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LOCALISATION

AT WHAT COST — AND WHO PAYS?

BAHRAINISATION: NEW LABOUR MINISTER'S HARD LINE



Bahrain has embarked on an ambitious programme to put its nationals to work. It includes a huge training effort, and compulsory job quotas for Bahrainis in private companies. But as the first Gulf state expected to see its oil reserves dry up, Bahrain must strike a difficult balance between localisation and the risk of eroding the confidence of small and medium-size companies.

No other GCC member is addressing the problem as bluntly as the Government in Manama. "Yes, we have unemployment," says Labour Minister Abdel Nabi Shoala who came into office last year. "One year ago we had a situation where the question of unemployment was not even recognised."

According to official statistics 3,300 people were out of work at the end of last year, or 1.4 per cent of the working population. Although this level of unemployment may sound harmless, it is still a serious problem, Shoala insists. And by now, he notes, the number is probably much higher because of the end of the school term.

The Government has worked out two plans to fight unemployment on a short-term and long-term basis. Until the year 2000, the percentage of Bahraini employees in the private sector – which was 30 per cent at the end of 1995 – is to be increased by five per cent every year. The Government says that clearly means sending a lot of the 135,000 expatriate workers home: "We have to rely on replacement," Shoala insists.

In the long run, the Government hopes to create jobs through investment in big prestige projects like a new port, an industrial zone, an extension of Manama airport, a power station and a desalination plant. But the Minister is well aware that Bahrain itself might not be able to provide enough jobs for its citizens: "We also want to encourage those who are interested to work in other GCC countries," he says.

To put these plans into practice a major effort is made in training. A Government Department with 10 employment counsellors was set up in Manama in the summer to advise job seekers and put them through appropriate training. At the Bahrain Training Institute (BTI), which is part of the Labour Ministry, nearly 4,500 people were trained in 1994 compared to 600 in 1992. A wide range of classes from carpentry to accounting are available.

"The most important thing is attitude," BTI director Naji Ahmed Al-Mahid says. Attendance, punctuality, responsibility and appearance are an important part of the classes, says one of the teachers. An analysis of the job market shows that opportunities for young Bahrainis lie mostly in the middle

section of the professional scale, according to Al-Mahid.

Every year 5,000 Bahraini graduates enter the job market, and at the top of the scale this market "has very little to offer," he says. So he sees young nationals rather in "the middle management where you need a high degree of skills but not necessarily experience and where you get a good reward."

In a parallel move, the government is trying to discourage the employment of expatriates by raising the cost of foreign labour. Last year the fee for labour cards was doubled to BD100 and some industries also have to pay a training levy. To obtain or renew labour permits for foreigners, a company has to have a certain number of Bahrainis in its staff, according to its size.

Small and medium-size companies that are used to cheap foreign labour say they are being squeezed unjustly by these regulations. "The Bahrainisation actually plays a role in the shrinking of the economy," one foreign businessman complains bitterly, "a big multinational company pays the same fee as a small business". Representatives of the private sector are still negotiating with the Labour Ministry to obtain more flexible rules, according to one Bahraini merchant.

His own big company has raised the proportion of Bahrainis from 20 per cent to 40 per cent during the past two years. "And the salary structure is exactly the same, for foreigners and nationals, for men and women," he assures, admitting that a major training effort is made for those nationals who want to join the company.

"You have to train them well for the job you want them in," he says. "If you're only employing them to look good at the Ministry of Labour, then you'll be in trouble." But smaller companies claim they cannot afford this kind of effort.

"The private sector always complains, I know that because I was part of it myself," says Labour Minister Shoala. His view is that business will come around to his way of thinking in the end.

But financial analysts confirm that in some parts of the economy confidence is crumbling. With one-and-a-half years of anti-government unrest, the retail and tourism sectors on the small island state have suffered, and some bankers even see signs of capital leaving the country.

"We have a new set of realities in front of us that we have to face," says one Bahraini businessman. "But that's nothing to be ashamed of. We have to live with it, and get on with business."

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