



Does Globalization Impact UAE Economy? An Empirical Evidence

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Abstract

This research analyzes the phenomenon of globalization and takes a closer look at the rippling effects of it being facilitated in a country like the UAE. many observations were made in 3 important sectors in the country that were greatly affected by the ramifications of being a globalization accepting country such as the tourism sector which turned into a full-on industry, the education sector which got many updates to accommodate the mindset of globalization exchange of intellectual resources amongst nations. An Empirical survey was conducted, Data were collected through a questionnaire, then analyzed to test the validation of the model. However, the most admirable and important change of all is the visible improvement and boost of the economy which has a positive effect on the financial sector of the UAE. To get more details about the effects of globalization a detailed analysis was done based on the results of a questionnaire that was administered to get an inside look into the effect of globalization on the UAE.

Keywords: Globalization; Gross domestic product; Resource endowment; Foreign direct investment.

1. Introduction

The world has been increasingly changing and developing from different aspects and the countries of the world need to keep up with those changes in order to utilize such opportunities as lowering down the barriers of trade and communication amongst each other (Godwin, 2017). Globalisation is a phenomenon that has been launched decades ago and has been facilitated through advanced means of communication and technologies that allows improving the efficiency of producing re-sources. The impact of globalisation is mainly positive due to the fact that it allows for the exchange of resources, known as resource endowment, and creates advantages that are mutually beneficial for all parties involved in the trade procedures.

Globalisation actively and directly contributes to the increase of the export and import index of countries that are part of the world trade organisation. It is also observed that it refreshes and boost the economy of all parties that are involved in such trade agreements that are facilitated by globalisation (Eno *et al.*, 2016). Through this research paper, the effects of facilitating globalisation within the UAE will be analysed in order to have quantifiable proof of the good globalisation does to a country like the UAE and helping it's connecting countries and economies together for mutual gain and benefit.

The UAE has witnessed a great deal of development over the years and has greatly been influenced by the government's love and devotion to be the best in the world at what they venture into, no matter what industry it is (Mina, 2014). The UAE has been known to be accepting and accommodating to people and businesses from all over the world and celebrates their differences and is capable of utilising the diversity presents in the nation in order to excel in terms of lowering down barriers with countries all over the world and become a global hub for all users and investors in the area and attracts them to invest in the UAE and grow their businesses there.

2. Literature Review

The world today runs on organisations conducting business all over the world, where it allows for companies to have a wider range of opportunities such as; targeting a larger market share, increasing the bargaining power as a buyer of raw materials, resources or any other type of input that would be required by an organisation in order to carry out their operations and provide the end product which is going to be delivered to the end user or customer and depending on the industry and type of good or service provided by an organisation (Godwin, 2017).

Globalisation helps new entrance to the market of UAE with the process of setting up their businesses with regulations and standards that are set in place to is there a process and allow for a smooth transition that invites organisations as well as entities to invest in the UAE and increase the amount of foreign direct investment that is being accepted and received by the UAE government and that will be positively reflected in the economy of the UAE which will be boosted greatly do you to the contribution of increase in investments and amount of business that is being conducted in the area after the opening of new businesses (Eno *et al.*, 2016).

It is fairly understood through observations that globalisation helps and completely changing the way the country operates and contributes to changes in regulations and dictations of a country in order to accommodate the changes required to facilitate globalisation and exchange of resources between the UAE and other countries all over

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the world. In our research we came across multiple levels of changes that are affected in several industries from the lowering of trade barriers such as a post and tourism, enhancements in the field of education and employment opportunities, dusting the GDP of the UAE by enhancing the economies of scale, excelling in technology fields and turning governments into electronic governments in order to better serve their users who are accustomed to changes let by globalisation and innovation, as well as become pioneers as a country by motivating all its citizens and residents to innovate and create the impossible in order to stand out and have a comparative advantage and have multiple resources that they can't trade with other nations for mutual benefits and prosperity (Mina, 2014).

Globalisation brings upon foreign direct investment into the UAE, this increases the amount of imports the UAE has due to having an organisation set up there and import their materials and resources into the UAE so they can carry out their operations. On the other hand, exports will also increase since organisations that settled in the UAE will start to sell their products or services to end users in the region and using the UAE as a hub in the Middle East, specifically in the GCC area to cut down on logistics costs depending on where the headquarters of the organisations are based (Baburajan, 2011).

Another effect of globalisation is the exchange of intellectual resources and skills that can be observed and manage diversity according to the expected trend that changes from one country to the other, within the UAE, globalisation allows for Education in the UAE has also been greatly modified in order to accommodate the diversity of students and celebrates their differences, and giving them a chance to complete their studies with full awareness of the benefits of globalisation that they are reaping (Akram *et al.*, 2011; Alzoubi and Yanamandra, 2020).

Globalisation contributed to the exchange of intellectual and educational resources and skills that are made available for students as well as for next change students who chose to study in the UAE. The lowering of barriers amongst countries worldwide what definitely give students and citizens a larger Spectrum of opportunities to work and build their own businesses with ease and support.

