

“The Management Practices Of The Banking Industry In The Kingdom Of Bahrain.”

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Abstract: This study aims to determine the management practices of the banking Industry in the Kingdom of Bahrain and their level of effectiveness. Specifically, it will seek to answer the following sub-problems: (1) The status of the management practices in the banking industry in the Kingdom of Bahrain in terms of the following: a) Investment management, b) Operation management, c) Risk Management, d) Strategy Management, and e) Local and global banking; (2) The level of effectiveness in the implementation of management practices of the banking industry in the Kingdom of Bahrain in terms of the following: a) Investment management, b) Operation management, c) Risk Management, d) Strategy Management, and e) Local and global banking; (3) Significant relationship between the status of management practices and the level of effectiveness of the implementation of the management practices of the banking industry in the kingdom of Bahrain; (4) The problems encountered by the respondents in the implementation of management practices in the banking industry in the kingdom of Bahrain; and (5) Recommendations can be proposed by the respondents to enhance the implementation of the management practices in the banking industry in the Kingdom of Bahrain. There are common problems encountered by the respondents on the management practices in the banking industry such as: lack of seminars and training of credit staff and other bank employees, inability to correct problems and implement appropriate risk management practices, inability to correct problems and implement appropriate risk management practices, political influences when approving the loan. The least problem perceived was on management decision is not scrutinized by independent audit process. The following recommendations were: (1) Building good relations with the depositors is by giving trainings; seminars to the employees of the banks; (2) The policies must be in conformity to the rules and regulations of the banks specifically on risk management; (3) Strategizing it is not on the technology itself of the bank- the bank focus mainly to the manpower who has the know-how, expertise and skills; (4) Local/Global – Clients/employees are treated as co-owners of the bank, which will give goodwill to banks vice versa; (5) Globally banking industry in Bahrain open doors to invite people here in Bahrain invests attracting them, to invest in exchange of good privilege; and 6) Bahrain Bankers alliances are united as one to have annual seminars to improve and up-dates the banks regarding their performance that contributes developing in the kingdom of Bahrain.

Keywords: Management, Management, Practices, Banking, Industry, Effectiveness

Background of the Study

Management requires codifying the concept of good and bad management into a measure applicable to different practices in manufacturing sector, educational institutions, and banking industry both local and global. Other researchers used an interview-based management practice evaluation tool to determine the management practices of the thousands of companies across the globe. These 18 practices for evaluation include the four broad areas such as: operations; performance monitoring; target setting; and Incentive setting (Bloom, et al., 2005).ⁱ The present study, the researcher will focus on the management practices of the banking industry along five broad areas in management, such as: investment management, operation management, risk management, strategy management, and local and global banking in selected financial institutions in the Kingdom of Bahrain. Moreover, it is essential that strategic planning and management must be given high importance in the banking industry. In other words, strategic planning can help an organization (e.g. banking industry), its vision and priorities in response to a changing environment and to ensure that employees of the company are working toward the same goals. In short, strategic planning is a systematic process through which an organization agrees and builds commitment among key stakeholders to priorities that are vital to its mission and responsive to dynamic environment; and guides the acquisition and allocation of resources to achieve their priorities.ⁱⁱ In an article 1986, it was mentioned in the investment management asset allocation, a group of researchers raised the shackles of many an active portfolio manager by estimated 93.6 percent of the variation in quarterly performance at professionally managed portfolios could be explained by the mix of stocks, bonds and cash (New York University). This statistic is open to question, there can be no denying the importance of the asset

