

The impact of globalization on employment commerce essay



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Globalization has in no doubt affected the way people work. It has resulted into radical and rapid changes that call for adjustments in employment policies of different organization. This report presents a report on the effect of globalization on employment policies. The National Bank of Abu Dhabi is going to be used as our case where its employment policies are going to be highlighted with special considerations on how this affect it industrial relations. The report begins by describing what is meant by globalization followed by a brief analysis of the National Bank of Abu Dhabi, its employee profile and its achievements. The report will the highlight the impact of globalization on employment strategies followed by a close examination of what effects dual labor has had on the banks industrial relations. Grievance procedures of the company and how it relates to the UAE law is going o be captured too with special consideration on how the bank makes its employees aware of these procedures. The conclusion will contain three personal recommendations on what should be done to put the bank at par with other financial institutions in the region and the world.

The concept of Globalization

With the world becoming a global village based on modern advancements in technology, trade political, socio-cultural norms and world economies, the forces of change are so strong to an extent that all aspects of life call for adjustments. This phenomenon is referred to as globalization (Bentolila & Gilles, 2003, p. 56). It involves a process that leads to transformation of local and regional cultures into international or global ones thus unifying a society and making it work together as one. This has culminated into establishment of international economies through trade, flow of capital, investment,

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migration, and technology flow and its effects. Traditional barriers maintained by governments are the main victims of the trend as people are forced to abandon the restrictions and actively engage in different affairs at an international stage. Ways of doing business have not been spared by globalization either. The force has called for adjustments in different business fields especially in human resource. Employment policies have been adjusted to fit the modern world requirements of the labor market in order to attain any targets of an organization.

Organizational behavior places labor as one of the most important factor that determines performance (Holley et al. 2008, p. 11). This paper seeks to highlight the impact of globalization on employment strategies with further emphasis shifting to mitigatory mechanism that are employed to face off challenges that might come with this. The National Bank of Abu Dhabi in the United Arab Emirates is going to form an evaluation platform for this research and thus we will be able to establish and understand the grievance procedure in place in the company and its impact on industrial relations. Grievance procedures are simply the protocols that employee and employer follow in order to address employee problems amicably and satisfactorily.

Company information

Based in the Arab world, the National Bank of Abu Dhabi is among one of the most competitive financial institutions that has committed much of its efforts to competitively serve both local and international customers. Under its chief executive Mr. Michael H. Tomalin and board chairman H. E. Nasser Ahmed Khalifa Alsowaidi, the bank has managed to scoop several top awards for its

services, the most notable one being 2011 award given by Thompson Reuters and complinet recognizing the bank as ' the most recognized international compliance officer' as presented by John Garret, the groups' general manager and chief compliance officer (The National Bank of Abu Dhabi, 2011). The bank also boasts of being the owner of the best investment product. It was the best arranger and best financial information provider via the internet.

These awards together with many others are associated to the banks employee commitment to its vision that fosters on the ' future recognition of the bank as the world's best Arab bank'. These successes are also expressed in the banks mission ' to provide its customers with exceptional services that create products and delivering services of enduring value' which, will help its customers grow. The bank has a set of values that are in no doubt behind its efficiency in providing quality services to its customers. Some of these values are the need to understand customer needs, teamwork, being accessible around the clock, withholding the value of stakeholders, recognizing people as its greatest asset and thus safeguarding their interests and acknowledging the need to be loyal to its heritage and maintaining a positive global outlook (The National Bank of Abu Dhabi, 2011). The bank has also made a few pledges to its customers which includes recognizing them, understanding their needs, listening to them, dedicating its energies to serving its customers and eventually grow with them.

By analyzing these pledges, there is a clear indication that good and well motivated employees are key to achieving them. It is worthy to acknowledge that unless the bank has an elaborate grievance addressing procedure, all of <https://assignbuster.com/the-impact-of-globalization-on-employment-commerce-essay/>

its mission and vision cannot be realized. The bank has some of the best employee focused attention which is greatly supported by good employment policies. The bank employment policy first recognizes its employees as the most valuable asset and goes ahead to provide the most rewarding working environment and compensation packages that allows them advance their careers. This has made the bank the biggest employer among other commercial banks with its employees coming from all over the world.

