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CHAPTER 10

MISSING PROFESSION: THE EFFECT OF GAP BETWEEN EXPECTATION OF ENTERPRISE MARKET AND LABOUR MARKET - THE ROLE OF GLOBALIZATION

Think global. Act local.
Theodore Levitt

Globalization and global companies

Globalization is a process that is visible in each world part: developed and underdeveloped countries. This process cause different effects in the all economy parts, including separate markets and companies. Debates have ranged around the essence of globalization itself, around the extent of global business networks and around the existence and power of supposedly 'global' corporations. Indeed, some have argued that the concept is passé, having either been done to death or only been a passing 'fad'. Nevertheless, globalization is more important than these dismissive responses would imply. We may disagree as to what it really is, but something is happening and it cannot be ignored. Globalization has been defined in many ways. Some definitions are relatively concise, while others are more vague and evocative. In the latter category it could locate (Govindarajan and Gupta, 2000):

What do we mean when we say that we live in an increasingly global world? If you are a Hollywood producer, it means that you care not only about whether your movies will be a box office success in the home market, but also and perhaps even more so about whether it will be a successful export and earn several times as much outside the North American shores.

From a slightly more academic perspective, there are following definitions of glo*balization.* Globalization can be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa. This is a dialectical process because such local happenings may move in an obverse direction from the very distanciated relations that shape them. Local transformation is as much a part of globalization as the lateral extension of social connections across time and space. (Giddens, 1990)

Globalization as a concept refers both to the compression of the world and the intensification of consciousness of the world as a whole both concrete global interdependence and consciousness of the global whole (Robertson, 1992).

Globalization is a social process in which the constraints of geography on economic, political, social and cultural arrangements recede, in which people become increasingly aware that they are receding and in which people act accordingly (Waters, 2001).

Globalization is the integration of business activities across geographical and organizational boundaries. It is the freedom to conceive, design, buy, produce, distribute and sell products and services in a manner which offers maximum benefit to the firm without regard to the consequences for individual geographic locations or organizational units (Kirkbride, Pinnington, Ward, 2001).

The last definition is the one used in the paper. It broadly refer to concept of the below text. The next idea concern global company in the global world. *The global firm* stands ready to respond to changing market conditions and opportunities by reconsidering its options from a broad economic perspective and choosing the alternatives which are thought to be best in the long run. Globalization incorporates a willingness to consider world-wide sourcing for parts which were previously manufactured in our own at-home plant, the development of relationships for distribution and selling through otherwise unrelated firms located in other countries, and the use of joint ventures with international partners to develop and exploit a new technology.

The global firm is not constrained by national boundaries as it searches for ideas, talent, capital and other resources required for its success. In short, *the global firm operates with few, if any, self-imposed geographical or organizational constraints on where or how it conducts its business operations*. (Barnett, 1992)

The capacity to treat the world as one market while paradoxically dealing with it as many culturally diverse merchants. It requires a totally new human engine for corporations, one that can deal with the paradoxes of:

1 Global economies of scale and local customization
2 Transnational and domestic mind-sets
3 Speed and quality. (Barnett, 1992)

Globalization is the conscious and disciplined management process of stepping out of the intellectual and operational confines of a domestic enterprise to fully recognize and address global opportunities and threats in a strategically and operationally integrated manner. Globalization is much more than setting up plants and offices in foreign countries: it is a total approach to managing business around the world that seeks the whole to be greater than the sum of the parts. In a successful global company, each geographic entity enriches the other in more ways than providing an outlet for product or services. (Barnett, 1992)

One clear school of thought in the literature is that of the ‘globalists,’ who are perhaps best represented by Ohmae (2000) and Yip (1995). For these and other writers in this vein, globalization represents many different things. However, what is not questioned is the fact that globalization exists and will be a major factor for large organizations in the decades to come. To these theorists, globalization represents:

- A convergence of tastes and an increasing homogeneity that allows for the use of standard products and services worldwide.
- The process of integrating purchasing and manufacturing processes on a global scale to achieve cost efficiencies.
- Industries dominated by a few major players worldwide.
- Large organizations with global cultures and mindsets.

