



A Neo-Institutional Analysis of Corporate Governance Practices: Evidence from Bahrain

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ABSTRACT

This study explores corporate governance practices in Bahrain through the lens of Neo-Institutional Theory, focusing on the interactions between coercive, mimetic, and normative pressures. The study reveals the emergence of a hybrid governance model that integrates international standards with Bahrain's distinct institutional and cultural context. Regulatory bodies have played a pivotal role in establishing robust governance frameworks, while Bahrain's approach reflects a thoughtful alignment with global best practices—particularly Anglo-American models—combined with Shariah-based ethical principles. Increasing attention to Environmental, Social, and Governance (ESG) standards and sustainability confirmations Bahrain's commitment to reform and international credibility. Through conducting semi-structured interviews with key stakeholders, the research sheds light on Bahrain's strategic efforts to meet international governance expectations while addressing local priorities. The findings offer valuable guidance for policymakers, businesses, and emerging markets striving to strengthen corporate governance while preserving cultural identity.

Keywords: Corporate Governance, Neo-Institutional Theory, Institutional Pressures, Emerging Markets, Bahrain, Shariah Governance, Environmental, Social, and Governance, Sustainability

JEL Classifications: G34, M14, L25, M48, Q01

1. INTRODUCTION

Corporate governance is widely recognized as a foundation for transparency, accountability, and long-term economic development. Defined as the framework of structures and processes through which corporations are directed and controlled, it plays a critical role in strengthening investor confidence, improving market efficiency, and supporting sustainable growth (Claessens and Yurtoglu, 2013; Tricker, 2019). Countries with robust governance frameworks are better positioned to attract foreign investment, foster competitiveness, and build resilient economic systems (La Porta et al., 1999; Aguilera and Crespi-Cladera, 2016).

Although a global consensus has emerged around the importance of governance, its implementation is shaped by institutional contexts (Aguilera & Jackson, 2003). Advanced economies typically operate with dispersed ownership structures and well-

established legal systems (Lazonick & O'Sullivan, 2000), while emerging markets must adapt governance practices to their own regulatory and cultural environments (Dunning & Lundan, 2008; Khanna & Palepu, 2006; North, 1990; Young, Peng, Ahlstorm, Bruton, & Jiang, 2008). This diversity highlights the importance of examining how countries develop governance models that are both consistent with international standards and responsive to local realities.

The Middle East provides a particularly rich setting for such inquiry, where governance practices are influenced by the integration of global frameworks, Islamic ethical principles, and strong cultural traditions (Al-Maghzom et al., 2016, Al-Mutairi & Quttainah, 2019). Among regional economies, Bahrain stands out as a leader and pioneer in governance reform. Bahrain has introduced a range of regulatory initiatives designed to enhance transparency, accountability, and investor protection. Its efforts to

align with international best practices, combined with its strong role as a financial hub, have positioned Bahrain as a regional benchmark for governance modernisation. Importantly, these reforms build on the country's institutional strengths, including the integration of Shariah principles, the professionalization of business practices, and a dynamic financial sector.

Neo-Institutional Theory provides an effective lens for understanding Bahrain's achievements. The theory highlights how organizational practices are shaped by institutional pressures that confer legitimacy (DiMaggio and Powell, 1983; Scott, 2014). Coercive pressures are reflected in Bahrain's proactive regulatory frameworks, mimetic pressures in its alignment with internationally recognized models, and normative pressures in the role of professional associations and ethical standards. Together, these mechanisms explain how Bahrain has developed governance practices that combine global credibility with strong local institutional foundations.

This study examines how coercive, mimetic, and normative pressures shape corporate governance practices in Bahrain. Drawing on qualitative evidence from interviews with regulators, board members, executives, and professional stakeholders, it highlights how Bahrain has successfully created a hybrid governance model that integrates international best practices with local values and institutional traditions. The findings contribute to the literature by presenting Bahrain as a regional example of governance reform and offer practical lessons for other emerging markets seeking to strengthen governance frameworks in ways that are both globally recognized and locally embedded.