Other employment policies of the bank focus on Emiratization which simply means attracting the most qualified nationals of the United Arab Emirates (UAE) by providing a successful and a well rewarding banking career. Pre-employment training is also embraced by the bank employment policies which also create room for employees to seek further training while still working. This come in form of time allowances for various new training programs (The National Bank of Abu Dhabi, 2011). Training of potential employees is among the banks employment policies which seeks to absorb freshly graduated students from different academic fields thus creating a window of diversifying strategies which do not have to come from business scholars only. Globalization has a lot of influence on employment prospects of the bank. Despite the fact that the government is encouraging Emiritization (employing more UAE citizens), the bank has 61 percent of its employees from outside UAE with only 39 percent being UAE citizens by 2010. Out of this number, 60 percent are female.

Impact of globalization on employment strategies

Globalization and Job security

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Globalization has brought about a very fierce competition in employment. This is because through globalization, there is massive migration of highly trained professionals who are seeking lucrative careers (Bentolila & Gilles, 2003, p. 59). National Bank of Abu Dhabi is among top ten in the list of the most secure banks in the world. It has also attracted many professionals from different parts of the globe. This has come along with a lot of job insecurity as any employer is likely to opt for the most qualified. Security of tenure has declined and jobs have become less permanent. The net effect of this is the emergence of non-standard form of employment such as temporary and part-time employments. This has lead to adjustments in banks employment policy which is now shaped to accommodate all forms of employment forms.

Employee turnover characterized by workers mobility has also increased leading to notable changes in worker- employer relationships within the banks workforce. Employees have in many occasions expressed their reservations to dispensable employment agreements with most of them working in fear of losing their jobs uncertainly. This greatly affects employees who have not yet had an opportunity to upgrade their educational backgrounds thus reducing their employability. However, the bank has made a provision in its employment policies grievance procedure to offer training opportunities for it employees which is supposed to help them advance their career.

Globalization has come with a lot of technological changes and just like any other bank, the National Bank of Abu Dhabi needs to employ people with the most recent skills in technology. Though the bank has not had to send <https://assignbuster.com/the-impact-of-globalization-on-employment-commerce-essay/>

people packing based on modern skills acquisitions and technology awareness, most job quits have been voluntary where employees go back to training institutions for further training (The National Bank of Abu Dhabi, 2011). Globalization also comes with a lot of competition from other competitors thus effecting job security of employees. Companies have in many occasions laid off some of its staff to cut down on costs of doing business and in order to face competitors with a least expensive and efficient workforce. The bank has at point succumbed to forces of globalization such as those to call for outsourcing of labor. This involves employing workers from different parts of the globe without necessarily allowing them enjoy normal employee benefits such as security of tenure. This has further made jobs more insecure as outsourced labor might be just as effective as original. This has also resulted in a change in the banks employment policies which have also shifted to outsourcing and training it employees on probation before full engagement.

Effects of Low skilled workers on employment policies

The level of education possessed by workers has in a big way influenced their employability at the National Bank of Abu Dhabi. It is evident beyond any reasonable doubt that only the best trained workers are securing lucrative careers with the most reputable companies. The bank emphasizes on its quest to tap the best and most skilled professionals from across the world, a fact that is boosted by the globalization era. Although the banking sector has not experienced much layoff due to under qualified staff, the situation has it that most original or traditional employees are being outdone by recently graduated people thus putting their employability at risk of being

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lost. Technology plays a major role in evaluating qualifications as it is one of the most powerful forces globalization reckon with. Employment policies have therefore been adjusted to enable the bank acquire the most qualified individuals or still by offering a training package before being employed. Education does not only affect employability but also earning.