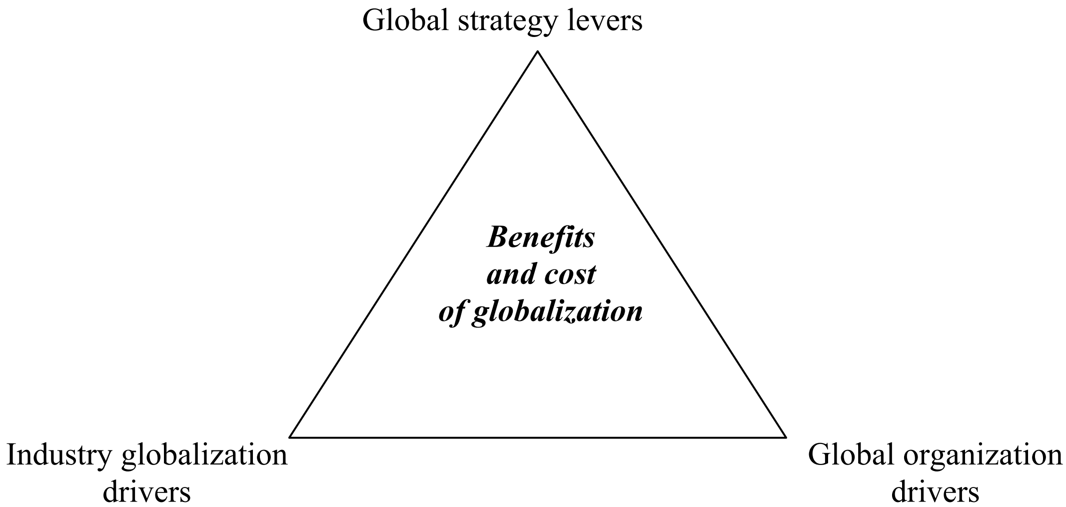
Yip sees globalization as a process driven by a series of global industry drivers. In his mind there are three main drivers: global strategy, global organization and industry globalization. The connections are presented at figure 1.

Yip suggests that faced with a number of global industry drivers, firms have to respond by setting their global strategic levers appropriately. Such levers would include global products, global location, and global marketing and positioning. These forces and levers are then balanced by a number of global organizational factors, which make it easy or difficult for a firm to ‘globalize’.

What aspects of strategy should be globalized? Managers can answer this question by systematically analyzing industry conditions or ‘industry globalization drivers’, by evaluating the benefits and costs of globalization, and by understanding the different ways in which a globalization strategy can be used through ‘global strategic levers’. (Yip, 1995)

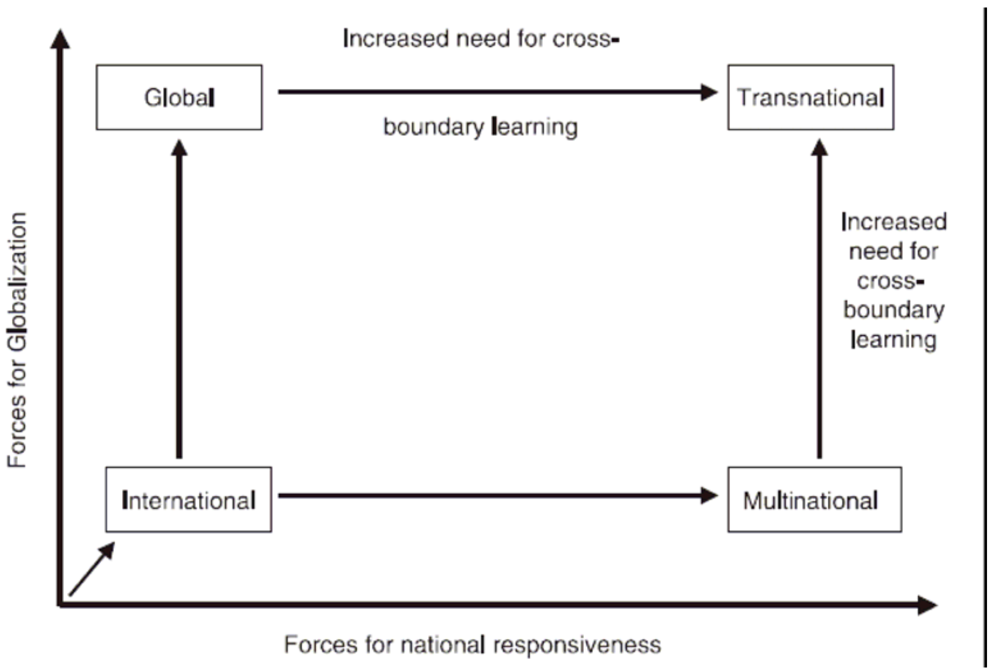
Bartlett and Ghoshal have therefore argued that these strategic drivers have led to globalization following an evolutionary pattern, with organizations moving through phases or stages. These phases have been defined as international, multinational, global and ultimately transnational, with each phase having distinct characteristics (Bartlett and Ghoshal, 1998). Figure 2 illustrates how these stages map on to the key strategic drivers discussed earlier.