For a country like the UAE, the effects of globalisation are very tangible in many different industries that have grown and prospered in light of this facilitation. The tourism sector has been rapidly growing and gaining traction and created a global phenomenon based on making the UAE synonymous with extravagance and luxur, making it the dream destination (Alzoubi and Ahmed, 2019; Inhorn and Shrivastav, 2010).

The UAE government observed the worlds interest in the UAE and created tourism boards for each emirate and has worked tirelessly to create an infinite number of possibilities and attractions that would cater to all people of different backgrounds and interests (Al Khazraji, 2009; Mehmood *et al.*, 2019).

This movement into the tourism industry has increased the rate of investment from entities like airlines, entertainment facilities, restaurants, leisure activity providers and tour operators as well as travel agencies who contribute to bringing in more tourists and visitors into the UAE (Alli *et al.*, 2007; Alzoubi *et al.*, 2019).

The increased number of visitors contributes to empowering the UAE currency, both the economy becomes better and stronger and allows for creativity and innovation to be introduced to the locals of the country and create inspiration for them (Alnazer *et al.*, 2017; Irvine and Lucas, 2006).

2.1. Operational Definitions

Within this research, the first variable that we are analyzing is known as Globalisation which is a global phenomena in which the trade barriers are lowered between countries that are part of the world trade organisation trade agreements and allows for easy and mutually beneficial exchange of resources, goods, services, skills and many other aspects between those countries and promotes the growth of the economy and businesses altogether.

The second variable of the research is dependent on the Analysis of the effects of variable one being globalisation on the UAE economy in terms of gross domestic product, resource endowment, foreign direct investment. Within different industries such as tourism, education, manufacturing, real estate, and retail that contribute to economic growth through the increase of gross domestic product, resource endowment, foreign direct investment.

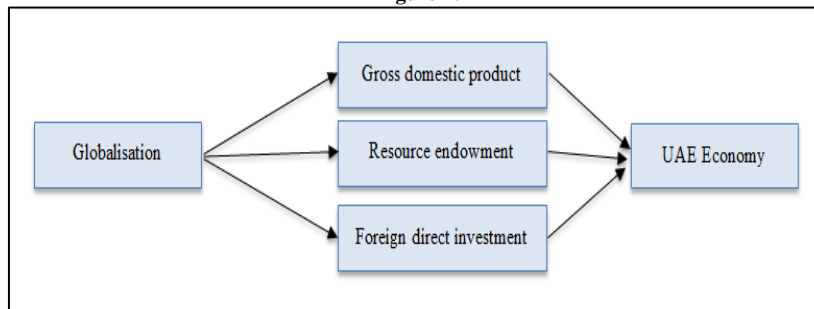
3. Research Problem Statement

Being citizens of the UAE, the positive effects of globalisation are being served on a date today basis no matter what industry the observer is tied to. This research carries on importance since it provides a detailed view of some of the positive effects on some of the industries that are being exposed and radically renovated to accommodate the increase in demand in the market trends towards those industries such as education which carries an important and high value to the UAE government officials, tourism which has become a close 2nd to the largest source of income and economic prosperity for the country. As well as looking into the increase in the amount of foreign direct investment that is directly benefiting the economy of the UAE. Understanding of these effects is very important to showcase the different types of benefits globalisation brings upon its participating parties.

3.1. Research Model

If we consider the research being done about our topic as a model, we can assign the variable x being the phenomenon of globalization. In this case, variable x is a change factor that can affect the resulting stats of variable y which is the dependent factor, in this case, is the overall status of the UAE as a nation. The resultant effects of this relation between the dependent and independent variables are mostly observed on the tourism industry, education, manufacturing, real estate, and retail on the overall economy of the UAE.

Figure-1.



3.2. Research HypothesIs

Throughout this research paper, the main objective is to understand how globalisation is affecting different variables and industries altogether of a country like the UAE and how opportunities can be taken advantage of to maximize the comparative advantage scenario. The research hypothesis is as follows:

Ho1: *Globalization does not affect the UAE economy*

3.3. Methodology

In order to build an informed opinion reviewing the effects of globalization on the UAE from multiple aspects, a quantitative approach will be followed in order to get measurable data to support the hypothesis formulated earlier in the report. The qualitative method was chosen due to its contribution in getting an understanding of underlying reasons, opinions, and motivations of the subject being studied and observed. It also provides us as observers with an insight into the problem and develops ideas for hypothesis formation.

3.4. Population and Sample

For the purpose of data collection about the effects of globalization on the UAE economy. The Business Center has been chosen that would experience such effects first hand. We targeted Businesses representing in the Business Center at UAE. The best sample curation location we could think of was targeting the Business Center at the expo 2020 in Dubai. For the sake of brevity and conciseness, we will restrict the sample size to 200 participants.