Being a leading financial institution, the National Bank of Abu Dhabi employs the best candidates for different jobs right from the management to subordinate (The National Bank of Abu Dhabi, 2011). This implies that the institution is only ready to pay highly to the best employees and therefore pushing off least qualified individuals. Studies show that lowly ranked jobs that require low academic qualifications are going to less competitive environments with more competitive environments taking on the best. Employment strategies of the bank have not depicted any form of bias on locals and foreigners. The only disparity comes from the government's policy to have the number of UAE nationals working in local institutions increased. The bank has responded to this positively by increasing UAE nationals working in it from 36 percent in 2009 to 39 percent in 2010 (The National Bank of Abu Dhabi, 2011). This move has however not caused a lot of changes in its employment policies since the external world offers the best compared to the local labor market.

Effects of Globalization on Sweatshop Exploitation & Toxic Imports

Globalization has by a great way encouraged the import of cheap labor especially from countries suffering from unemployment but with good educational back grounds. This means that the employees of this nature are

highly qualified but willing to take on low paying jobs and at the same time work for long hours (Bentolila & Gilles, 2003, p. 63). This phenomenon is normally associated with developed countries or those perceived to be rich. UAE is no exception as it has some of the best institutions recognized globally such as the National Bank of Abu Dhabi. This bank has also fallen prey to this problem as most of its workforce (61 %) come from outside UAE. Although this cannot be directly associated with foreigners being cheap to hire, it is true that dealing with local or native employees is more technical compared to foreigners. The law has put down very robust and complicated policies that aim at protecting its citizens from exploitation. This may in one way or the other influence the banks employment policy status of absorbing more foreigners to work there.

The bank is also at risk of importing toxic labor as incompetent workers could be imported. This kind of workers are believed to be interested short time benefits and are therefore likely to put in extra efforts to achieve their short term objectives and thus becoming toxic not only to future company prospects but also to the labor market. This is one of the major reasons the government of UAE has put it mandatory for employers to have at least 40 percent of their employees to be UAE nationals. This move is aimed at embracing the future endeavors of the national economy and the country's future in general. Although sweetshops may have a positive effect on a firm's profits, critics argue that there is a more negative effect in the future prospects of a company since its public image could be tempered with thus demeaning its performance. Locals are also likely to give a cold reception to

the bank and withdraw their trust from it thus jeopardizing its operations in the region.

Sweetshop and toxic workers also pose as a risk to original employees by reducing their job security because they are cheaper to hire. This is another challenge the National Bank of Abu Dhabi is facing as a result of it employing a huge number of foreigners who are recognized almost equally by UAE labor laws.

Globalization and technology

Among the achievements attained by the National Bank of Abu Dhabi is being in the forefront in implementing highly technology based services. This is in line with what globalization comes with especially in information technology. The bank won the best mobile transaction and the best prepaid card categories from the smart card awards in the Middle East region. This indicates that the bank has a better chance of surviving in the world of technology thus attracting more customers (The National Bank of Abu Dhabi, 2011). However, the bank is equally faced with challenges that come with this. Technology applications call for a reduction of the labor force as it permits performance of different tasks without involving any people.

Technological globalization also calls for job cuts across all sectors especially in low profiled jobs such as auditing and networking. This occurrence has forced the bank to adjust its employment policies to match the current conditions by cutting down the number of people it employs each year. The use of technology has obviously affected the way the bank employs people be it from the UAE or the Diaspora.

Dual Labor Market and its impact on industrial relations issues in the bank

The United Arab Emirates has experienced a lot of changes in trade in the recent past. It has become a major commercial center with the economy becoming more diverse and dynamic, serving as a major re-exporting center in the Middle East and other parts of the world like Africa. The emirate has attracted a lot of attention from investors simply because it has very few logistical costs which make business operations easier. This has led to an increase in financial activities due to improvements of business in various industries such as tourism, transport and banking among many others. Such changes in any economy will in no doubt attract a lot of people who will be willing to work there. This notion is further guaranteed by the international chain of events and changes in the way people do business.