Figure 1. Yip's model of globalization.



Source: Yip (1995), Total Global Strategy...

Figure 2. Forms of global organization



Source: compilation from Managing Across Borders (2nd Edition) by Bartlett & Ghoshal, published by Random House Business Books (1998).

Despite the widespread coverage of Bartlett and Ghoshal's basic thesis in management texts on globalization, more recent research. In this field (Barham and Heimer, 1998) has offered a critique of this evolutionary perspective, while retaining the MNC at centre stage.

They argue that this focus on stages or phases of globalization is both misleading and unhelpful for individual organizations and managers. First, the focus on phases carries with it the implication that the final phase – that of transnational – is the ideal organizational form for operating globally and that organizations are unavoidably on an incremental path towards this goal. Yet there are many examples of organizations operating successfully outside their domestic markets without being transnational, and most commentators admit that in reality there are few examples of organizations that are operating with the characteristics of a transnational.

Barham and Heimer therefore offer an alternative model of globalization that is based on the notion of transition: that any organization in any industry needs to make choices about how it wants to operate globally and then it needs to be thoughtful about how it implements these choices. The choices they offer are:

- *Going international* – being internationally committed. Operating outside the home market is no longer peripheral but a strategic imperative.
- *Being multinational* – having a multinational presence. The key issue is the extent of centralization vs decentralization within the organization. There is little incentive to think of the organization as a globally integrated entity.
- *Going global* – being globally connected. The key issue is accelerated learning and encouraging independent action, yet a feeling of being connected to a bigger whole that adds value to the parts.

Summing up the central features of the globalist position can be described as follows (Kirkbride, Pinnington, Ward, 2001):

- Globalization represents a new global age.
- The power of national governments is eroded in the face of global capitalism.
- The central driving forces are modern capitalism and new technology.
- Industries are becoming more global as the globalization drivers increase.
- Organizations are having to respond and are becoming more international, multinational, global and transnational.
- The outcome will be the creation of a new 'borderless world' and the end of the nation state.

Labor market and globalization

Globalization may be seen as a process whereby local, regional and national markets are merged into worldwide or global markets. These markets may deal in particular commodities such as oil and grain, or goods such as cars and computers, or services such as insurance and finance, also labour. Globalization has proceeded much more quickly in some markets than others. In some markets many barriers remain around local, regional and national markets. These barriers may reflect government endorsed standards or requirements, tariffs and taxes, customers' cultural preferences, physical accessibility, languages, or conditions in related markets. Some of these factors may consciously be co-ordinated to protect local interests, for example the difficulties of accessing local distribution systems may prevent foreign companies from accessing key national markets. It's indirectly affect labour market. In other cases government policy and business interests may diverge, for example tax policy aimed at attracting inward investment may reduce the profitability and market share of local businesses.

Two key forces can be seen as having accelerated the process of globalization: the willingness of governments to reduce the barriers between markets; and the growth of global corporations, which has brought new competitors to localized markets. Both can affect on labour market.

Labour markets can be defined as areas where buyers and sellers of labour interact to set levels of pay and employment. Employers seeking workers advertise their vacancies in the wider world. Workers seeking employment respond to job opportunities. Labour market adjustments come about through labour mobility between organizations, wage movements in response to shortages and surpluses, and changes in the numbers and types of jobs on offer.

