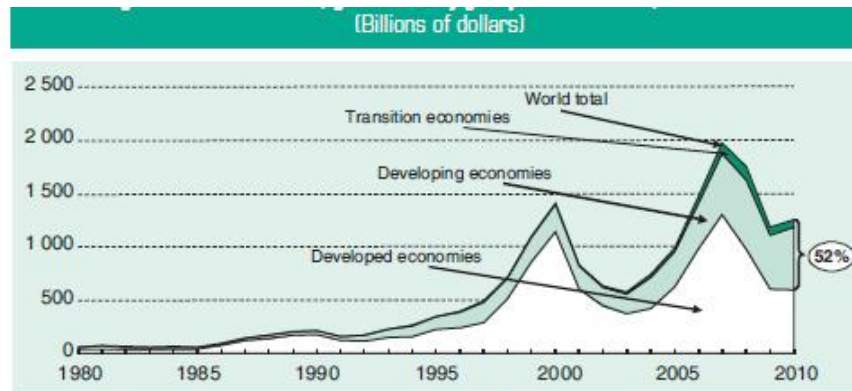


## Economic Globalization & Job Market: Perception of Youth

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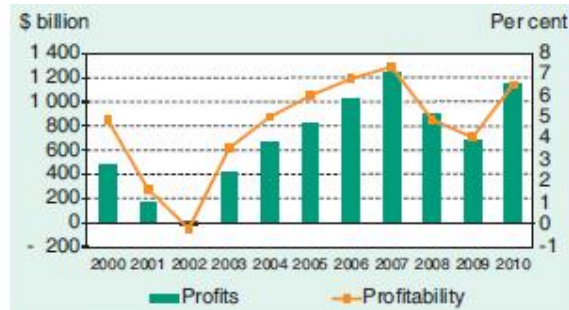
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Liberalization of financial markets, alleviation of economic barriers, increase in Foreign Direct Investment (FDI) and operations of Multinational Enterprise (MNE) etc. are the indicators which may be collectively referred to as the Economic Aspect of Globalization. FDI inflows to developing economies have recovered sharply & strongly as compared to developed countries and transition economies contracted further in 2010 as shown in figure below.



Source: UNCTAD, based on annex table I.1 and the FDI/TNC database ([www.unctad.org/fdistatistics](http://www.unctad.org/fdistatistics)).

FDI flows to developing economies rose due to fast economic recovery & the strength of domestic demands. As Phillip Brown and Hugh Lauder point out, the emergence of a global economy reflects the decline of mid-century economic nationalism and increased international competition, the greatest beneficiaries of which have been the Multi-National



Source: UNCTAD, based on data from Thomson One Banker.  
<sup>a</sup> Profitability is calculated as the ratio of net income to total sales.

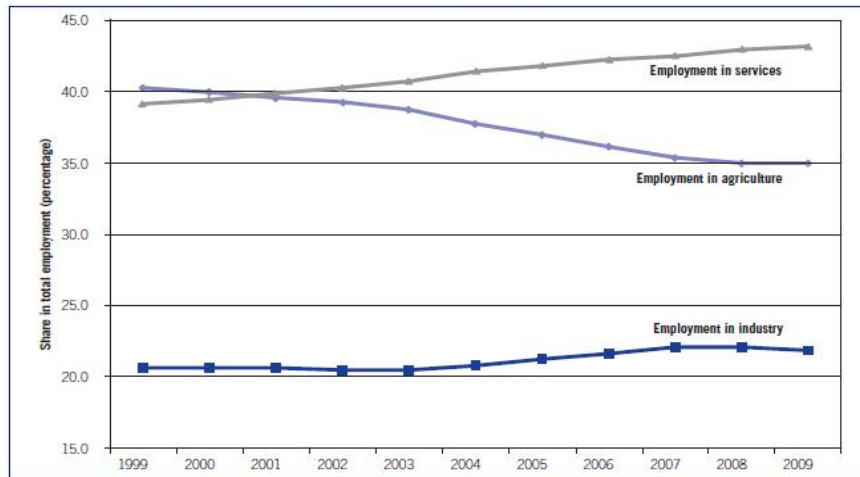
Note: The number of TNCs covered in this calculation is 2,498.