Globalization has come along with a dual labor market effects which includes effecting changes in industrial relations issues of many organizations. This phenomenon is believed to divide the labor market into two namely primary and secondary sectors. These sectors are either identified with high or low value added workers or along formal and informal sectors. A gap between locals and foreigners exists in the National Bank of Abu Dhabi as much as job levels are concerned (The National Bank of Abu Dhabi, 2011). This is evident from the way the bank has left short term employment to foreigners as these comes with no or little promotions to higher positions. The secondary sector of the dual market best explains this. Wages offered are deterred by the market forces and therefore subject to change whenever economic drivers change. This kind of jobs is also characterized by low level skilled workers, low earnings, impermanence, easy entry and low returns basing on ones <https://assignbuster.com/the-impact-of-globalization-on-employment-commerce-essay/>

experience. The National Bank of Abu Dhabi has in many occasions advertised such jobs outside the country and especially on the internet. This implies that the most preferable source of these workers is the Diaspora.

Although the bank is ranked as one of the best employers basing on what it offers to its employees as salaries, workers who fall under secondary sector of dual labor market receive the least payments. This effect is as a result of the dynamism experience by the world labor markets as a result of globalization. Dual labor market theories assert that immigration of workers is as a result of economic globalization and effective penetration across boundaries by potential employees (Holley et al. 2008, p. 52). Therefore, this is a major effect of globalization of employment policies o the National Bank of Abu Dhabi as it employs 61 percent of its employees from outside the country. International trends of migrations by workers are controlled by labor demands from modern civilization.

Industrial relations of the bank have therefore been affected by these changes prompting the bank to seek cheap labor from all over the globe. Dual labor conditions in the Middle East are still so much prevalent as a result of low numbers of local professionals which encourages foreigners come looking for jobs in the emirate. The net effect is that foreigners have the largest employee stakes in most UAE based organizations.

The grievance procedure in place in the company and its impact on industrial relations

A grievance is defined as any form of discontent affecting an organizations performance and thus can be termed as either being legitimate, unvoiced, <https://assignbuster.com/the-impact-of-globalization-on-employment-commerce-essay/>

oral, written or even ridiculous. If this situation is not correctly addressed, it may lead to a very poor relationship between the employees and the management. Such conflicts are very detrimental to any organizations performance and thus very injurious to customers who depend on such institutions. An organized form of settling these matters of employee dissatisfaction is referred to as grievance procedure. Whether unionized or not, all companies are required by the UAE law to have a well established grievance procedure. The National Bank of Abu Dhabi is no exception as it has established good communication mechanisms courtesy of its human resource department.

The bank allows its employees to join labor unions in the country (The National Bank of Abu Dhabi, 2011). By so doing, the bank expects to receive all grieving matters concerning its workers who happen to be from UAE and the Diaspora. Staff awareness is highly regarded as the bank organizes several conferences among its employees with special consideration of both local and imported workforce. These conferences employ a few variations in addressing employee grievances because of other organizational structures of the bank since the needs of different workers are varied or distributed along the general spectrum of employee grievances. For instance, other workers might be complaining of salaries while others could be comfortable with what they earn but not with the working environments they are subjected to. Different institutions have different grievance procedures which involve a series of successive steps. The National Bank of Abu Dhabi has made it clear to its workers of the four steps it expects them to follow which are;

Holding discussion conferences among its aggrieved workers in presence of a supervisor and if possible a representative from the workers union.

Hosting of constructive meetings between the middle management and their counterparts in the worker union.

Top management then meets to address the grievances together with the top union leaders with both parties being formally informed by their juniors of the previous meetings

The fourth and the last step involve an arbitration process that involves close scrutiny of the problems. It is from this dialogue that workers are expected to have their grievances addressed.

Since employees could be having different demands especially in salaries and other remunerations for local and foreign employees, the bank has different panels that take care of each side separately (The National Bank of Abu Dhabi, 2011).

Grievance procedures are equally upheld by the labor laws of the United Arab Emirates. According to University of Pennsylvania; Middle East Research Institute (1985, p. 67), the law has undergone a series of transformations since effects of globalization started taking place. The federal law number 9 of 1980 is the most commonly used piece of legislation when it comes to labor matters. This law defines who an employee is with the most important point for this research being that it does not discriminate employees by their places of origin. Therefore, we can say that the laws go along with what the National Bank of Abu Dhabi employment policies that

allow it employ much of its employees from outside the country (The National Bank of Abu Dhabi, 2011).