The remainder of this paper is organized as follows. Section 2 reviews the relevant literature. Section 3 outlines the research methodology. Section 4 presents the key findings, followed by a discussion in Section 5. Finally, Section 6 concludes the study and highlights its main implications.

2. LITERATURE REVIEW

2.1. Corporate Governance in Emerging Markets: Context and Progress

Corporate governance is the system through which corporations are directed, controlled, and held accountable, which increasingly recognized as a cornerstone for sustainable development and economic integration in the global economy (La Porta et al., 1999; Hodge and Piccolo, 2020). In emerging markets, structures of corporate governance have been shaped by their unique set of cultural, regulatory, and economic environments. It has usually had to be adjusted from global standards to align with the context characteristics (Claessens and Yurtoglu, 2013; Tricker, 2019). Researchers feel such governance practices should be at the core of promoting the value of transparency and accountability for confidence to investors, which shall translate to economic stability and growth (Meyer & Peng, 2016).

Emerging markets are characterized by underdeveloped regulatory environments, highly concentrated ownership structures, and weaker mechanisms for enforcement, which often impede the

effective implementation of governance practices (Khanna & Yafeh, 2007; La Porta et al., 1999). Most of these economies are dominated by family-owned businesses, which introduce issues such as conflicts of interest, nepotism, and limited protection for minority shareholders (Eulaiwi et al., 2016). Moreover, because these developing economies are getting integrated into the international system, they experience pressure for governance practices to confirm to international standards and hence open opportunities for innovation and reform (Meyer & Peng, 2016).

Corporate governance in the Middle East demonstrates a dynamic interrelationship between local cultural norms, socioeconomic priorities, and influences from around the world (Al-Mutairi & Quttainah, 2019). Bahrain is widely regarded as a leading regional financial center, given proactive regulatory reforms and an expressed desire for bringing the corporate governance framework aligned with international standards (CBB, 2018; IMF, 2006). Bahraini governance system has developed manifold with initiatives inclusive of the Bahrain Corporate Governance Code, which integrates international standards into local cultural and religious mores while positioning Bahrain as a model for emerging markets (Juhmani, 2017).

2.2. Neo-Institutional Theory as a Framework for Governance Evolution

Neo-institutional theory, especially, has been useful when it comes to the analysis of institutional factors which shape corporate governance in hybrid contexts. Organizations take on shapes because of the pressure from their respective surroundings in the way things operate efficiently toward matters of legitimacy in behavior that shapes this same organization (DiMaggio & Powell, 1983; Oliver, 1991; Scott, 2014). Such pressures result in general patterns of institutional isomorphism among organizations, who by using almost the same set of structures and practices throughout its life cycle often eventually converge through time within any particular field of action (Powell & DiMaggio, 1991; Young et al., 2008).

Coercive pressures emanate from regulatory mandates, legal imperatives, and international standards. Regulators perform a critical function in enforcing the Corporate Governance Code with respect to upholding the independence of the board, the protection of shareholders, and financial transparency in accordance with internationally accepted best practices in governance (Nurunnabi, 2017). The governance landscape is further influenced by international organizations such as the International Monetary Fund and the World Bank through their encouragement of alignment to global frameworks (Elamer et al., 2019). These pressures underline the proactive role of regulatory institutions in fostering investor confidence and ensuring accountability (Jensen & Meckling, 1976).

Mimetic pressures arise when firms adopt successful models of governance from the advanced economies in order to gain legitimacy and enhance their competitiveness. Companies have instituted independent board committees and rigorous disclosure policies, inspired by the Anglo-American framework of governance (Baydoun et al., 2012). The imitation itself has

been an adaptation strategy wherein the global practices are reinterpreted and situated in corporate culture and economic objectives (Aguilera et al., 2008).

Normative pressures, driven by professional standards at both the national and international levels, have been a contributing factor to such development in governance. Organizations encourage business ethics and provide governance training, which can be seen as reinforcing professionalization in the corporate sector (Sobhan et al., 2024). These pressures help develop a governance ecosystem that aligns with both national priorities and global standards, demonstrating a commitment to fostering integrity and professionalism.