allocation decision to overall portfolio returns (New York University).ⁱⁱⁱ The researchers looked at the allocation across financial assets; they would define the asset allocation decision much more broadly to include real assets, real estate, and human capital. However, the asset allocation decision follows logically from the client assessment. It is understood the risk preferences, cash needs and tax status of the investor, the portfolio manager has to decide on the mix of assets that maximizes the after-tax returns subject. According to New York University (2012), the passive approach to asset allocation, where the investor's characteristics determine the right mix for the portfolio.^{iv} The International Monetary Fund (IMF) in the Kingdom of Bahrain acknowledged the Financial System Stability Assessment (FSSA) which is based primarily on the work undertaken by the Monetary and Financial systems and Middle East and Central Asia Departments and approved by Enoch and Chan (2006). It could be noted that the main findings of the Financial Sector Assessment Program (FSAP) revealed that: 1) the financial system is enjoying strong performance under favorable circumstances, and remains a major contributor to overall growth. The main risk stems from potential overheating in the economies of the region, but the system should be resilient to likely shocks; 2) Prudential regulations are modern and comprehensive, and supervision is generally effective, especially in the dominant banking sector (IMF, 2006). However, supervisory capacity needs to be expanded in line with new regulations and to keep up with the growth and increasing sophistication of financial institutions; and 3) According to IMF (2006), the further expansion of the Islamic sector, the development of housing finance, and the deepening of securities markets are important for the future growth of the financial system (IMF, 2006). However, the banking and insurance sectors will eventually undergo consolidation.^v According to Daniel

Hardy, the author of IMF Country Report, the FSAPs are designed to assess the stability of the financial system as a whole it was developed to help countries identify and remedy weaknesses in their financial sector structure (IMF, 2006). However, FSAPs excluded the risks that are specific to individual institutions like asset quality, operational or legal risks, or fraud (International Monetary Fund, 2006).

Research Problems

This study aims to determine the management practices of the banking industry in the Kingdom of Bahrain and their level of effectiveness. Specifically, it will seek to answer the following sub-problems:

1. What is the status of the management practices in the banking industry in the Kingdom of Bahrain in terms of the following:
 - 1.1 Investment management
 - 1.2 Operation management
 - 1.3 Risk Management
 - 1.4 Strategy Management
 - 1.5 Local and global banking?
2. What is the level of effectiveness in the implementation of management practices of the banking industry in the Kingdom of Bahrain in terms of the following:
 - 2.1 Investment management
 - 2.2 Operation management
 - 2.3 Risk Management
 - 2.4 Strategy Management
 - 2.5 Local and global banking?
3. Is there significant difference in the perceptions of the respondents on the level of effectiveness in the implementation of the management practices in the banking industry in the kingdom of Bahrain?
4. What are the problems encountered by the respondents in the implementation of management practices in the banking industry in the kingdom of Bahrain?
5. What recommendations can be proposed by the respondents to enhance the implementation of the management practices in the banking industry in the Kingdom of Bahrain?

The management practices will include habitual activities done in the areas of: internet banking, local and international banking, investment management, operations management, and risk management. Meanwhile, the problems viewed by the respondents in relation to the management practices will also be identified. Ultimately the researcher will make implications on the impact of the banking industry in the Kingdom of Bahrain. This will be the basis for the conclusions of the study.

Foreign Literature

Banking is so much concerned with risk. Businesses have more sophisticated use of banks which are designed to deal with risk in the outside environment. Bankers themselves calculate risks in making decisions as to interest rates and others. Organizations have a culture of risk aversion where some other might not. An apparently risky location, which frightens away its competitors, may offer commercial advantages to an entrepreneurial company that has relatively higher tolerance of risk. However, some industries are more exposed to risk than others. High risk industries include banking, security and commodity brokers, and

highly technical industries like telecommunications. Moreover, any breach of security bound to be more expensive than a breach in a relatively low-technology industry such as rubber production or textile manufacturer. When the perception of risk is high, headquarters expatriates more staff to control producers and protect company interest. Thus, the number of expatriates gives one (not the only) indication of how seriously the headquarters perceives the risks of doing business in that environment (Carter, 2009).^{vi} Harzing (2001) focused on numbers of headquarters nationals expatriated to top management posts in subsidiaries around the world. However, the headquarters expatriates were more common in a subsidiary whose headquarters was in a country with relatively high needs to avoid uncertainty and in large multinational companies (MNC) Chakraborty, P.K. (2007) discussed the series of policy initiatives and measures have enabled banks to be in a position to function with highest operational freedom, accountability and transparency, leading to greater customer-satisfaction. Entry of private and foreign players in Indian banking space, end of the detailed control on lending and deposit including fixation of their price, and Reduction of CRR and SLR to make more fund available to the bankers for their business, have all contributed to the present robustness of banking sector in India. Introduction of new mechanisms like debt recovery tribunal, one-time settlement scheme and enactment of new acts like Securitization Act have tightened legal arrangements for recovery of NPAs. Further, new accounting and prudential norms relating to income recognition, provisioning and capital adequacy have been introduced as part of a comprehensive drive to improve upon the financial health of the banks. And to cap it all, even the public sector banks have been allowed access to the capital markets to raise their capital and many such banks have already raised huge funds to strengthen their capital base through this route (The Chartered Accountant, 2005).^{vii}