Obviously, one can trace some degree of linkage between all labour markets (Durcan, 2001). These linkages may be strong or weak, but they exist. Factors that influence the degree of linkage include individuals' range of skills and the interconnectedness of geographical areas. Individuals may have skills that are saleable through a number of different job markets, e.g. a qualified doctor who is also a talented actor and a successful playwright could seek work in a number of very different labour markets.

In theory, all labour markets could be global. Given the falling cost of travel and the growing accessibility of job information from electronic networks, all labour markets might encompass the globe. The willingness of major corporations to advertise their job vacancies through their websites suggests that they believe they operate in wide labour markets. There is little systematic evidence of the extent to which such advertisements attract responses from outside national boundaries. The falling costs of travel and the ease of communication have lessened some of the costs to would-be migrants of seeking work outside their home countries.

In the context of globalization, the continued existence of so many barriers and restrictions to the free operation of labour markets contrasts sharply with developments in other markets. It is of course true that within some of the new trading blocs, e.g. the European Union, there is a commitment to the free movement of labour. In reality, the scope to move depends on language skills, on the wider acceptance of qualifications and credentials and on the absence of discrimination (Wolf, 2001). Other trading blocs, e.g. NAFTA, have not sought to encompass freedom of movement. Many, if not all, of the more developed countries are united in their resistance to uncontrolled immigration.

Government policies towards labour mobility reflect an interesting but confusing (and confused?) mixture of approaches. Many governments have taken steps to reduce perceived rigidities in their national labour markets by embracing privatization and limiting collective rights. At the same time, governments have responded to immigration pressures by tighter controls and only accepting 'genuine' refugees. When that approach seemed inadequate, refugees were reclassified to separate out 'genuine refugees' and 'economic migrants'. A desire to escape poverty at home and build a better economic future elsewhere was not sufficient to justify refugee status.

Despite the political pressures to maintain labour market barriers and restrictions, some labour markets are more global than others. In some highly regulated professions such as medicine, there is a long history of labour movements as doctors have moved from poorer to richer countries in search of higher living standards. Such movements become possible when the national professional bodies recognize qualifications from elsewhere.

It seems a curious paradox that, at a time when the governments of developed countries are reinforcing their restrictions on would-be immigrants, the governments of poorer countries are persuaded, through the power of global corporations, to facilitate reverse migration flows. It is, of course, argued that, by siting production facilities in poor countries, global corporations create employment and opportunities for development. It is also argued that these facilities may require expatriate staff initially to get them set up and operational. Despite these potential benefits, it would seem a curious feature of globalization if the traditional national barriers to labour mobility were replaced by one-way valves controlled by global corporations based in the developed countries (Khanna and Palepu, 1999).

Technological change has not only altered the expectations and perceptions of mobile workers. It continues to alter the nature of labour markets themselves. The combination of technological change and market changes resulting from growth and from differential patterns of growth has significant impacts on labour markets. The location, scale and nature of employment opportunities all change rapidly. Employers and governments face the dilemma of encouraging employment opportunities to move or encouraging workers to move.

Economists have repeatedly drawn attention to the economic benefits derived by labour-importing countries. Migrants tend to be younger, more highly skilled and more willing to embrace change than non-migrants. As the costs of migrants' initial upbringing and education are met by their countries of origin, labour-importing countries benefit from migrants' tax and national insurance contributions, from their production, and from their contribution to reducing labour market pressures that would otherwise add to inflation. If the migrants stay in the host country in their old age, then the host will bear costs in terms of health and social care provision but, taken over their lifetime, migrants' ratio of contribution to costs will be greater than for those who spend their whole lifetime in one country. These benefits need to be balanced against the pressure exerted by migrants on social capital, e.g. housing, schools, hospitals, although investment in these areas may contribute to a higher overall level of prosperity.

There are also non-economic factors. Migrants are frequently met by hostility and fear from host populations concerned about their effects on jobs and troubled by obvious differences in culture. Such hostility and fear may result in social and political conflict, even when migrants have been resident for several generations, if they are not assimilated into the host population.