Corporations (MNCs). According to World Investment Report UNCTAD 2011, the profits of Transnational Corporations (TNCs) have bounced back after two years of economic recession in 2008 & 2009 and continued to rise in 2010. It has generally been noted that the share of trade in the overall productivity is on the rise at global level. This in turn promises better employment opportunities and greater

access to these products and services which are accompanied by the process of Economic Globalization Situation. “International production is expanding, with foreign sales, employment and assets of transnational corporations (TNCs) all increasing. TNCs’ production worldwide generated value added of approximately \$16 trillion in 2010 – about a quarter of global GDP. Foreign affiliates of TNCs accounted for more than one-tenth of global GDP and one-third of world exports (World Investment Report 2011).”

Globalization has changed the living standards & lifestyles of the people & shaped the market structure of the 21<sup>st</sup> century as a whole. Globalization has been affecting the price of goods, job patterns, and wages almost everywhere (Spence: 2011). But its effects are not same all over the world. It effects differently on individuals of different classes within countries. It is changing the structure of individual economies in ways that affect different groups within those countries differently (Spence, Michael: 2011). Michel A. Di Pietro in a document, “The Impact of Globalization on Employment” has identified that economic globalization may effect on employment through seven different ways including number of jobs, structure of jobs, composition of jobs, research and development jobs, job earnings, migrations & employment conditions. Globalization-employment relationship is difficult to define and measure (Ghose, 2001). Shrinking economic distance, trade liberalization & easy flow of information, technology & people from one economy to another has an effect on jobs, wages & working conditions, however, is not linear since globalization almost always necessitates a change in economic structure especially with reference to sectorial shift.

**Employment by sector (share of total) 1999-2009**



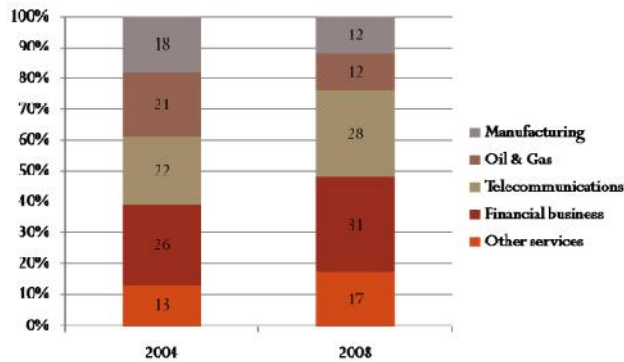
Source: ILO, Trends Econometric Models, October 2010

When we look at the employment in three economic sectors (services, agriculture & industry), it is evident that employment in agriculture sector is towards decline since 1999 while services sector is performing well in terms of share of total

employment and is continuously rising. Employment in industrial sector has shown some improvement after 2004.

Female employment opportunities have been increased due to the agents of globalization. FDI and trade which are considered as the pillars of globalization cause increase in female employment opportunities. In past, women's were hired in education, health & manufacturing sector but today mostly educated women's have joined information & telecommunication sector which emerged as the result of globalization. Thus, globalization has reduced the gender wage gap. Global share of women works in services sector (46.8 per cent) is slightly higher than that of men (40.7 per cent) in 2009 while women share in industrial sector is 15.6 per cent as compared to 26 per cent of men. It is evident from the above statistics that the sectors which are promoted by globalization produced more jobs.

FDI inflow by industry



Source: State Bank of Pakistan Annual Report 2007-2008.

Raymond Robertson (2009) in his book 'Globalization, Wages & the Quality of Jobs: Five Country Studies' illustrated that "Globalization and its implications for wages and working conditions in developing countries will ultimately depend on many factors. These factors include technology; worker preferences and bargaining power; the cross-sectoral integration of labor markets; the quality of governmental institutions; international trade policy; the transmission of knowledge through supply chains; the establishment and enforcement of international labor standards; the leverage exercised by consumers, stockholders, and reputation-sensitive international buyers; and the stability of labor markets".

