

## AN INVESTIGATION INTO THAI INVESTMENT OPPORTUNITIES IN BAHRAIN

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### ABSTRACT

The Kingdom of Bahrain, a small archipelago of 35 islands in the Persian Gulf, has long had a history of international trade. The Kingdom of Bahrain has long been interested in diversifying its oil-based economy, and to facilitate this has established legal and financial incentives for overseas investment. Based on the information obtained from sixteen Thai and fourteen Bahraini entrepreneurs, academics and government officials, this study performed used Multi-Sectoral Qualitative Analysis (MSQA) and the Industry Attractiveness-Business Strength Matrix (IA-BSM) techniques to examine the feasibility of investment Bahrain by Thailand, focusing on four industry sectors: foodstuffs, meat and vegetable products, manufacturing products and services. Although the results indicated that all four sectors were well worth considering, the services sector was the most attractive one for Thailand. The results of these analyses will then be used to generate a comprehensive, open and impartial review of the attractiveness of the Kingdom of Bahrain to Thai investors that can be passed on to the Thai government and business leaders.

**Keywords:** Bahrain, Thailand, multi-sectoral qualitative analysis (MSQA), Industry attractiveness-business strength matrix (IA-BSM), Investment

### I. INTRODUCTION

The Kingdom of Bahrain, a small island archipelago in the Persian Gulf, has long had a history of international trade (Daniel, 2008). After pioneering the post-oil economy in the Middle East in the 1960s (Peterson, 2009), Bahrain has diversified into a number of other areas, notably aluminium smelting, banking, and tourism (Zuliani, 2011). This diversification, combined with an open economy that consistently ranks among the highest in the Middle East on the Index of Economic Freedom (Heritage Foundation, 2019), have contributed

to making Bahrain one of the strongest economies in the region.

With an economy historically based on trade, the people of Bahrain are generally cosmopolitan and receptive of foreigners. This tolerant nature extends to foreign policy Bahrain generally maintains cordial bilateral relations with other nations (Kingdom of Bahrain Ministry of Foreign Affairs, 2020). This includes Thailand, relations between the two countries were established in 1977 and a renewal of relations between the two nations in early 2017 was generally positive (dt news, 2017). A number of companies, mainly from Saudi Arabia, Kuwait,

India and the UAE, have already invested in Bahrain, giving it one of the highest FDI stock to GDP ratios in the region (Santander, 2019).

This study will investigate four sectors of Bahraini industry: foodstuffs, meat and vegetable products, manufacturing products, and services as potential areas of investment by Thailand. To this end sixteen Thai and fourteen Bahraini leading entrepreneurs, academics and government officials were asked to complete a questionnaire on their opinions on features of these industry sectors. The experts' responses were used to develop an industry attractiveness-business strength matrix (IA-BSM) (Hax & Majluf, 1983) and perform multi-sectorial qualitative analysis (MSQA) (Roberts & Stimson, 1998) to determine the industry attractiveness associated with these sectors of Bahraini industry. These results of this study have immediate application for Thai entrepreneurs wishing to invest overseas.

## 2. LITERATURE REVIEW

### 2.1. Bahrain

#### 2.1.1. Bahrain's Political and Legal Environment

##### 2.1.1.1. Government Structure

The structure of Bahrain's constitutional monarchy government was defined by the 2002 amended Constitution (The Economist, 2014). The King is the head of state, while the Prime Minister, who is appointed by the King, is the head of government (The Economist, 2014). The executive branch of the government is made up of the Prime Minister and his Council of Ministers, all of whom are appointed by the King, and are often members of the Royal family (The Economist, 2014). The Legislative arm of government in Bahrain is made up of two chambers, namely the Shura Council (the upper house, made up of 40 members appointed by the King), and the Chamber of Deputies (the lower house, made up of 40 members elected every four years) (The Economist, 2014). Although political parties remain illegal in Bahrain, political societies, which provide candidates for election, were legalized in 2001 (The Economist, 2014). Administration of the country is divided into four governorates (the

Capital, Northern, Southern, and Muharraq) which are administered by appointed governors.