Governments' policies towards labour market mobility reflect the confusions of a range of interacting and conflicting pressures. The struggle of nation states to protect domestic jobs and prosperity against the pressures of mobile financial capital has encouraged them to take steps to enhance labour market flexibility and internal mobility. Heightened barriers to labour mobility in the face of labour market pressures and demographic changes seem likely to encourage the growth of illegal enterprises that profit from smuggling would-be migrants.

Global labour markets already exist, although often in restricted and attenuated forms. Global corporations have significant scope to influence global labour market pressures through their impact on external and internal labour markets. By shifting their operations and changing their sources of supply, global corporations can either heighten or diminish the prosperity of individual nation states. Global corporations also have scope, through their internal labour markets, to foster greater equality of opportunity and to facilitate the employment and development of at least some of the would-be migrants.

However, the greatest force in the globalization of labour markets continues to be the millions of largely anonymous migrants and would be migrants. These people, who believe in the prospects of a better life, who are prepared to invest their savings and risk their lives in pursuit of their dreams, provide a continuing silent testimony to the inequalities that persist in the global economy. Their struggles and their successes will provide inspiration for millions more.

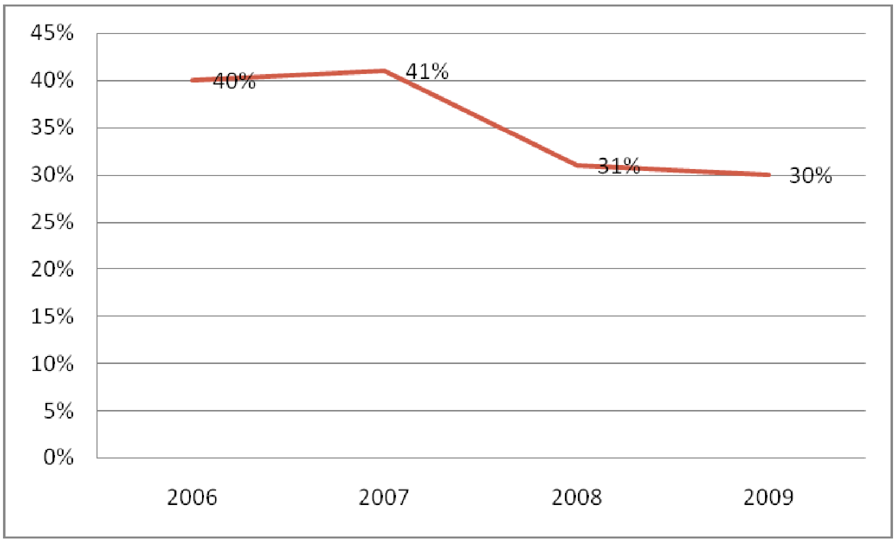
Missing profession – a gap caused by influence of globalization on labour market

Globalization has been affected labour market. As it was described above there are several factors that caused in the equilibrium of labour market. The main question of the paper is how the processes of globalization influence in local and global scale. The impressive research that can answer putted question was done by Manpower organization. Manpower's Talent Shortage Survey (over years 2006-9) reveals that the global talent crunch remains a pressing and pervasive issue for employers worldwide.

Despite global recession and the weakest employment outlook in decades, employers are nonetheless facing a scarcity of talent in critical areas. Even as they have generally reduced their hiring, they are still looking to fill critical positions and are having trouble finding people who are the "perfect fit"—with the precise combination of skills and experience—for those roles. And so they are waiting until the right individual comes along (Manpower, 2009a).

At first global results of workers seeking by employers will be presented. Chart 1 shows data for last 4 years.

Chart 1. Seeking skilled workers: percentage of Employers Having Difficulty Filling Jobs Globally