2.3. Institutional Factors Supporting Governance in Bahrain

Bahrain's corporate governance framework represents a sophisticated balance of regulatory mandates, cultural values, and globalization-driven influences. These elements converge to create a governance model that is both responsive to international standards and reflective of socio-economic landscape (Karbhari et al., 2020). The regulatory environment has established a strong foundation for governance by integrating international standards with local needs (Claessens & Yurtoglu, 2013; Shleifer & Vishny, 1997). Research indicates that Bahrain's regulatory framework has significantly improved corporate accountability and investor trust, particularly in the financial sector (CBB, 2018; Elamer et al., 2019). Unlike other emerging markets, Bahrain demonstrates strong enforcement of governance standards, which reinforces its reputation as a regional leader in governance reform ((Baydoun et al., 2012).

Cultural values, particularly those rooted in Islamic finance principles, complement Bahrain's regulatory framework by promoting ethical conduct, fairness, and social responsibility (Elamer et al., 2019). The integration of Shariah-compliant practices into corporate governance, particularly within the banking sector, exemplifies Bahrain's ability to harmonize local traditions with global norms (Harun et al., 2020). This approach not only strengthens Bahrain's unique governance identity but also enhances its competitiveness in the global financial landscape.

Globalization and international influences further shape Bahrain's governance practices. Institutions like the IMF and World Bank advocate for best practices, driving Bahraini firms to adopt globally recognized frameworks such as International Financial Reporting Standards (IFRS) (Elamer et al., 2019). While adapting to these standards presents challenges, Bahrain has demonstrated a strong capacity for contextualization, blending global norms with local priorities to create a uniquely Bahraini governance model (Al-Ajmi., 2009).

Professional organizations reinforce governance excellence by offering certifications and training programs that align with international standards while addressing local needs (Sobhan et al., 2024). These initiatives highlight Bahrain's commitment to building a professional governance culture that supports economic growth and investor confidence.

2.4. Summary and Research Gap

The literature highlights Bahrain as a compelling case for examining the intersection of global governance standards and local institutional factors. Neo-Institutional Theory provides a robust framework for understanding how coercive, mimetic, and normative pressures collectively shape governance practices, offering insights into the challenges and opportunities of hybrid governance systems. However, gaps remain in understanding the specific mechanisms by which these pressures interact in Bahrain's unique context. For example, the integration of Shariah-compliant principles with international governance frameworks remains underexplored, as does the role of family-owned businesses in shaping governance structures. This study seeks to address these gaps, contributing to the broader literature on corporate governance in emerging markets by providing a focused analysis of Bahrain's institutional dynamics.

3. METHODOLOGY

This study uses a qualitative approach to investigate how institutional factors shape corporate governance practices in Bahrain, focusing on the influence of regulatory, cultural, and international dynamics. A qualitative method was chosen because it effectively captures the complex and context-specific nature of corporate governance in Bahrain. This approach provides a deeper understanding of how global governance standards interact with Bahrain's unique institutional environment (Creswell and Poth, 2018; Yin, 2018). Neo-Institutional theory serves as the foundation for this study, offering a structured way to analyze the coercive, mimetic, and normative pressures that drive organizational behavior (Scott, 2014; Greenwood et al., 2011).

The study employs semi-structured interviews to gain in-depth insights from individuals directly involved in corporate governance in Bahrain. This flexible design allows researchers to delve into participants' experiences while staying aligned with the study's goals (Kvale and Brinkmann, 2015; Patton, 2015). By using this method, the study systematically examines key themes such as the impact of regulations, cultural influences, and international governance standards, while also leaving room for participants to raise unexpected issues or challenges.

Neo-Institutional Theory underpins the research design, offering a lens to analyze how institutional pressures influence governance practices in Bahrain. This approach aligns with previous qualitative research in emerging markets, which shows how governance practices are shaped by the interplay of global and local factors (Peng et al., 2009).