##### 2.1.1.2. Internal Political Stability

Bahrain has a long history of friction between the ruling Sunni minority and the Shi'ite majority (about 30% and 70% of the Muslim population, respectively) (Daniel, 2008), mainly over the latter's calls for fairer employment opportunity and political reform (Joyce, 2012; Pradhan, 2017). Connections are often drawn between Shi'ite unrest and Iran, both by Bahraini Sunnis and by Saudi Arabia (Pradhan, 2017). In 2011, the social upheavals known as the Arab spring spread to Bahrain, with Shia protestors demanding more representative government and fairer employment practices (Joyce, 2012). The protests were suppressed by the Bahraini military, aided by forces from Saudi Arabia and the UAE (Joyce, 2012). Since then Bahrain has continued to experience low-level terrorist violence between Shi'ites and the predominantly Sunni security forces (US Department of State, 2018).

As part of ongoing efforts to suppress Shi'ite dissent, an amendment was passed in 2014 to Bahrain's citizenship law, giving the Interior Ministry the right to revoke the citizenship of any person who cause harm to the interest of the Kingdom or aids the service of a hostile state, subject to approval from the Council of Ministers (Human Rights Watch, 2017). The revocation of the citizenship of Sheikh Isa Qasim, the spiritual leader of al-Wefaq, Bahrain's main Shi'ite political society under this law prompted protests from Shia clerics, who were in turn harassed and prosecuted by Bahraini security forces (Human Rights Watch, 2017). In 2016 al-Wefaq was formally dissolved by the Bahraini authorities (Human Rights Watch, 2017). In 2017, Bahrain approved a constitutional amendment granting military courts the right to try civilians accused of threatening state security (US Department of State, 2018).

##### 2.1.1.3. Legal System

The judiciary in Bahrain is made up of two branches: the Civil Law Courts, with jurisdiction over civil, commercial, criminal

matters, and family matters for non-Muslims, and the Shari'a Law Courts, with jurisdiction over family matters affecting Muslims only (Balles, 2008). The Shari'a Law Court is also separated for Sunni and Shia Muslims. The Civil Law Court has three levels: The High Civil Court, the Higher Court of Appeal, and the Supreme Court of Appeal (the Court of Cassation) (Balles, 2008). The Court system is overseen by the Higher Judicial Council which was established in the year 2000 and it is chaired by the king (Balles, 2008). All judges are appointed by the royal family, leading to accusations of corruption in the judiciary system (Heritage Foundation, 2019).

Bahrain also has the Bahrain Chamber of Dispute Resolution (BCDR) which is an independent dispute settlement organization that was established by Legislative Decree in 2009 (BCDR, 2020). BCDR works in partnership with the American Arbitration Association (AAA) to provide prompt resolution of economic, financial, and investment dispute for it commercial and government users (BCDR, 2020). Judgement rendered at the BCDR Court are considered final and cannot be appealed in the Kingdom of Bahrain. The appointed tribunals are made up of three judges (BCDR, 2020).

#### **2.1.1.4. Protection of Intellectual Property Rights**

Intellectual property right (IPR) must be registered in Bahrain for it to be enforced by the local laws. To implement the kingdom's obligations under the Trade-Related Aspects of Intellectual Property Rights (TRIPS), these local laws were revised in 2006 (International Trade Administration, 2019). Bahrain is a signatory to both the Berne Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the World Intellectual Property Organization (WIPO) Copyright Treaty, the WIPO Performances and Phonograms Treaty (International Trade Administration, 2019).

#### **2.1.1.5. Cyber Law**

Domain name is registered with the Bahrain Telecommunication Company (Batelco),

operating on a first to register basis (Ajawi, 2008). A proof of ownership of the name is however a prerequisite to registration of domain name (Ajawi, 2008). Any dispute on domain name are forwarded to the court and Batelco obeys the court order (Ajawi, 2008). The domain name cannot be transferred to another entity except through merger, even if the company using a domain name ceases to exist (Ajawi, 2008).

Bahrain enacted law against cybercrime in 2014 known as the Law on Information Technology Crimes (Hakmeh, 2018). However, these Laws have been criticized as focusing on limiting freedom of expression and at the same time omitting important elements needed to tackle cybercrime (Hakmeh, 2018).