Local Literature

According to the International Institute for Sustainable Development (2012), at the beginning of the 21st century, the biggest banks in the industrial world have become complex financial organizations that offer different services in the international markets and it control billions of dollars in cash and assets which is supported by the modern technology, banks are also working to identify new business niches, and develop customized services. The purpose of this is to implement innovative strategies and to capture new market opportunities, for further globalization, consolidation, deregulation and diversification of the financial industry, and also the banking sector, and become even more complex. Although, the banking industry does not operate in the same manner all over the world, most bankers think about corporate clients in terms of the following: a) Commercial banking, such as: cash management (money transfers, payroll services, bank reconciliation), credit services (asset-based financing, lines of credits, commercial loans or commercial real estate loans), deposit services (checking or savings account services) and foreign exchange; and b) Investment banking - banking that covers an array of services from asset securitization, coverage of mergers, acquisitions and

corporate restructuring to securities underwriting, equity private placements. Taken together, these changes have made banks an even more important entity in the global business community (International Institute for Sustainable Development, 2012).^{viii}

Local Studies

Al Wedofi (2008) studied the credit risk control in selected conventional Banks in the kingdom of Bahrain. His study revealed the credit risk control in the area of credit policy as assessed by the upper and lower management was adequate for reviewing and assessing the bank credit policy on a periodic basis, addressing all credit matters of significance individual information procedures for advancement of procedures establishment of desirable primary levels and criteria, collateral securities, and credit limit framework, allowing the credit applications to provide a thorough understanding the counter party; the purpose of facility and source of repayment for risk promptly purposes and monitoring of internal control systems by the internal audit function on an ongoing basis to ensure adherence to credit policy.^{ix} Khamali (2006) conducted a study on service quality as key factors of customer's satisfaction in local commercial banks in the Kingdom of Bahrain. The findings of the study implied that the local Commercial Banks in the Kingdom of Bahrain are quite competitive, business environment, especially in the banking sector continuous improvement all aspects of operations is highly important. The findings further revealed that the other aspects of service quality such as security and protection for customers; convenience and easy access to the banks facilities and services effective communication; and employee understandings their customer needs, could be appealing and satisfying to customers.^x Mohammed (2006) studied on the data extraction from coin to WIN at the Bahrain National Holding. The study considered the following variables: the steps involved in the data extraction from coin to WIN identifying entities extracted for migration, designing the extraction data, base layout, mapping the data items for extraction, cleansing and scrolling the data. The developed software can be described as one which meets accuracy, reliability, accessibility, usefulness, and security involving satisfaction. It can perform further very effectively and can be implemented at NONA for competitive advantage.^{xi} Tahan (2006) investigated the Corporate Intranet Investment Bank in the Kingdom of Bahrain. The researcher used the development tools from Microsoft to develop the Intranet based on the specifications agreed with the bank. Upon the delivery of the computers the end users were called to use the system and submit their feedback for enhancement of the banks. Al-Khalifa (2006) conducted a study on service quality and customer satisfactions in Saudi Arabia's Islamic and conventional banking industry. The researcher studied the CARTER dimensions: Compliance - ability to comply with Islamic law operates under the Islamic bank economy; 2) Assurance - the knowledge of their employee and their ability to convey trust and confidence; 3) Reliability - ability to perform the promised service, dependability and accuracy; 4) Tangibility - appearance of physical facilities, equipment's, personnel and communications materials; 5) Empathy - caring, individualized attention which the Islam Banks provide good service; and 6) Responsiveness -