Participants were selected using purposive sampling to ensure relevance and expertise. A total of 25 individuals were interviewed, comprising of 7 board members, 10 professionals, 4 regulatory officials, 4 academics. This diversity of roles provided multiple perspectives on the institutional factors shaping governance in Bahrain. Efforts were made to include representatives from both the financial sector and family-owned businesses, reflecting the dual structure of Bahrain's economy (CBB, 2020).

Semi-structured interviews were conducted and each lasting between 45 and 90 min. The flexible interview guide allowed participants to reflect on regulatory enforcement, international influences, cultural norms, and professional standards, while giving room for unanticipated insights (Miles et al., 2014; Patton, 2015). The majority of the interviews were recorded (with consent), transcribed verbatim, and anonymised.

A thematic analysis approach was employed, following Braun and Clarke's (2006) six-phase process: (1) Familiarization with data; (2) generating initial codes; (3) searching for themes; (4) reviewing themes; (5) defining and naming themes; and (6) producing the report. Coding was conducted manually/using NVivo. This systematic process ensured that the themes of coercive, mimetic, and normative pressures were grounded in participants' experiences and supported by empirical evidence.

Throughout the study, strict ethical standards were followed. Participants were fully informed about the study's purpose, the voluntary nature of their involvement, and confidentiality measures. Each participant gave informed consent, and all data was securely stored and anonymized to protect their identities. These measures ensured compliance with institutional ethical guidelines (Creswell and Poth, 2018).

4. FINDINGS

The findings are structured around the main themes of coercive, mimetic, and normative pressures, as guided by Neo-Institutional Theory. These institutional pressures collectively shape the corporate governance practices in Bahrain, revealing a governance approach that seeks to harmonize international standards with regional cultural and institutional nuances (Scott, 2014; Peng et al., 2009). The themes emerged during the analysis of participant interviews, providing nuanced insights into the interplay of institutional factors in shaping governance practices.

4.1. Coercive Pressures: Regulatory Frameworks and Compliance

Coercive pressures, primarily exerted through regulatory structures led by the regulators, play a foundational role in shaping governance practices. The Bahrain Corporate Governance Code emphasizes principles of transparency, accountability, and board independence, reflecting Bahrain's commitment to aligning with international governance standards (Ministry of Industry and Commerce, 2022; Jensen and Meckling, 1976). Participants acknowledged that these regulatory efforts enhance investor confidence and promote transparency. However, challenges in enforcement emerged as a critical concern.

Participants consistently highlighted gaps in regulatory enforcement. A board member noted: "The practices are just ticking the boxes. The regulations are not well enforced, and the users, especially investors, are not sophisticated enough. The Bourse, in my opinion, lacks the strength to properly control or guide companies". This illustrates a disparity between the intended objectives of regulatory frameworks and their practical application. Participants emphasized that the effectiveness of regulatory

initiatives relies heavily on robust enforcement mechanisms, which were seen as insufficiently resourced.

In addition to enforcement, the regulators play an advisory role in helping firms navigate governance obligations. While participants valued this support, they stressed the need for improved monitoring. As another board member commented: "Monitoring as a framework exists, but implementations might not be as they should be". This reflects broader findings in emerging markets, where enforcement challenges often undermine governance frameworks (Ararat et al., 2021).

These findings reveal that while Bahrain's regulatory framework is well-designed and aligned with global standards, its practical effectiveness is hindered by enforcement gaps. Addressing these gaps is crucial for translating regulatory intent into meaningful governance outcomes.

4.2. Mimetic Pressures: Adoption and Adaptation of International Governance Models

Bahrain's adoption of Anglo-American governance frameworks illustrates the influence of mimetic pressures, where global best practices are strategically embraced (La Porta et al., 1999; Hodge and Piccolo, 2020). By integrating these models, Bahraini firms aim to boost their reputation and attract international investors. Practices such as ensuring board independence, protecting shareholder rights, and maintaining transparency through robust disclosure requirements demonstrate Bahrain's commitment to meeting global governance standards (Pillai & Al-Malkawi, 2018). At the same time, stakeholders highlighted the importance of tailoring these frameworks to fit Bahrain's unique context. As a professional explained, "Good corporate governance is that which complies with the regulator and makes a profit at the same time. This is good corporate governance." This perspective emphasizes the dual challenge of adhering to international standards while ensuring the practical relevance of governance practices in Bahrain's local environment.