### **2.1.2. Geography**

#### **2.1.2.1. Physical geography**

The Kingdom of Bahrain is the only island nation in the Middle East, situated on the Southern shores of the Arabian Gulf (Daniel, 2008). It is made up of 33 islands, only five of which are inhabited (Gillespie, 2002). The terrain of Bahrain is mostly low-lying desert plain with the lowest point being the Persian Gulf and the highest being the Jabal ad Dukhan which is 134 metres (Gillespie, 2002). Its nearest neighbours are Saudi Arabia to the southeast and Qatar to the southwest (Daniel 2008). The Kingdom's weather is divided into a hot, humid summer (average maximum: 36°C) between May and September and mild winter (average maximum: 19°C) between November and March (World Weather Information Service, 2019). The land is arid, with only about 70mm falling per year (World Weather Information Service, 2019). There is very little arable land (Daniel 2008).

#### **2.1.2.2. Resources**

Before the discovery of oil in 1932, Bahrain was known for its pearls, which are still harvested and are renowned as the world's best natural pearls (Gillespie, 2002). However, oil and natural gas is Bahrain's most lucrative resource, although the reserves are predicted to be exhausted in the near future (Zuliani, 2011).

### 2.1.2.3. *Population*

The total population of Bahrain in 2017 was 1,492,584 people (World Bank, 2018), and is predicted to grow to 1.592 million by 2020 and 2.128 million by 2030 (Ministry of Information Affairs, 2018a). In 2019, the nation's workforce was composed of 153,103 Bahraini workers and 594,944 foreign workers India, Bangladesh, Pakistan, the Philippines and from other Gulf nations (LMRA, 2020). Islam is the state religion, with roughly 70% of the Muslim population being Shi'ites and 30% being Sunni, though immigrant workers are free to practice their beliefs (Daniel, 2008). The dominant language is Arabic, though English is also often spoken, along with a number of other languages by migrant workers (Daniel, 2008).

### 2.1.2.4. *Cultural History*

Archaeological finds in Bahrain show that it has been inhabited as long ago as 4000BC (Daniel 2008). Sunnis conquered Bahrain in 1783; most of Bahrain's population prior to this were Shi'ites of Persian descent (Ministry of Information Affairs, 2018b). The islands became a protectorate of the British empire in 1820, which established laws that established Bahrain as the centre for the pearl industry (Daniel, 2008). Oil was discovered in 1932, and to meet the requirements for educated, skilled workers, the British encouraged the immigration of Indians, beginning Bahrain's ready acceptance of migrant workers (Gillespie, 2002).

Bahrain was given full independence from the British in 1971 (Ministry of Information Affairs, 2018b); Bahrain took the unusual step of not joining the Commonwealth (Gillespie, 2002). Although the constitution initially favoured some democratic representation, in 1975 Emir of Bahrain assumed absolute rule over Bahrain (Daniel, 2008). Following the Emir's death in 1999, his successor pardoned political prisoners, allowed elections for the Council of Representatives, and assumed the title of King of a constitutional monarchy (Ministry of Information Affairs, 2018b). Bahrain has strong political ties with Saudi Arabia, which has acted to help suppress Shi'ite unrest on several occasions (Daniel, 2008; Joyce, 2012), and the United States. Long-standing disputes exist with Iran, which was implicated in a coup attempt in

Bahrain in 1981 (Daniel 2008), and Qatar, which Bahrain has recently accused of supporting terrorism (US Department of State, 2018).

### 2.1.3. *Economic Environment*

Although Bahrain's market size of 1.57 million in 2018 is smaller than some cities in other nations, it has undergone a steady trend of market growth, rising from 1.25 million in 2010 to 1.36 million in 2014 (Trading Economics, 2018a). Bahrain's has a strong market intensity, with a Purchasing Power Parity (PPP) as averaged by Gross National Product (GNP) per capita of \$42,802.18 over the period from 1990 to 2015 (Trading Economics, 2018b). This economic growth has extended to significant development of the islands' commercial infrastructure (globalEDGE, 2019) and to strong growth in the numbers and income (averaging 1,366 BHD) of the Bahraini middle classes following the Arab spring (globalEDGE, 2019). Bahrain's economic freedom was rated 66 points, indicating a favourable environment for investors compared to other nations in the regions (Heritage foundation, 2019).