willingness to help customers and provide prompt services. Carter dimensions were analyzed by rating the level of importance for each item. They were particularly consistent in their assessment because they clearly judge compliance, assurance and responsiveness. A variable in which the Islamic findings market demand the most and which the sectors institution, partakes are addressing under effective strategies. Therefore, it was suggested that the government should be giving these banks a start ahead of their conventional competitors.^{xii} Al-Hamad (2006) conducted a study on the level of awareness; compliance with the anti-money laundering; and combating the financing of terrorism regulation in Bahrain's capital market. The findings revealed that the respondents are knowledgeable about the rules and regulations that are in place to convert money laundering, and to combat terrorism in Bahrain's capitalize market sand that they generally comply. This is a sign of the Kingdom of Bahrain vigilance and determinations to protect its capital market formation from illegal activities which can have tremendous effect communication position in the global market.^{xiii} Karimi (2006) studied on-line banking in the Kingdom of Bahrain as a basis for improving on-line information system. The researcher discovered that on line banking can simplify record keeping, through the applications of software purchases that suit specific needs such as accounting software purchase to systematize accounting online banking also follows small firms to set up their own banks structure and issue basic financial tools. On line banking allows for time flexibility to enable customers conduct business transactions at their own convenient time; finally it enables customers to manage their finances. The organization they want to through on line banking facilities.^{xiv} Al-Mulla (2011) investigated the impact of the financial crisis on the Maar Bank in the Kingdom of Bahrain. The researcher suggested that the investments should turn away from anything risky, in order to do that they have learn more about the Islamic banking systems which prohibit investing in business that may involve gambling. This means that all the profits and changes; and the Islamic bank performance might come as high; when making final decisions for the investment on the Islamic banks. In order to have similar concept that the Islamic banks in Bahrain should have standards which should be developed by the CBP - to keep them away from the financial crisis. All Islamic banks comply with the Based 11 capital adequacy requirements and the Islamic Financial Services (IFSB) the body which advises regulators with respect to Islamic finance has produced default compliance.^{xv} Habib (2010) studied the risk management process at national banks in Bahrain. This study was focused on the management process specifically on 1) Liquidity risk and operational risk (income/Assets/and Investment); and 2) Security procedures – all of these have significant relationship. These variables are effective to reduce the risk. The findings revealed that the National Bank of Bahrain, on financial management was focused on interest funding, to avoid and reduce the effect of liquidity risks, this further indicated a potential for the conventional banks to be more effective.^{xvi} Ahmedal (2010) assessed the customers' level of satisfaction on Islamic Banks in the Kingdom of Bahrain. The study revealed that the respondents agreed that the saving account is operated by customers. Likewise, respondents agreed that the payment

of interest RIBA is prohibited by the holy Quran. Respondent agreed that due to Islamic banking practices, there is equity in society which will lead in improving the standard of living of the constituents.^{xvii}

Theoretical Framework

The researcher adopted the theory of banking which states that, banks are generally considered by most people to be utilities that allow for the transmission of value on a daily basis in modern society, it seems to create devastating events like credit crises by the manufacture of credit (Caldararo, 2011).^{xviii} As claimed by the theory of banking,

the Soviets failed to produce a vibrant banking system and state controlled or partially owned banks as in Germany or Sweden have not managed much better than regulated banks in other countries, though highly regulated by the Canadian banks. The rationale for the creation of the Federal Reserve System was to stabilize the banking industry and that, theoretically would benefit all citizens (Board of Governors, 1939).^{xix} But the balancing of risk, like the creation of credit require a supra societal entity whether divine or state, one with the stature Durkheim (1915) argued could capture the confidence of people, but, not that he considered this in relation to banking.^{xx}