These insights align with broader research on emerging markets, which emphasizes the importance of selectively adapting global governance practices to reflect local conditions (Meyer and Peng, 2016). Bahrain has successfully blended elements of Anglo-American models with cultural and operational nuances, creating a hybrid framework that balances the expectations of global stakeholders with the realities of its domestic environment.

4.3. Normative Pressures: Cultural Values and Professional Standards

Cultural norms and professional standards, collectively referred to as normative pressures, play a crucial role in shaping corporate governance practices in Bahrain. Participants pointed out that Shariah principles strongly influence governance by promoting ethical values such as fairness, accountability, and social responsibility. As a regulatory official noted, "Shariah principles inherently align with many international governance standards, adding an ethical dimension that reinforces transparency and accountability." This integration of ethical principles into corporate practices strengthens the credibility of Bahrain's governance framework.

However, cultural norms also pose challenges to formal governance structures. Some participants highlighted that personal and social relationships often impact decision-making within companies, potentially undermining objectivity and accountability. One professional explained, “We have a social problem inside companies. For example, if the risk officer has a personal relationship with the business unit, they might avoid reporting mistakes because of this relationship. This is not a code; this is culture.” These examples underscore the tension between informal relational norms and the requirements for formal accountability mechanisms.

Professional organizations also play an important role in advancing governance professionalism. Participants recognized the value of training and certification programs in promoting accountability and enhancing skills across different sectors. A professional stressed, “Professionalism must be embedded in society. The company is not separate from the whole society; it is part of it. Therefore, it is a cultural issue.” These observations align with broader research, which shows how professional and societal norms collectively influence governance practices in culturally complex settings (Elamer et al., 2019).

4.4. Integration of Institutional Pressures in Bahrain’s Governance Model

The findings suggest that Bahrain’s corporate governance practices reflect a sophisticated integration of coercive, mimetic, and normative pressures. Regulatory frameworks led by the regulators provide a structured foundation for compliance, while the adoption of Anglo-American governance models enhances Bahrain’s appeal to international stakeholders. Simultaneously, cultural norms and professional standards contribute an ethical and relational dimension to governance, resulting in a hybrid model that balances global alignment with local authenticity.

An academic summarised this approach: “Our governance practices reflect Bahrain’s unique position as a regional leader and global participant, rooted in tradition yet forward-looking”. This statement encapsulates Bahrain’s strategy of harmonizing global standards with its cultural and institutional identity. These findings contribute to the broader literature on governance in emerging markets, offering insights into how institutional pressures interact to shape governance frameworks. Bahrain’s experience demonstrates the potential for emerging markets to develop governance models that are both globally competitive and culturally relevant.

4.5. Summary of Findings

This study identifies how coercive, mimetic, and normative pressures collectively influence corporate governance practices in Bahrain. Regulatory frameworks provide a robust foundation but face challenges in enforcement. Mimetic pressures drive the adoption of international standards, selectively adapted to fit Bahrain’s local context. Normative pressures, rooted in cultural and professional norms, enhance governance through ethical and relational dimensions while presenting challenges tied to personal networks.

These findings highlight Bahrain’s governance model as a hybrid framework that balances global standards with local realities. This

approach strengthens Bahrain’s position as a leading financial hub in the Middle East and provides a potential model for other emerging markets navigating similar institutional dynamics.

5. DISCUSSION

This study contributes to the growing literature on corporate governance in emerging markets by examining the role of coercive, mimetic, and normative pressures in shaping Bahrain’s governance practices. Using neo-institutional theory as a framework, the findings reveal how these institutional pressures interact to create a hybrid governance model that harmonizes international standards with local cultural and institutional realities. This section interprets the findings in light of the theory, discusses their implications for Bahrain, and highlights broader lessons for emerging markets while addressing the study’s limitations.