Although oil reserves have brought Bahrain considerable prosperity since they were first discovered in the 1930s, it is a commodity that is vulnerable to fluctuations in price, and increased global economic uncertainties (EDB 2018). In response to this, and also to predictions of the imminent exhaustion of its oil reserves (Zuliani, 2011), Bahrain has moved to diversify its economy, to include aluminium production, banking, ship repair and tourism (Zuliani, 2011). Events in 2018, when the growth in the oil sector slowed while rest of the economy experienced continuous growth (EDB, 2018), proved the value of this economic diversification.

Although there no recent history of corporate or personal income tax in Bahrain (heritage foundation 2019), a 5% Value Added Tax (VAT) was planned to be implemented in three stages over 2019 (EDB, 2018). A few goods and services are exempt from VAT, including basic foodstuffs, healthcare and medication, education, construction of new buildings and petrochemicals (EDB, 2018). Despite the added costs of this new tax, it has been calculated the costs of business operation in Bahrain are approximately 30% less in than in other nations in the region (globalEDGE, 2019).

In order to continue this process of economic diversification, Bahrain has worked to create an environment to attract foreign investments. Foreigners are allowed 100% ownership of onshore companies in Bahrain (Gillespie, 2002). A government body known as Tamkeen is in place to assist local and foreign business become established in Bahrain (Bizri, 2018). As well as providing information and advice for a new company wishing to hire and/or train Bahraini staff, Tamkeen also offers co-financing program for entrepreneur to acquire machinery, equipment, create ICT infrastructure. This

program, known as Tamweel, offers up to 500,000 BD which must be repaid in ten years, more extensive material purchases are covered by Tamweel Plus, which offers up to 2,500,000 BD under similar terms (Bizri, 2018).

The overall attractiveness of the Bahraini economy, relative to its nearby nations, is shown in Table 1, showing Marketing Potential Indices (MPI) derived from data globalEDGE (2019).

**Table 1:** Marketing Potential Indices for Middle Eastern Nations

Rank	Country	Market Size	Market Growth Rate	Market Intensity	Market Consumption Capacity	Commercial Infrastructure	Market Receptivity	Economic Freedom	Country Risk	Overall Score
14	U.A.E.	2	54	52	69	80	42	48	71	44
18	Qatar	1	60	87	59	67	25	49	59	41
39	Bahrain	1	56	36	66	73	31	38	33	35
45	Kuwait	2	35	76	60	59	19	40	68	34
54	Saudi Arabia	5	49	44	52	58	11	30	55	31
65	Oman	1	57	28	46	58	18	38	47	29

*Source:* globalEDGE (2019).

MPI's for a nation are derived from eight economic dimensions (market size, market growth rate, market intensity, market consumption capacity, commercial infrastructure, market receptivity, economic freedom and country risk), which are in turn derived from 23 economic, political, and social variables (globalEDGE, 2019). From the data presented, Bahrain is a reasonably attractive location for foreign investment in the Middle East, contributed to by its strong market consumption capacity, commercial infrastructure and market receptivity (globalEDGE, 2019). Bahrain's relatively poor economic freedom and market intensity may of

concern to a prospective investor (globalEDGE, 2019).

## 2.2. Analysis of a Nation's Business Environment

As a matter of basic prudence, before a Multi-National Enterprise (MNE) invests in a nation such as Bahrain, its business environment must be carefully evaluated. One technique that attempts to determine which of a nation's industry sectors are desirable for investment is multi-sectoral qualitative analysis (MSQA) (Roberts & Stimson, 1998). This technique is makes use of primary data derived from

interviews with experts from the MNE's host nation and from the nation being investigated (Robert & Stimson, 1998). Interviewees are given a questionnaire, which asks their opinions on eight features on industry competence, and five features on the risks of a number of industries in the nation under investigation (Robert & Stimson, 1998). These are then used to derive the industry competence index and risk factor index for these industry sectors; comparison of them gives indications as to which one it may be desirable to invest in (Robert & Stimson, 1998). MSQA has been used previously with some success in Queensland, Australia (Roberts & Stimson, 1998).