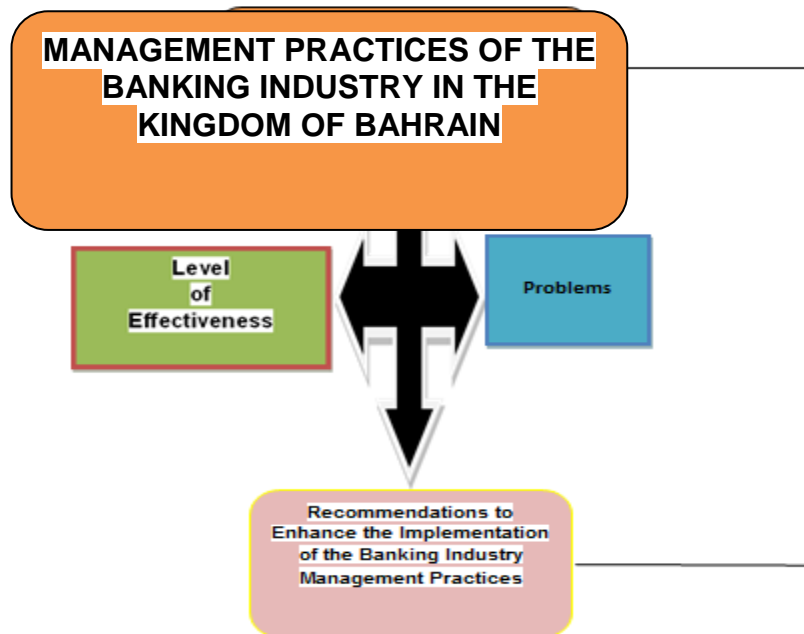


Figure 1. The Conceptual Framework of the Study

ANALYSIS AND INTERPRETATION OF DATA

This chapter presents the data analysis and findings regarding the management practices of the banking industry in the Kingdom of Bahrain and their level of effectiveness under study. However, the findings of the study are presented in tabular forms and the data obtained from the respondents was critically analyzed and interpreted. Likewise, the status and the level of effectiveness in the implementation of management practices along investment management, operation management, risk management, strategy management, and local and global banking are discussed. The significant relationship between the status and level of effectiveness; and the problems encountered by the respondents are statistically interpreted. Hence, the proposed recommendations by the respondents to enhance the implementation of the management practices in the banking industry are presented.

The Status and the Level of Effectiveness of Management Practices of the Banking Industry in the Kingdom of Bahrain

1.1 Investment Management Practices (IMP). Enactment of the Investment Company Act of 1940, Sullivan and Cromwell (2013) has been one of the leading legal advisers to the investment management industry. They represented numerous public and private companies and had been counsel to investment companies. It highlights the IMP: 1) Representation of mutual funds, independent directors and investment managers in all facets of business affairs and regulation, which includes: a) Counsel to funds/independent directors of numerous registered mutual funds and closed-end funds; b) Contested elections of directors involving closed-end investment companies; and c) Counsel to independent directors with respect to the sales; 2) Substantial transactions/projects which represents the Board of Directors; and 3) Representation of hedge funds, including advice. They stressed that the firm has several hedge fund principals on investments in hedge fund ventures and on personal estates matters relating to investments (Sullivan and Cromwell, 2013).

Table 4.1
Status and the Level of Effectiveness of the Management Practices of the Banking Industry Along Investment Management Practices

Status of the Management Practices				Indicator	The Level of Effectiveness			
Interp.	Average Mean	Respondents			Respondents		Average Mean	Interp.
		Clients n=20	Employees n=30		Employees n=30	Clients n=20		
VG	3.73	3.65	3.80	The practices of banking industry in Bahrain, it offer clients a complete portfolio of the investment management industry along mutual funds, domestic and offshore private investment funds (e.g. venture capital, private equity, hedge funds), exchange-traded funds.	3.77	3.85	3.81	VG
VG	3.56	3.55	3.57	The banks regularly develop and conduct underwritten public offerings and rights offerings for closed-end funds to open-end funds.	3.70	3.70	3.70	VG
VG	3.83	4.05	3.60	They offer clients a complete package of legal management services by coordinating other investors and associates in banking industry.	3.70	4.05	3.88	VG
VG	3.84	3.95	3.73	They provide review and analysis of company fund of funds structures, offshore funds, mutual funds, and other arrangements.	3.70	3.95	3.83	VG
VG	3.65	3.30	4.00	They help the design and creation of the investment management products and services and more specifically the collective trust funds of the firm.	3.93	3.45	3.69	VG
VG	3.72	3.70	3.74	Overall Mean	3.76	3.80	3.78	VG