The sample comprised 200 employees from different SME companies located in the Business Center at UAE. The unit of analysis of the sample employees was chosen on the convenient bases at the researcher visited the Business Center for 10 times in different times and ask the available employees to participate. SPSS program was used to statistical analyses of the data which was gathered from the respondents. Data were described using frequency distribution by reporting the frequency and percentage along with its mean and standard deviation.

3.5. Data Collection Method

Generally, collecting data can be done by applying different approaches such as personally administered questionnaires, mail questionnaire and electronic questionnaire. The researcher stresses that the data from the survey allow the researcher to establish whether there are associations among the various variables that are reflected in the questionnaire. Hence, a qualitative method was used in this study.

3.6. Data Collecting

SPSS program was used to statistical analyses the data which was gathered from the respondents. Data was described using frequency distribution by reporting the frequency and percentage along with its mean and standard deviation.

3.7. Data Analysis

Table 1 reports the respondents' background. The respondents of the study from Directors & Chairmans & CEOs were (60%), Business owners were (25%), and (15%) of them were Managers. However, the male were (75%) and female were (25%). Moreover, (50%) of respondents were between the age of (50-59), while (35%) between the age (40-49), and (10%) between the age of (25-39).

Table-1. Respondents profile

Item	Category	N	%
Occupation	Business Owner	50	25%
	Director & Chairman & CEO	120	60%
	Manager	30	15%
Gender	Male	150	75%
	Female	50	25%
Age	25-39	20	10%
	40-49	70	35%
	50-59	100	50%
	Above 60	10	5%

Table 2 presents the descriptive statistic result. The overall Mean score was used for measuring the items level. Employees were asked to answer the questionnaire items that related to their level of confidence to verify the items' significance according to the respondents' perception in. All items got a high significance level since the means ranged from (3.328) to (4.106). The highest in the significance level is the "Globalization" with a mean and standard deviation of (4.106: 0.962). Then the dimension "Gross domestic product" has come next with a mean and standard deviation of (4.018: 0.945). Then the dimension "UAE Economy" has come next with a mean and standard deviation of (4.025: 0.931)

Table-2. Descriptive analysis to UAE Economy Dimensions and Globalization

	Variables and dimensions of study		M	Std.	Sig. rank	Sig. level
Dependent Variable	UAE Economy	Gross domestic product	4.018	0.945	3	High
		Resource endowment	3.328	0.931	6	High
		Foreign direct investment	4.008	0.912	4	High
		UAE Economy	4.025	0.931	2	High
Independent Variable	Globalization		4.106	0.962	1	High

Table 3 show the Hypotheses Testing, ANOVA analysis, Regression analysis and Correlation are used to examine the validity and significance of the proposed model of the study. The correlation coefficient for the relations show that all relationships between UAE Economy Dimensions and Globalization are related and positive. Coefficient of determinations also reported that changes in Globalization are subject to changes in UAE Economy Dimensions. All results of "F" test have proved the validity of the model of the study between UAE Economy Dimensions and Globalization. The "β" results and "t" test also confirmed the impact of UAE Economy Dimensions and Globalization.

Table-3. Correlation, ANOVA and Regression analysis to UAE Economy Dimensions in Globalization

	r	r ²	F	DF	Sig*	β	t	Sig*	
Gross domestic product	.689	.475	22.923		.000	Globalization	0.469	4.161	0.001
Resource endowment	.697	.486	28.703		.000	Globalization	0.568	3.396	0.002
Foreign direct investment	.789	.623	32.895		.000	Globalization	0.392	3.735	0.001
UAE Economy	.798	.637	36.016		.000	Globalization	0.286	4.892	0.004

* level of significance (α≤0.05) ** Critical t (df/p)=1.64

Based on the analysis above, enough evidence from statistical hypotheses testing support the impact of UAE Economy Dimensions on Globalisation.

4. Results Discussion

From the results provided we can easily provide a concise analysis that showcases the importance of globalisation and its contribution to the creation of a strong independent country like the UAE and how it significantly plays a role in the economic rise and stop sure that the UAE is currently blessed with. Globalisation has acted like a very beneficial driver that improve the educational sector within the country, radically improve the economies of scale and raising the living standards of the citizens and residents of the UAE, as well as create a whole new segment that became the second largest source of income to the UAE in the form of tourism.

Most of the respondents have positive things to say about globalisation parents are very grateful for its existence and attribute many of the positive things that they have achieved with in the UAE to the phenomena of globalisation.

5. Conclusion

Conclusively, globalisation is a worldwide phenomenon that has created waves of change all over the world and the reactions to those changes have been different depending on the variable factors that make up the construct of a country as a trade entity. The UAE is a great example of how the introduction of globalisation has brought tremendous change throughout the sectors available in the country and has caused many advances and increased the productivity of all who work in sectors that reap the benefits of globalization in the UAE.

Due to the brevity of this research report, I would recommend that the subject needs to be narrowed down even further to one sector within the UAE in order to get more specific details to be analyzed to form an educated opinion about the effects of globalization on the UAE. Also the questionnaire could be catered more specifically to individuals dealing with the 3 industries observed in the research paper.

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