Another technique that makes use of questionnaire data derived from experts from both the MNE's host nation and the nation under investigation for comparison of different industries is the industry attractiveness-business strength matrix, developed by General Electric (Hax & Majluf, 1983). In this case, the questionnaire asks about interviewee's opinions five features of the attractiveness of industries in the nation under investigation, and five features of business strength of the MNE's host nation for a number of different industries (Hax & Majluf, 1983). After these responses are weighted to reflect their importance, they are then used to derive an industry attractiveness index and business strength index for each of the industries, which can then be plotted the Industry Attractiveness-Business Strength Matrix; the positioning of each industry on this matrix gives suggestions about future investment decisions by the MNE (Hax & Majluf, 1983).

This study intends to making use of these three techniques to determine the Bahrain's attractiveness for investment by MNEs from Thailand, both a whole, and its industries in particular.

### 3. METHODOLOGY

Primary data collected using questionnaires was employed in the study. Multi-sectoral qualitative analysis (MSQA) of Roberts & Stimson (1998) and the industry attractiveness-business strength matrix (IA-BSM) of Hax & Majluf (1983) were used to evaluate Bahrain's industry sectors for possible investment. The Bahraini industry

sectors investigated were meat & vegetable products, foodstuffs, manufacturing products, and services (which encompassed tourism, hotels, spas, restaurants, banks, construction, health care and education services).

#### 3.1. Data Collection

Questionnaires presented to sixteen Thai and fourteen Bahraini leading entrepreneurs, academics and government officials were the basis of the MSQA and IA-BSM analyses. Although it was intended that all interviews would be done individually, with the interviewees filling in the questionnaire themselves, it was sometimes required that occasionally interviews were given in small groups or with the interviewees responses to questions being filled in by researchers.

For the MSQA questions, interviewees were asked to rank the four Bahraini industries covered by this study for eight features of industry competence: domestic economic strength, trade orientation, technology and development, human resource development, management, finance, governance and infrastructure (as either strong, average or weak), and five features of economic risk: external risk, industry risk, governance, environment, and community relation (as either very significant, significant, limited impact, minor impact, or insignificant/no impact).

For the IA-BSM questions, interviewees were asked to rank the four Bahraini industries covered by this study for five features of the industry attractiveness of Bahrain: market factors, competitive factors, financial and economic factors, technological factors and socio-political factors (as either extremely attractive, mildly attractive, neutral, mildly unattractive, or extremely unattractive) and five features of the business strength of Thailand relative to Bahrain: marketability, compatibility, profitability, technical ability and sociability (as either great competitive advantage, mild competitive advantage, equal competitive advantage, mild competitive disadvantage, or severe competitive disadvantage).

#### 3.2. Data Analysis

MSQA analysis was performed on the questionnaire data as follows. The interviewees' responses were converted to numerical ranks. In the case of the eight features of industry competence, response of weak = 1, average = 2 and strong = 3. The average numeric scores of the interviewees were then arrayed on a matrix that allowed calculation of indexes for industry type and features of competence. In the case of the five features of risk, response of insignificant/no impact = 1, minor impact = 2, limited impact = 3, significant impact = 4 and very significant impact = 5. The average numeric scores of the interviewees were then arrayed on a matrix that allowed calculation of indexes for industry type and features of risk.

IA-BSM analysis was performed on the questionnaire data as follows. The interviewees' responses were converted to numerical ranks. In the case of the five features of Bahraini industry attractiveness, response of extremely unattractive = 1, mildly unattractive = 2, neutral = 3 mildly attractive = 4, and extremely attractive = 5. After each feature of industry attractiveness was weighted, a final weighted score of attractiveness for each industry was calculated. In the case of the five features of the business strength of Thailand relative to Bahrain, response of severe competitive

disadvantage = 1, mild competitive disadvantage = 2, equal competitive advantage = 3, mild competitive advantage = 4, and great competitive advantage = 5. After each feature of business strength of Thailand relative to Bahrain was weighted (weighting shown in results), a final weighted score of Thai business strength for each industry was calculated. Finally, the Bahraini business attractiveness/Thai business strength values were plotted industry attractiveness-business strength matrix, examination of which gave indications as to which of the four industry types Thailand should invest in in Bahrain.

#### 4. RESULTS AND DISCUSSION

##### 4.1. Multi-Sectoral Qualitative Analysis (MSQA)

Multi-sectoral qualitative analysis (MSQA) was performed on data obtained via questionnaire from entrepreneurs, government officials, and academic experts from both Thailand and Bahrain. The results for Bahraini industry competence that this analysis generated are shown on Table 2.