Table 4.1 presents the status and the level of effectiveness of the management practices of the banking industry along investment management practices. It could be noted that on the status of the management practices the highest mean was 3.84 or “Very Good” that they provide review and analysis of company fund of funds structures, offshore funds, mutual funds, and other arrangements.” This means this is a usual practice of the banks in Bahrain to review and analyze financial transactions specifically on the company funds. On the other hand, the level of effectiveness of the banking industry along investment management, the highest mean rating was 3.88 or “Very Good” which “they offer clients a complete package of legal management services by coordinating other investors and associates in banking industry. This implies that the banks offer clients a complete package of legal management services for the sake of compliance considering the rules and regulations in which the services offered to clients in order to attain maximum client satisfactions respectively. The practices of banking industry in Bahrain, it offer clients a complete portfolio of the investment management industry along mutual funds, domestic and offshore private investment funds (e.g. venture capital, private equity, hedge funds), exchange-traded funds had a mean rating of 3.73 or “Very Good” on the status while, on the effectiveness was 3.81 or “Very Good”. However, on the status, the least

weighted mean was 3.65 or “Very Good” on “they help the design and creation of the investment management products and services and more specifically the collective trust funds of the firm” and 3.69 or “Very Good” on the level of effectiveness in this aspect. Summarily, the final mean rating on the status was 3.72 or “Very Good” while, on the level of effectiveness of the management practices of the banking industry along investment management practices was 3.78 or “Very Good”.

1.2 Operation Management Practices (OMP). The vital role banks in a country’s macroeconomic and monetary politics as vehicles through which currency and credit flow into a nation’s stream of commerce and financial system. A bank operations and activities depend on, or may be tied directly to, the economic policies of its sovereign state, ranging from access to the central bank funding system to being subject to regulatory mandates for sound operating standards. This further mentioned in the article that in a corporate structure, when analyzing a commercial bank, the analyst studies its entire organization, including the parent company’s balance sheet strength; diversity of operations (earnings and or appropriation approved process; and legal process involved). Hence, a bank’s management possibly is the most subjective aspect of analyzing a bank according to this published article (A.M. Best, 2005).

Table 4.2
Status and the Level of Effectiveness of the Management Practices of the Banking Industry
Along Operation Management Practices

Status of the Management Practices				Indicator	The Level of Effectiveness			
Interp.	Average Mean	Respondents			Respondents		Average Mean	Interp.
		Clients n=20	Employees n=30		Employees n=30	Clients n=20		
G	3.33	3.50	3.17	1. They build and maintain good relationships both internal and external organizations in the Kingdom of Bahrain.	3.20	3.75	3.48	G
G	3.43	3.65	3.20	2. They build in-depth relationships with the employees, clients, and prospective professional applicants with the right qualifications and experiences to contribute for the success of the banking industry.	3.37	3.70	3.53	VG
VG	3.57	3.60	3.53	3. The bank of Bahrain controls of banks' foreign exchange exposures, liquidity and position risk and more specifically the wholesale market in the country.	3.73	3.60	3.67	VG
G	3.43	3.30	3.57	4. There is an annual physical inventory of assets of the bank and other essential documents held in the bank's vault of day to day operations.	3.57	3.40	3.48	G
VG	3.68	3.65	3.70	5. The bank regularly performed reconcilements of clients' investment safekeeping positions every three months of the financial year.	3.77	3.70	3.73	VG
G	3.49	3.54	3.43	Overall Mean	3.53	3.63	3.58	VG

Table 4.2 presents the status and the level of effectiveness of the management practices of the banking industry along operation management practices. It could be noted that the highest weighted mean on the status of management practices of the banking industry in the Kingdom of Bahrain was item 5 with a mean rating of 3.68 or "Very Good"; however, on the level of effectiveness of the banking industry along operation management with a mean rating of 3.73 or "Very Good" on "the bank regularly performed reconcilements of clients' investment safekeeping positions every three months of the financial year". This means that the accounting and finance department prepares the bank reconciliation every three months considering the balance per bank statement/balance per books by month with the necessary adjustments to determine the adjusted/corrected balance per bank and adjusted/corrected balance per books which is probably the adjustment to the cash balance on (per) the company's books. The researcher's normally interviewed the respondents during the retrieval of the questionnaire, they say, that reconciliations are generally performed by means of accounting software like adjustment to the cash balance on (per) the company's book and adjustment to the balance per bank the bank statement. On the other hand, on the status, item 5, "the bank of Bahrain controls of banks' foreign exchange exposures, liquidity and position risk and more specifically the wholesale market in the country" with a mean rating of 3.57 or "Very Good". Similarly, on the level of effectiveness of the management

practices had a mean rating of 3.67 or "Very Good". This implies that all banks in Bahrain are controlled by the government in terms of foreign exchange, liquidity and financial risk management. However, the least weighted mean was 3.33 or "Good" on item one (1), "They build and maintain good relationships both internal and external organizations in the Kingdom of Bahrain." Likewise, on the level of effectiveness the least mean rating was also item one (1) which is 3.48 or "Good"; and "there is an annual physical inventory of assets of the bank and other essential documents held in the bank's vault of day to day operations". Summarily, the final mean rating on the status was 3.49 or "Good" while, on the level of effectiveness of the management practices of the banking industry along investment management practices was 3.58 or "Very Good".

