 26.5% were sent to vocational training for Bahraini; 38.6% for business support and 34.7% for unemployment insurance (Tamkeen to spend BD50 million on projects this year, Electronic resource).

In 2015, more than 8.8 thousand people and 3.6 thousand companies participated in Tamkeen projects.

In February 2018, the amount of Tamkeen's contribution increased significantly - the number of Bahraini residents who received professional certificates was 13,000, and startups accounted for 60% of business financing.

One of the newest trends in the development of human capital in the GCC countries are programs to stimulate entrepreneurship focused on small and medium-sized startups.

Entrepreneurship development initiatives also come from the private sector. Formed in 2011, Tenmou is the first Bahrain business angel group. By definition, the Oxford Dictionary business angel (Business Angel) - an investor who invests in support of business, in particular in a new small business. Unlike venture capital firms, business angels usually operate independently or in small groups and play an indirect role as consultants, not wanting to participate in the management of a new business.

Tenmou focuses on small startups: the ideal support team consists of 2-4 people. Startup ideas should be new to the region with potential for development beyond Bahrain. The company was founded with a starting capital of 1 million bahraini dinars ($ 2.7 million). On average, Tenmou invests from 20 to 30 thousand bahraini dinars for each company (about $ 54-81 thousand), leaving behind a share of 20-30% in a startup.

The only criteria for the selection of ideas that Tenmou cannot get financial support are the real estate market, ordinary ideas in highly competitive markets, ideas for which there is no market or minimal potential, projects that require unreasonably active financial investments. Tenmou provides a mentoring program, especially at the initial stage, which the company determines at three months. The mentoring program includes accounting, marketing support and other activities, but the business management and final decision making remains with the entrepreneurs themselves.

Efforts to promote private entrepreneurship among young people are paying off. Bahrain is the only GCCAS state where the majority of students, namely 60%, choose the private sector to build their careers. In Saudi Arabia, 49% are focused on the private sector, the UAE - 40%, and in Oman, Qatar and Kuwait - 35%, 23% and 21%, respectively. It should be noted that 60% of students and 77% of female students are familiar with the legal requirements and regulation of creating their own business. The rest of the GCC countries lag far behind in this indicator. If in the UAE and Oman 43% and 38% of students understand the conditions for starting their own business, then among female students the figure is only 23 and 12%, respectively. In Kuwait, Saudi Arabia and Qatar, the indicators are even more than modest - among students the level of understanding of regulation of starting their own businesses is 25%, 22% and 19%, and female students is only 15%, 13% and 3%, respectively. Although it is worth noting that state and private organizations aimed at stimulating entrepreneurship have also become widespread in other Gulf countries: N2V (National Net Ventures), BADIR in Saudi Arabia; Seed Startup, Dubai Silicon Oasis Authority in the UAE; Qatar Business Incubation Center in Qatar and other organizations.

Given the extremely high role of migrants in the labor market, which is characteristic of the countries of the Arabian oil monarchies, Bahrain’s experience in redistributing financial fees to develop national human resources seems unique.

Discussion

In today's global economy, experts call human capital highly skilled, mobile, and creative workers the main factor in achieving success. In the development of human capital, Bahrain, in general, like all GCC countries, has achieved significant results. The Bahrain human capital
index, calculated on the basis of three indicators — indices of life expectancy, education, and gross national income — has increased over the past thirty five years from 0.679 in 1980 to 0.824 in 2014. According to this indicator, Bahrain is ranked 45th in the world and Included in the group of countries with a very high human development index.

The success of the initiatives taken in Bahrain is confirmed by international ratings. According to Global Entrepreneurship Index 2017, Bahrain is ranked 34th in the world. According to the global competitiveness index, Bahrain is ranked 39th in the world. It is worth noting that in terms of labor market performance in the 2015/16 rating, Bahrain took the 24th place, for comparison, in the 2008/09 rating, the kingdom was in 64 positions.

The largest strategic companies of the country have long been involved in this program. For example, the petrochemical company GPIC employs 481 people, and the level of “Bahrainization” in the company in 2013 was 90% of employees, although the highest rate was noted in 2010 - 95%. As part of the 2030 strategy, Alba in 2017 reached a “Bahrainization” within the company at the level of 84% (Aluminium Bahrain (Alba), Electronic resource).

The implementation of the state policy of the development of human capital of Bahrain contributes to the high level of economist freedom in the kingdom. According to the index of economic freedom in 2016, Bahrain ranks 18th in the world and the first place among the countries of the Arab world (Economic Freedom Rankings, Electronic resource).

According to the 2017 Doing Business Index report, which assesses the ease of doing business, Bahrain ranks 63rd in the world and second among the countries of the Arab East. Among the GCC countries in this indicator lead the UAE, located on the 26th place in the ranking. Oman is located at 66 points, Qatar - at 83, Saudi Arabia - at 94, Kuwait - at 102 (Doing Business 2017. International Bank for Reconstruction and Development / The World Bank, Electronic resource).

Conclusion

Public and private initiatives, complementing each other, contribute to the development of labor resources in Bahrain, stimulate innovation and economic activity of citizens. A fundamental factor in the development of human resources in the country is effective financing mechanisms for professional training and support for entrepreneurship, especially in the field of small and medium-sized businesses.

Bahrain has a unique experience in creating a mechanism for the redistribution of financial resources of companies that hire foreign employees in favor of their citizens, who improve their skills.

Despite efforts to nationalize the workforce, Bahrain’s economy will still depend on expatriates for a long time, especially in the private sector. In the near future, dependence will be maintained in cheap foreign labor in the construction, retail and service sectors.

With a growing number of young people, an increase in the level of education, and an increasing proportion of working women, the public sector will not be able to act as an effective employer.

Administrative measures to create jobs for Bahraini residents can be successfully implemented in the short term, but in the long term it is necessary to implement measures to ensure that the qualifications of national labor resources meet the requirements of the Bahrain labor market, especially the private sector.

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