**Table 2:** Bahraini Industry Competence, 2019

Competencies/Industries	Meat & Vegetable Products	Foodstuffs	Manufacturing Products	Services	Index of Core Competences
Domestic economic strength	2.56	2.69	2.33	3.00	0.88
Trade orientation	2.78	3.00	2.79	3.00	0.96
Technology and development	2.56	2.50	2.38	3.00	0.87
Human resource development	2.44	2.38	2.04	3.00	0.82
Management	2.67	2.69	2.58	3.00	0.91
Finance	3.00	3.00	2.88	3.00	0.99
Governance	3.00	3.00	2.92	2.50	0.95
Infrastructure	3.00	2.88	2.83	3.00	0.98
Index of Sector Industry Competence	0.92	0.92	0.86	0.98	



As shown in the table, the results of MSQA show that the services sector is where Bahrain shows the greatest competence. Bahrain is slightly less competent in the meat and vegetable product sectors, along with foodstuffs sectors, leaving the manufacturing products sector as the lowest.

The strength of the services sector may be explained by the strongest core competency identified by the MSQA analysis: finance. The services sector includes banking, and banking has been identified as an area that Bahrain has developed as part of the “post-oil economy” (Daniel, 2008), so any business in Bahrain can now depend on ready access to funds. More puzzling is Bahrain’s poor competency in

human resource development, as the services sector also encompasses education. Although Bahrain has an excellent literacy rate of more than 99% (Al Tamini & Company, 2016), this MSQA result may indicate that their higher education facilities may be an opportunity for investment. The high competency score for infrastructure is consistent with the report by globalEDGE (2019), which identified commercial infrastructure as one of Bahrain’s strengths.

The data on risk factors for Bahraini industries that were produced by MSQA analysis is shown on Table 3.

**Table 3:** Bahraini Industry Risk, 2019

Risk Factors/ Industries	Meat & Vegetable Products	Foodstuffs	Manufacturing Products	Services	Risk Factor Index
External risk	1.11	1.19	1.25	1.00	0.23
Industry risk	2.78	2.69	2.46	1.00	0.45
Governance	1.11	1.25	1.50	1.25	0.26
Environment	1.78	1.75	1.63	1.00	0.31
Community relation	1.11	1.31	1.08	1.00	0.23
Index of Sector Industry Risk	0.32	0.33	0.32	0.21	

The services sector is the least risky of the industries considered, by a considerable margin. The other three industries have similar risks associated with them, although the foodstuffs industry is slightly riskier than the other two. In general, the risks of investing in Bahrain could be classified as either low to medium.

This division in risk between the services sector and the other industry sectors may be explained by the largest factor contributing to risk: industry risk, which covers matters such as

continuity of raw materials. Given that Bahrain is an island nation with few resources of its own other than oil, pearls and fish (Gillespie, 2002), and therefore reliant on imports of raw materials for any businesses involved in the production of goods, it is unsurprising that this element of risk is important to all such industries. However, services do not suffer from being limited by international travel, save perhaps tourism, and that can continue, although on a limited scale, with local tourism if international travel is



limited. The next highest factor of risk, environment, which covers factors such as environmental degradation, shows that the fragile nature of Bahrain’s ecosystem is well understood by both Bahrain and Thailand.

**4.2. The Industry Attractiveness-Business Strength Matrix (IA-BSM)**

Industry Attractiveness-business strength Matrix (IA-BSM) was performed on data obtained via questionnaire from entrepreneurs, government officials, and academic experts from both Thailand and Bahrain. The data was weighted according to the method used by Hax & Majluf (1983). The IA-BSM results for the attractiveness of Bahraini industries for investment are shown in Table 4.