1.3 Risk Management Practices (RMP). According to Raghavan(2003), the objective of risk management is not to prohibit or prevent risk taking activity, but to ensure that the risks are consciously taken with full knowledge, clear purpose and understanding so that it can be measured and mitigated. He further explained that risk management prevents an institution from suffering unacceptable loss causing an institution to fail or materially damage its competitive position. He argued that functions of risk management should actually be bank specific dictated by the size and quality of balance sheet, complexity of

functions, technical/ professional manpower and the status of Management Information System (MIS) in the banking industry. Therefore, Raghavan (2003) concluded that banking practices, continue to be deep rooted in the philosophy of securities based lending and investment policies, need to change the approach and mindset, rather

radically, to manage and mitigate the perceived risks, so that this ultimately improve the quality of the asset portfolio. Finally, in his discussion, the effectiveness of risk measurement in banks depends on efficient MIS computerization and networking of the branch activities respectively.

Table 4.3
Status and the Level of Effectiveness of the Management Practices of the Banking Industry Along Risk Management Practices

Status of the Management Practices				Indicator	The Level of Effectiveness			
Interp.	Average Mean	Respondents			Respondents		Average Mean	Interp.
		Clients n=20	Employees n=30		Employees n=30	Clients n=20		
VG	3.63	3.60	3.67	1. The bank has appropriate internal policies and controls addressing the operations and risks of important activities.	3.67	3.80	3.73	VG
VG	3.76	3.75	3.77	2. The management board has demonstrated the ability to promptly and successfully address existing and possible problems and risks.	3.63	3.85	3.74	VG
G	3.41	3.65	3.17	3. The bank promotes effective operations and reliable financial and regulatory reporting; safeguard assets; and ensure compliance with laws, regulations, and internal policies.	3.30	3.65	3.48	G
G	3.43	3.25	3.60	4. The bank management are consistently and effectively identified, measured, monitored, and controlled all activities.	3.70	3.55	3.63	VG
VG	3.63	3.65	3.60	5. The risk management practices shows that there is an evidence of accuracy, timeliness, and effectiveness of management information and risk monitoring systems appropriate for the size, complexity, and risk profile of the company.	3.67	3.65	3.66	VG
VG	3.63	3.60	3.67	Overall Mean	3.59	3.70	3.65	VG

Table 4.3 presents the status and the level of effectiveness of the management practices of the banking industry along risk management practices. It could be noted that the highest weighted mean on the status of management practices of the banking industry in the Kingdom of Bahrain was item 2 with a mean rating of 3.76 or “Very Good” that “the management board has demonstrated the ability to promptly and successfully address existing and possible problems and risks”. On the other hand, the level of effectiveness of the banking industry along risk management had a mean rating of 3.74 or “Very Good”. This also followed by mean rating of 3.63 or “Very Good” on “the bank has appropriate internal policies and controls addressing the operations and risks of important activities”; and “the risk management practices shows that there is an evidence of accuracy, timeliness, and effectiveness of management information and risk monitoring systems appropriate for the size, complexity, and risk profile of the company”. However, the least weighted mean on the status of management practices along risk management was 3.41 or “Good” on “the bank promotes effective operations and

reliable financial and regulatory reporting; safeguard assets; and ensure compliance with laws, regulations, and internal policies” however, the least weighted mean on the level of effectiveness along risk management was 3.48 or “Good”. Summarily, the final mean rating on the status was 3.63 or “Good” while, on the level of effectiveness of the management practices of the banking industry along investment management practices was 3.65 or “Very Good”.