5.1. Interpretation of Findings

The findings demonstrate that coercive, mimetic, and normative pressures collectively shape corporate governance practices in Bahrain. Coercive pressures are most visible in the regulatory frameworks established by the regulators. The Bahrain Corporate Governance Code mandates principles such as transparency, accountability, and board independence, reflecting Bahrain’s alignment with global governance standards. This alignment is consistent with findings in the literature, which emphasize the role of regulatory agencies in promoting governance legitimacy in emerging markets. However, a critical gap in regulatory enforcement emerged from the interviews, with participants highlighting resource constraints and inconsistent monitoring. This discrepancy between formal frameworks and practical enforcement mirrors challenges identified in other emerging markets, where limited regulatory capacity undermines compliance and accountability. While the regulators also play an advisory role to support firms in navigating governance expectations, the findings suggest that strengthening enforcement mechanisms remains essential for ensuring regulatory effectiveness.

Mimetic pressures in Bahrain are evident in the adoption of Anglo-American governance models, widely regarded as benchmarks for global best practices. Bahraini firms emulate these models to enhance their legitimacy and attract international investors. This pattern aligns with Neo-Institutional Theory’s concept of institutional isomorphism, where organizations imitate practices perceived as successful or legitimate. However, the study reveals that Bahrain’s approach involves selective adaptation rather than passive replication. Participants emphasized the need to balance adherence to international frameworks with the unique demands of Bahrain’s business environment. This finding reflects the strategic adaptation described in the literature, where emerging markets blend global standards with local realities to maintain relevance and operational effectiveness.

Normative pressures in Bahrain stem from cultural values and professional standards, both of which strongly influence governance practices. Shariah principles, emphasizing ethical integrity, fairness, and accountability, align closely with international governance standards, reinforcing the ethical dimensions of

Bahrain's governance model. However, cultural norms present unique challenges, particularly where personal relationships and social networks shape decision-making processes. Such relational dynamics, while fostering trust, can also complicate transparency and objectivity. Participants pointed to family-owned businesses as a context where informal ties often supersede formal governance structures. Professional organizations further contribute to normative pressures by promoting professional standards and providing governance training. The role of these institutions highlights the importance of embedding professional accountability within the governance culture.

The interplay of these institutional pressures produces a hybrid governance model in Bahrain, where international standards are adapted to fit local institutional realities. This dynamic reflects Neo-Institutional Theory's assertion that organizations respond to institutional pressures through strategic adaptation and hybridization. Bahrain's experience demonstrates how global norms and local cultural factors can coexist, shaping a governance framework that is both competitive and culturally relevant.

5.2. Implications for Corporate Governance in Bahrain

The findings of this study have several implications for corporate governance in Bahrain. While Bahrain's regulatory frameworks align with international standards, their effectiveness is often undermined by the enforcement mechanisms. Strengthening enforcement through enhanced resources, rigorous monitoring, and greater regulatory oversight is critical to closing the gap between regulatory intent and practice. Policymakers must focus on building institutional capacity to ensure that governance reforms translate into meaningful outcomes.

The selective adaptation of international governance standards highlights the importance of balancing global norms with local realities. Bahrain's approach demonstrates that emerging markets can achieve legitimacy in the global arena while addressing cultural and institutional specificities. Developing governance frameworks that integrate international best practices with local norms can foster both competitiveness and relevance. Businesses, as well, must recognize the need for such balance by tailoring global practices to fit the Bahraini context while maintaining compliance with regulatory standards.

Cultural norms, while presenting challenges, also offer opportunities to embed ethical governance practices that align with both Shariah principles and international standards. Organizations should foster a culture of transparency and accountability by addressing conflicts of interest, revising internal policies, and promoting professionalism. Professional organizations play a vital role in this process by equipping businesses with the skills and knowledge necessary for effective governance. Strengthening the capacity of these professional bodies through additional resources and authority can further enhance Bahrain's governance ecosystem.

5.3. Broader Implications for Emerging Markets

The Bahraini experience offers valuable lessons for other emerging markets striving to balance global alignment with local realities.