**Table 4:** Bahraini Industry Attractiveness, 2019

	Weight	Meat & Vegetable Products		Foodstuffs		Manufacturing Products		Services	
		Rating	Weighted score	Rating	Weighted score	Rating	Weighted score	Rating	Weighted score
Market factors	0.52	4.44	2.31	3.88	2.02	4.29	2.23	5.00	2.60
Competitive factors	0.05	3.33	0.17	3.56	0.18	3.58	0.18	4.38	0.22
Financial & economic factors	0.25	3.44	0.86	3.81	0.95	4.08	1.02	4.75	1.19
Technological factors	0.05	4.00	0.20	4.19	0.21	3.92	0.20	4.75	0.24
Socio-Political factors	0.13	4.11	0.53	4.19	0.54	4.25	0.55	4.75	0.62
<b>Total weighted score</b>	<b>1.00</b>		<b>4.07</b>		<b>3.90</b>		<b>4.18</b>		<b>4.86</b>

The results of the IA-BSM analysis show the services sector being the most attractive for investment by far, followed by manufacturing products, meat and vegetable products, and finally the foodstuffs sector. It should be pointed out that all of these sectors would still be classified as highly attractive on the industry attractiveness-business strength matrix.

Why the manufactured goods sector is classified as more attractive for investment than meat and

vegetable products or foodstuffs, despite Bahrain being identified by the MSQA analysis as being less competent in this sector than in the other two, is difficult to interpret. It may reflect the generally higher value of manufactured goods.

The IA-BSM results for the strengths of Thai Businesses is shown on Table 5.

**Table 5:** Thai Business Strength, 2019

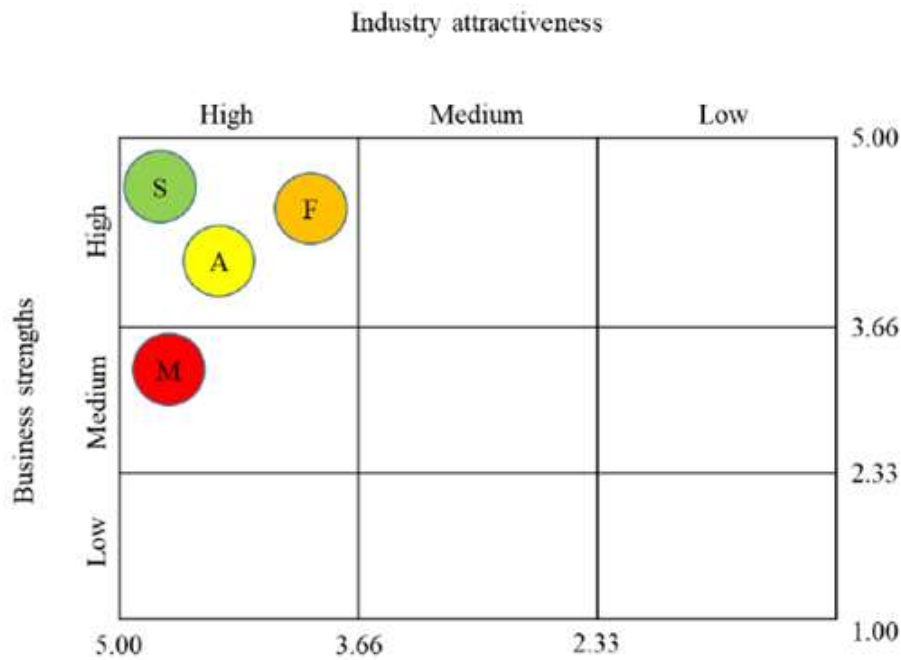
	Weight	Meat & Vegetable Products		Foodstuffs		Manufacturing Products		Services	
		Rating	Weighted score	Rating	Weighted score	Rating	Weighted Score	Rating	Weighted score
<b>Marketability</b>	0.35	3.89	1.36	4.25	1.49	3.79	1.33	5.00	1.75
<b>Compatibility</b>	0.10	3.22	0.32	3.81	0.38	3.13	0.31	4.50	0.45
<b>Profitability</b>	0.40	3.44	1.38	3.88	1.55	3.50	1.40	4.75	1.90
<b>Technological ability</b>	0.10	4.00	0.40	3.88	0.39	3.79	0.38	4.38	0.44
<b>Sociability</b>	0.05	4.11	0.21	4.31	0.22	4.33	0.22	5.00	0.25
<b>Total weighted score</b>	<b>1.00</b>		<b>3.67</b>		<b>4.02</b>		<b>3.64</b>		<b>4.79</b>

The IA-BSM analysis shows that Thai businesses are strongest in the services sector by a considerable margin. This sector, and the foodstuffs sector and the meat and vegetable products sector that rank below it are all ranked as areas of high business strengths of Thailand. The manufactured products sector is just below the threshold to be considered in this way, and is

instead ranked as a medium business strength for Thailand.