Termination of employment as a solution to a worker-employees crisis is also embraced by the UAE labor laws. This law focuses on the need to have an employee pass a test in whatever job they apply for. The law allows a six month probation period under which an employer is allowed to dismiss a potential employee if he or she fails to fulfill all the requirements. Comparing this with the National Bank of Abu Dhabi employment policy, this law seems to go hand in hand with the presence of temporal and non-standard employment status such as contracts and internships (The National Bank of Abu Dhabi, 2011). This opportunity is mostly beneficial to an employer as this allow him or her to terminate employment without giving terminal employment benefits. These grievances laws do not address the biases in nationality of employees. It recognizes anybody legally allowed to work there as any other employee.

The only disparity found in labor laws of UAE based on nationalities is the clause that recognize the use of Arabic as the official language of writing and keeping records. The law however allows the use of other languages in writing but still maintains that Arabic prevails in any situation therefore calling for documentation in different languages as long as Arabic remains official.

The law also requires an employee to engage constructively with his or her employer for negotiations before any final decision is made. The employer is required to present his or her grievance to the employer in writing (failure to

which no steps can be taken) and followed by meetings to discuss the claims (University of Pennsylvania; Middle East Research Institute, 1985, p. 69). The law also allows employees to file appeals against employer decisions which might not be necessarily correct. The law is not seen to favor the UAE nationals per se but it is seen to encourage institutions to employ the locals. The government has embarked on a very serious campaign to increase the number of UAE nationals in what it calls Emiritazation the only distinction seen between foreign and local employees.

Procedural addressing of employee grievances by the National Bank of Abu Dhabi by engaging them in discussions matches the law provision for informal settlement of these conflicts. The law allows employer and employee to solve their issues by themselves without necessary going through the law. Basing on such procedures used by the bank in addressing its employee grievances, it is correct to say that the bank concurs with the labor laws of UAE. These laws have had a positive impact on both employer and employees as they allow them solve their differences on a neutral platform. The UAE has generally adapted the international standards of grievance procedures. This decision has resulted in employees of the bank settle for it. The procedures seem to be all inclusive as the deal with all types of grievances that may arise, a reason that may be behind the acceptance of the procedure by most if not all employees.

Conclusion

Globalization has come along with many changes especially in the labor markets. Companies have been forced to adjust their employment policies to

match with the modern global demands. The National Bank of Abu Dhabi is one of such institutions that are faced by challenges that come with globalization. The overall effects as found out include changes in labor markets which permit export of labor to other countries. This is proved by the fact that 61 percent of the banks employees come from outside UAE. This pressure has caused a change in employment policies especially in seeking the most qualified individuals. High influx of employees into the country has made the bank embark on a thorough training program before formal employment. This has helped in sieving out under qualified employees. The UAE laws on labor are also conversant with the new trends of labor as dictated by globalization. It recognizes foreigners just like it does to locals although it advocating for higher numbers of UAE nationals working in local firms.

The National Bank of Abu Dhabi has a well established grievance procedure. It caters for some of the most notorious hitches of its employees by calling for dialogue with its employees. This offers an opportunity to informally solve any problem and thus avoid affecting its performance and public image.

Although industrial relations of the bank have been affected by the changes in the labor market, the institution maintains its quest of the best employees by tapping the best talents through its thorough training programs. This has enabled it maintain a sound relationship with its employees thus retaining its leading position in the region and the world as the best financial institution.

Basing on what has happened and what is likely to come, I would recommend the following actions to the institution in order to maintain and improve its local and international image.

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Avoid any policy adjustments that are likely to create a bias between locals and foreign employees. This is because the world is changing at a very rapid and steady rate implying that the future call for more integration. Any attempts to embrace such moves will make the bank more local and thus repel international attention.

Focus on employee affairs interested programs such as training. This should be done by coming up with training packages such as refresher courses. This will in no doubt boost the company's grievance procedure.

The government should also come up with labor laws that are suitable and matches today's trends of doing business. As much as the government would wish to advocate for better employment status of its citizens, it should bear in mind that the world is changing meaning the firms even in the UAE will succeed when putting on a global face. It should encourage a competitive process like calling for acquisition of better academic skills which will obviously address the issue without being detrimental to any sector of its economy.