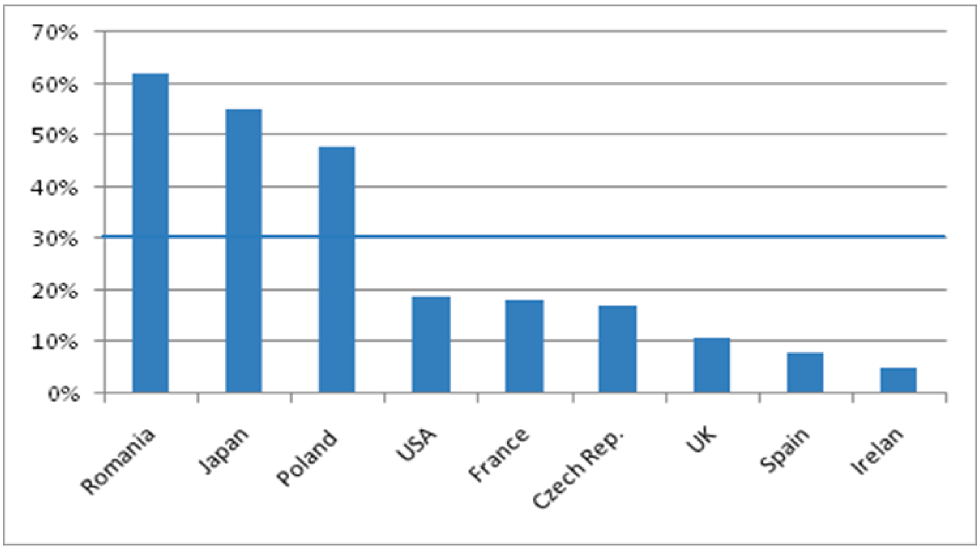


Source: Manpower 2009a

Chart 1 presents picture of changing employers' expectations. As it can be seen easy, but not as much as might have been expected: 30 percent of employers said in 2009 they were still having difficulty filling key jobs due to lack of available talent. That percentage is lower than the 41 percent reported in our 2007 survey but nearly the same as survey results of one year ago, before the severe economic downturn. More people may be looking for jobs, but they don't generally have the skills that employers are looking for. The next picture shows the same results but broken by selected countries in the world in 2009. Chart 2 indicates percentage of employers indicating difficulty filling jobs due to lack of available talent.

The talent shortage does not affect all regions equally. It could be compare to average level of talent crunch in 2009. The problem is far more acute in Romania, Japan and Poland. The countries have been noticed with much higher intensity of talent shortage. On the other hand, there are several countries with less level of the problem. The best situation is in Ireland and other countries indicated in chart 2.

Chart 2. Selected countries most and least affected by talent crunch, year 2009.



Source: Manpower 2009a

Going back to world average data the most missed profession around the world will be presented. The top 10 jobs that employers are having difficulty filling across the 33 countries and territories surveyed are (ranked in order) (Manpower, 2009b):

1. Skilled Trades.[1]
2. Sales Representatives.
3. Technicians (primarily production/operations, engineering or maintenance).
4. Engineers.
5. Management/Executives.
6. Accounting & Finance Staff.
7. Laborers.
8. Production Operators.
9. Secretaries, PAs, Administrative Assistants & Office Support Staff.
10. Drivers.

As it is stressed above vacancies in skilled trades roles, such as electricians, plumbers and carpenters, are the most difficult to fill for the second year in succession. Similarly, experienced sales representatives are still in high demand. Perhaps the most important inference to be drawn from this data in these uncertain times is that employers have to master a difficult balancing act in terms of talent management. They must contain costs for the short term without compromising their longer-term appeal to those key groups of talented workers capable of providing real competitive advantage for the future. The workers needed in each industry and country who are, or will be, subject to intensely competitive recruiting efforts. Moreover, the current recession is revealing how few firms have really thought through their talent strategies (The Economist, 2009).

How does it look in Poland? The list below shows the most wanted professionals they are looking for by employers in Poland in 2009.

1. Skilled Trades.
2. Project Manager.

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[1] In this survey, Skilled Trades refers to a broad range of job titles that require workers to possess specialized skills, traditionally learned over a period of time as an apprentice. Examples of skilled trades jobs are: electricians, bricklayers, carpenters, cabinetmakers, masons, plumbers, welders, etc. Where possible, these jobs are listed in order of highest demand for each country.

3. Sales Representatives.
4. Engineers.
5. Drivers.
6. Laborers.
7. Secretaries, PAs, Administrative Assistants & Office Support Staff.
8. Chefs/Cooks.
9. Production Operators.
10. Customer Service Representatives/Support.

