

Abstract

The study aims at analyzing the effect of economic diversification on economic growth in Bahrain for the period (1980-2014). For this purpose, many indicators were developed using The **Herfindahl-Hirschman index (HHI)** and five variables: real GDP, exports, imports, government revenues and fixed capital formation. Results reveal a weak diversification in the Bahraini's economy besides a positive effect of diversification on the economic growth in Bahrain. In fact, no significant relationship between Herfindahl index and the growth of real GDP.

Keywords: Economic Diversification, Economic Growth, **Herfindahl-Hirschman index**.