The results of plotting Bahraini industry attractiveness against Thai business strength is shown on Figure 1.

**Figure 1:** Bahraini industry attractiveness – Thai business strength matrix



The high Bahraini industry attractiveness and Thai business strength produced by IA-BSM analysis for the service sector (S), meat and vegetable products sector (A), and foodstuffs sector (F) places all three sectors into the invest/grow box that promise the highest returns in the future. With a borderline medium Thai business strength, but high Bahraini business attractiveness, the Bahraini manufactured products sector (M), is a slightly less advisable investment option for Thailand, but is still worth considering.

## 5. CONCLUSIONS

This study used MQSA and IA-BSM analysis evaluate the benefits and risks of Thai investment in in four industry sectors of the Bahraini economy: meat and vegetable products, foodstuffs, manufactured products and services. Any investment in Bahrain must take into account that it involves some inherent risks, associated with sectarian tension and its strategic location in a geopolitically volatile area. However, if this risk is understood and accepted, this study has shown that are opportunities for Thai investors. The results will be summarised the findings of this study one industry sector at a time, in reverse order of Bahraini industry attractiveness in the sector as calculated by IA-BSM analysis.

The sector with the lowest Bahraini industry attractiveness was the foodstuffs sector (3.9 of 5). It should be noted that even this lowest of scores is still classified as highly attractive for investment. Although MQSA analysis identified Bahrain as being competent in this sector (0.92 of 1) and IA-BSM analysis identified Thailand as being strong in it as well (4.02 of 5), its low attractiveness may be explained by the highest risk factor (0.33 of 1) identified by MQSA analysis. This may be explained by Bahrain being dependent on international trade for supplies of materials required for the production of most goods, an area identified by this study as a large source of risk for investment in Bahrain (industry risk having a risk factor index of 0.45 of 1), exacerbated by the issues of transporting perishable materials. Furthermore, investing in such an industry in a Muslim country would involve Thailand building the Bahraini people's trust in its halal certification system.

The sector with the next lowest attractiveness identified by the IA-BSM analysis was the meat and vegetable products sector (4.07 of 5). Once again, MQSA analysis identified Bahrain as being competent in this sector (0.92 of 1) and IA-BSM analysis identified Thailand as being reasonably strong in it as well (3.67 of 5), but MQSA found it also involved similar risks (0.32 of 1) to the foodstuffs sector, possibly for similar reasons.

The results for the manufactured goods sector in this study are difficult to interpret. IA-BSM analysis gave it the lowest business strength result for Thailand, low enough to narrowly categorise it as only of medium strength (3.67 of 5), while MQSA analysis gave Bahrain the lowest competency (0.86 of 1). The MSQA analysis identified risks associated investment as being not greatly different to those for foodstuffs or meat and vegetable products (0.32 of 1); yet IA-BSM analysis found the manufactured products sector the second most attractive sector examined in the study (4.18 of 5). It is possible the greater value of manufactured products, and the lack of perishability problems, may offset both nations' lack of strength in the sector.

The services sector had the greatest industry attractiveness score identified by IA-BSM analysis by far (4.86 of 5). That analysis also identified this sector as being Thailand's greatest business strength (4.79 of 5). MSQA analysis found that that this sector was Bahrain was most competent (0.98 of 1), possibly as a reflecting the nation's expertise in banking, which is encompassed by this sector. MSQA analysis also showed investment in this sector as having the lowest associated risks (0.21 of 1).

It should be noted that only one sector, manufactured products, was excluded from the invest/grow box of IM-BSM analysis, leaving the three other sectors (services, meat and vegetable products, and foodstuffs) were firmly in it. Thus, any of these three sectors are potentially worthwhile for Thailand to invest in, but the services sector is clearly the most promising of them. A curiously low core competency for human resource development (0.82 of 1) indicated that education, particularly higher education or work-related training, might be one of the features of the services sector that Thailand might invest in, but any of the eight industries covered by this sector (tourism, hotels, spas, restaurants, banks, construction, health care and education services) would certainly be well worth considering. Subsequent interviews with the Thai and Bahraini experts often discussed the subject of investment in the services sector of Bahrain, and will be the subject of another paper (in production).

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