One of the key insights from this study is the need for contextual adaptation of international governance standards. Emerging markets often face challenges in implementing global practices due to cultural and institutional differences. Bahrain's approach of selectively integrating Anglo-American models illustrates how hybrid governance frameworks can achieve legitimacy while remaining contextually relevant.

Another important implication is the role of enforcement in ensuring governance effectiveness. Enforcement mechanisms are a common challenge in emerging markets. Strengthening regulatory capacity, investing in oversight bodies, and fostering a culture of accountability are critical steps toward achieving governance goals. Professional bodies also play an essential role in shaping governance practices. Emerging markets can benefit from investing in these institutions to enhance professional standards, provide training, and enforce accountability.

Cultural dynamics are another critical factor that emerging markets must consider when designing governance frameworks. Bahrain's experience shows that cultural norms, such as the prioritization of personal relationships, can both support and challenge governance practices. Addressing these cultural factors while promoting transparency and accountability is essential for creating governance systems that are both effective and locally grounded. Improved corporate governance can enhance investor confidence, foster economic development, and create a more favorable investment climate, making it a priority for policymakers and businesses in emerging markets.

6. CONCLUSION

This study sheds light on corporate governance practices in emerging markets, focusing on how institutional factors influence practices in Bahrain. Using Neo-Institutional Theory lens, the research highlights Bahrain's unique approach to blending global governance standards with its local cultural and institutional values. This balance has allowed Bahrain to meet international expectations while maintaining its distinct governance identity, making it a leader in the region and a model for others to follow.

The findings reveal that governance in Bahrain is shaped by three key pressures: coercive, mimetic, and normative. Regulatory frameworks drive coercive pressures, emphasizing principles like transparency, accountability, and board independence. However, challenges in enforcement, such as resource limitations and inconsistent monitoring, reduce their overall effectiveness. Addressing these gaps is essential for turning regulations into real improvements. Mimetic pressures show how Bahrain strategically adopts Anglo-American governance practices, not as a mere copy but as a thoughtful adaptation to fit its local environment. This approach helps Bahrain gain international credibility while staying relevant at context. Normative pressures, grounded in Shariah principles and professional standards, add an ethical foundation to governance. Still, cultural factors—such as the influence of personal relationships on decision-making—highlight the need for better alignment between traditional norms and formal accountability.

This study offers practical lessons for policymakers, businesses, and professional organizations. Regulators need to focus on improving enforcement by investing in resources, training, and oversight mechanisms. Companies should adapt international practices to suit local realities while fostering transparency, ethical values, and stronger internal policies. Professional bodies play a critical role in providing training and promoting accountability, helping to bridge gaps between global standards and local culture. Tackling cultural challenges, such as the prioritization of personal networks, requires targeted awareness campaigns and ethical training to promote a fairer and more transparent governance culture.

This study demonstrates the potential of hybrid governance models in emerging markets. By thoughtfully integrating global standards with local practices, countries can build governance systems that are both competitive and culturally authentic. This balance not only attracts foreign investment but also strengthens trust and stability within local markets.

This study shows that effective governance is not just about following international rules—it is about creating systems that reflect a country's unique values and circumstances. By addressing enforcement gaps, promoting professionalism, and embedding ethical practices, Bahrain has shown that emerging markets can lead the way in building governance systems that are resilient, trustworthy, and culturally aligned. These insights offer a roadmap for developing governance systems that support sustainable growth, investor confidence, and ethical business practices in emerging markets.

Future research could explore governance models in other emerging markets, examining common challenges and innovative solutions. While this study provides valuable qualitative insights, it also raises questions requiring further investigation. Future research could address: "How governance practices differ between family-owned businesses and publicly listed firms in Bahrain?", "What quantitative measures can best evaluate the effectiveness of regulatory enforcement?", "How Shariah-based governance frameworks evolve when confronted with emerging global priorities such as Environmental, Social, and Governance (ESG) standards?", and "How digital technologies (e.g., AI, blockchain) may transform governance enforcement and transparency mechanisms in Middle Eastern emerging markets?". By addressing these questions, future studies can build on present research to advance both theoretical understanding and practical policy design.

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