Similarly to global results Polish employers are looking for the most skilled traders. What is worth to notice, the second place has took project managers. It could be an effect of dynamic pursuit of more developed countries in European Community and, of course, huge amount of money floating from European founds to the country. Lots of projects that are realized in Poland demand skilled personnel to carry out of them. Other places are similar to world results with some differentiation.

To summing up global labour market and local labour markets are linked between, that can be seen in the research results. The questions in the field are now: how globalization and global processes are influencing the data above. Are global companies in the position that they can influence labour market. At first the biggest companies in the world scale will be presented. Table 1 presents companies and their staff in 2008 year.

Table 1. The biggest employers over the World, 2008 year

Rank	Company	Number of personel
1	Wal-Mart Stores	2 055 000
2	United Parcel Service	425 300
3	McDonald's	390 000
4	International Business Machines	386 558
5	Citigroup	380 500
6	Target	366 000
7	Sears Holdings	337 000
8	General Electric	327 000
9	Kroger	323 000
10	AT&T	309 050

Source: www.forbes.com

As it could be seen in table 1 the biggest employer in the world is ***Wal-Mart-Stories***. Nevertheless, the indicated companies are not global in the term of figure 2. The company operates generally in USA and its main operations are restricted to "local" market. ***Target Group*** operates general merchandise and food discount stores in the United States. ***Sears Holding*** is a broadline retailer with full-line and specialty retail stores in the United States and Canada. It has three reportable segments, Kmart, Sears Domestic and Sears Canada. *The* ***Kroger Company*** manufactures and processes some of the food for sale in its supermarkets. It operates retail food and drug stores, multi-department stores, jewelry stores, and convenience stores throughout the United States. ***AT&T Inc***. is the largest provider of local, long distance telephone services in the United States, and also serves digital subscriber line Internet access. AT&T is the second largest provider of wireless service in the United States, with over 77 million wireless customers, and more than 150 million total customers. The companies act in local scale as well. So, half of the top 10 biggest employers in the world presented in table 2, operates in local scale: North America, generally speaking.

Other big enterprises are global – their activity has been done around the world. They can also affect in the terms of local (country) labour market. What is worth to question now is the demand of global companies for skilled workers relative to the results of talent crunch?

Generally speaking, not so much. Let's look at most wanted workers in the above listed global companies, according to their activity profile (Forbes, 2009). ***UPC*** focuses its operations in the field of transportation services, mainly in domestic and international letter and package delivery. Through subsidiaries, it is a global provider of transportation, logistics and financial services. Workers the company needs are sales representatives and drivers. **M*cDonnald's*** franchises and operates restaurants in the food service industry. They need especially salesmen in the restaurants. ***IBM*** is a globally-integrated enterprise, which creates business value for clients and solves business problems through integrated solutions that leverage information technology and deep knowledge of business processes. Company demands IT engineers and less sales representatives. ***Citygroup*** is a global financial services holding company, which provides a range of financial services to consumer and corporate customers. Holding requires workers with ability to work in the financial industry – similar to sales representatives. ***General Electric*** is a technology, media & financial services company, with products & services ranging from aircraft engines, power generation, water processing & security technology to medical imaging, business & consumer financing, media content & industrial products. The company employs skilled workers in almost all professions demanded by the branch.

Compare both data: missing professions and general skill needed by noticed companies, one conclusion must be putted here. There are not too many similarities between groups. In the case UPS and General Electric partly are comparable with research results about talent crunch. What is needed, always sales representatives with high experience in the field. The doubt conclusion is then, whether global companies really affect labour market? According to the study outcome it might be doubtful.

Conclusion

There is a wide evidence that relation between globalization process and labour market exists. From the theoretical point of view both categories are associated. Globalization in the case influences on labour market performance. Firstly, because new huge companies entrance new local market and deeply change their factors. Secondly, labour market has to adapt to the new conditions. Of course, the processes are visible in the local scale. Thirdly, globalization affects both: external and internal. Not only external market is stressed in the light of the process. Internal changes, especially connected to cultural problems are important, as well.

In the paper investigation discussion about mentioned problems were taken. In the results, the relation between globalization and labour market was proved. But, the influence of global companies (50% of the top 10 biggest employers in the world) is rather negligible. Of course, if the research had covered more global entitles results could be different.

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