This becomes particularly problematic for middle and lower income countries where job losses and shifts are immediately followed by increasing poverty and thus constraint the adaptive potential of human capital. Having said that, it is empirically difficult to measure the exact impact of globalization over job market in that it is partially not possible to isolate the indigenous conditions and/or local policies from the impacts that globalization being to a giving economic system. Classical trade theory exhibits that foreign direct investment would aim at exploiting cheaper resources of a region to produce cost effective items. Empirical evidence suggest that generally influx of Foreign Direct Investment is export driven as the demand for such costs effective outputs are higher in regions where

the cheap resources (both natural and human) are not available. Considering this very fact in consideration, it implies that global economic instruments would cause changes in labor market by dividing the labor force to the industries which produce for exports rather than meeting consumption needs of the region.

Moreover, in order to competitive in the client economy, global system needs to adapt to the local economy and subsequently drive favorable policies from the respective governments especially during the penetrative phase. This then promote inter industry wage differentials. Given the circumstances, it becomes important for the developing countries to assess the nature of impact of economic global forces cast upon the job market. An efficient manipulation of economic policies directed to draw maximum benefits from the global input is of extreme importance. Pakistan due to its important geo-strategic position has been the focus of Global actors especially after its focal position in 9/11 afghan war. The level of Foreign Direct Investment & Foreign Portfolio Investment has remarkably increased as illustrated in figure.

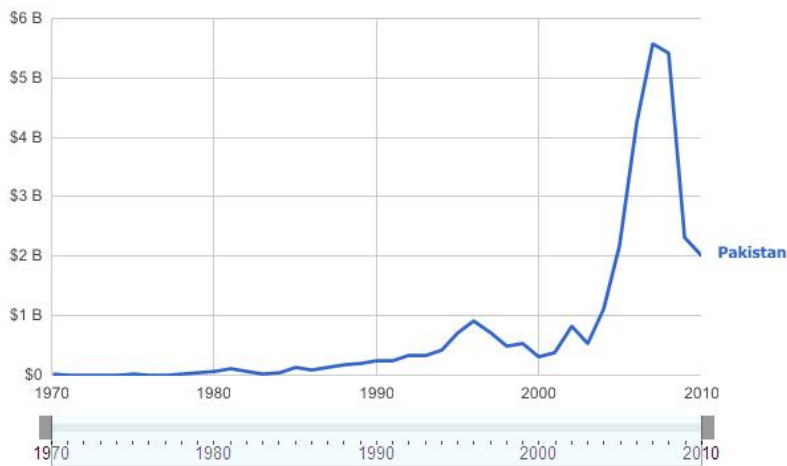


Fig :FDI inflow to Pakistan: World Bank Development Indicators Updated 2011

The global market mechanism has also influenced the youth. According to the Global Employment Trends 2011, the number of employed youth was 77.7 million & global employment rate remains 4.8 % in 2010. It also reports that youth participation rate in labor market has declined. Moreover Global Employment Trends assert that job market demands are not met by the youth due to lack of necessary skills for newly devised operational activities.

In this context in order to assess the social perceptions of youth regarding the impact of economic globalization over job market, a short survey questionnaire was developed. Questions were asked from the eight university students in Lahore to know, how they perceive the changes in job market owing to globalization. Questionnaire was developed to find out the responses. The results from respondents in the form of cross tab are as under:

**Findings of the study**

**Table 1: Percentage distribution of respondents by how you define globalization**

	Frequency	Percent	Valid Percent	Cumulative Percent
global village	48	18.3	18.3	18.3
cultural hegemony	62	23.7	23.7	42.0
technological revolution	122	46.6	46.6	88.5
economic dominance by rich countries	24	9.2	9.2	97.7
a myth	6	2.3	2.3	100.0
Total	262	100.0	100.0	