Recommendations to enhance the implementation of the Management Practices in the Banking Industry in the Kingdom of Bahrain

The researcher consolidated the response of the respondents concerning the proposed recommendations to enhance the implementation of the management practices in the banking industry in the Kingdom of Bahrain. These are the following: 1) Building good relations with the depositors is by giving trainings; seminars to the employees of the banks; 2) The policies must be in conformity to the rules and regulations of the banks specifically on risk

management; 3) Strategizing it is not on the technology itself of the bank- the bank focus mainly to the manpower who has the know-how, expertise and skills; 4) Local/Global – Clients/employees are treated as co-owners of the bank, which will give goodwill to banks vice versa; 5) Globally banking industry in Bahrain open doors to invite people here in Bahrain invests attracting them, to invest in exchange of good privilege; and 6) Bahrain Bankers alliances are united as one to have annual seminars to improve and up-dates the banks regarding their performance that contributes developing in the kingdom of Bahrain.

Findings

The salient findings of the study were: On investment management practices, the weighted mean was 3.72 or “Very Good” on the status of management practices. However, on the level of effectiveness of the management practices of the banking industry was 3.78 or “Very Good”. On the other hand, the mean rating on the status was 3.49 or “Good” while, on the level of effectiveness of the management practices of the banking industry along investment management practices was 3.58 or “Very Good”. Likewise, the final mean rating on the status was 3.63 or “Good” while, on the level of effectiveness of the management practices of the banking industry along investment management practices was 3.65 or “Very Good”. The findings further revealed that the final mean rating on the status was 3.71 or “Very Good” while, on the level of effectiveness of the management practices of the banking industry along investment management practices was 3.77 or “Very Good” rating. However, the overall mean rating on the status was 3.57 or “Very Good” while, on the level of effectiveness of the management practices of the banking industry along local and global banking management practices had a mean rating of 3.70 or “Very Good”. Hence, the top most management practices observed by the respondents of the banking industry are the Investment Management Practices, Strategy Management Practices, Risk Management Practices, Local and global banking management practices, and Operation Management Practices. The findings further revealed that there is a statistically significant relationship between the status and level of effectiveness along investment management, $r(3) = .912, p < .05$; operation management, $r(3) = .960, p < .05$; strategy management $r(3) = .918, p < .05$; and local and global banking $r(3) = .918, p < .05$; and there is no statistically significant relationship between the status and level of effectiveness along on risk management, $r(3) = .843, p > .05$, it accept the null hypothesis (there is relationship) and reject the alternative hypothesis. There are common problems encountered by the respondents on the management practices in the banking industry such as: lack of seminars and training of credit staff and other bank employees, inability to correct problems and implement appropriate risk management practices, inability to correct problems and implement appropriate risk management practices, political influences when approving the loan. The least problem perceived was on management decision is not scrutinized by independent audit process.

Conclusions

From the forgoing findings, the following conclusions were drawn:(1) There are different management practices in the banking industry in the Kingdom of Bahrain along Investment management, Operation management, Risk Management, Strategy Management, and Local and global banking; (2) The level of effectiveness in the implementation of management practices of the banking industry in the Kingdom of Bahrain along Investment management, Operation management, Risk Management, Strategy Management, and Local and global banking are Very Good or high extent; (3) What are common problems encountered by the respondents in the implementation of management practices in the banking industry in the kingdom of Bahrain along Investment management, Operation management, Risk Management, Strategy Management, and Local and global banking 5. There are recommendations proposed by the respondents to enhance the implementation of the management practices in the banking industry in the Kingdom of Bahrain.

Recommendations

On the basis of the findings and conclusions, the following recommendations were made:

1. Building good relations with the depositors is by giving trainings; seminars to the employees of the banks.
2. The policies must be in conformity to the rules and regulations of the banks specifically on risk management.
3. Strategizing it is not on the technology itself of the bank- the bank focus mainly to the manpower who has the know-how, expertise and skills.
4. Local/Global – Clients/employees are treated as co-owners of the bank, which will give goodwill to banks vice versa;
5. Globally banking industry in Bahrain open doors to invite people here in Bahrain invests attracting them, to invest in exchange of good privilege.
6. Bahrain Bankers alliances are united as one to have annual seminars to improve and up-dates the banks regarding their performance that contributes developing in the kingdom of Bahrain.

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