The phenomenon of globalization is not new at all. Globalization & economics is the main focus of academic inquiry. In terms of defining globalization, the majority of the respondent 122 (46.6%) have defined globalization as ‘technological revolution’ while (62) 23.7% defined it as ‘cultural hegemony’

**Table 2: Influence of Family on choosing Job preference of the respondent**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid to a great extent	88	33.6	33.6	33.6
to some extent	117	44.7	44.7	78.2
not at all	57	21.8	21.8	100.0
Total	262	100.0	100.0	

Majority of the respondent 117 (44.7 %) said that their families have influence on choosing their job preferences ‘to some extent’ while 88 (33.6%) responded ‘to a great extent’ that their families have influence on their choice regarding choosing of profession

**Table 3: Acceptance of female job after marriage**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly acceptable	83	31.7	31.7	31.7
acceptable	97	37.0	37.0	68.7
neutral	44	16.8	16.8	85.5
unacceptable	17	6.5	6.5	92.0
strongly unacceptable	21	8.0	8.0	100.0
Total	262	100.0	100.0	

When asked from the respondent regarding acceptance level towards ‘female job after marriage’, 83 (31.7% ) of the respondent said that it is strogly acceptable for them, while 97 (37%) considered it acceptable. Today, we have more females in the job markets as we have ever before.

**Table 4: Job opportunities facilitated by Globalization**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid to a great extent	123	46.9	46.9	46.9
to some extent	130	49.6	49.6	96.6
not at all	9	3.4	3.4	100.0
Total	262	100.0	100.0	

Table shows that 46.9% of the respondent have of a view that ‘Job Opportunities are facilitated by Globalization ‘to a great extent while 49.6% agree ‘to some extent’ with the aforementioned statement. Creation of job opportunities in services, information & telecommunication are more as compared to any other sector.

**Table 5: Globalization enhance job specialization**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid to a great extent	134	51.1	51.1	51.1
to some extent	105	40.1	40.1	91.2
not at all	23	8.8	8.8	100.0
Total	262	100.0	100.0	

This table highlights that majority of the respondent 51.1% agree with the statement that ‘Globalization has enhanced job specialization’ ‘to a great extent while 40.1% agree ‘to some extent’ with the aforementioned statement

**Table 6: Globalization shifted people conventional to emerging Professions**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly agree	63	24.0	24.0	24.0
agree	139	53.1	53.1	77.1
neutral	53	20.2	20.2	97.3
disagree	5	1.9	1.9	99.2
strongly disagree	2	0.8	0.8	100.0
Total	262	100.0	100.0	

Majority of the respondent 139 (53.1%) ‘Agree’ & 63 (24%) are ‘strongly agree’ with the statement that globalization has shifted people from conventional to emerging profession. Respondents realize that technological revolution due to globalization has been the reason of this shift.

**Table 7: Globalization & working conditions**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	107	40.8	40.8	40.8
	agree	91	34.7	34.7	75.6
	neutral	29	11.1	11.1	86.6
	disagree	22	8.4	8.4	95.0
	strongly disagree	13	5.0	5.0	100.0
	Total	262	100.0	100.0	

The table highlights that majority of the respondent 107 (40.8%) ‘strongly agree’ and 91 (34.7%) are ‘agree’ with the statement that globalization has influenced working conditions. Working conditions include decent wages, hours of work, social security & an absence of discrimination.

**Conclusion:**

Economic globalization is primary focus of academic inquiry; so within globalization, most of the literature & work produced is related to economic aspects of globalization. The relationship between the globalization and job market is one of them. Economic globalization has changed value system of the societies & now more females are joining the job market thus minimizing the gender gap in job market. Now, the father profession is not only choice for the son; by every passing day, new professions are emerging & there is a clear shift from conventional to emerging profession in the job market. Globalization has enhanced job specialization & those who attain the relevant skills and commands are benefited more. Working condition of the job place has been improved generally and for women specifically and this is more clearly evident in the private sector. Overall, globalization has benefitted the job market by minimizing the trade barriers, shrinking economic distance, technological flow and through FDIs. However, the benefits of globalization is not linear and equal to all segments of the society

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