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OPPORTUNITIES AND THREATS RELATED TO LABOUR MARKET GLOBALIZATION

Стаття розглядає різні аспекти глобалізації та її наслідки для національних ринків праці. Проаналізовано основні рушійні сили процесу глобалізації. Досліджено основні фактори самого процесу. Автором надано рекомендації стосовно інвестицій в людській капітал і розвиток інноваційних технологій для зменшення і пом'якшення негативного впливу глобалізації на ринок праці.

The article considers different aspects of globalization and its consequences for national labour markets. The main forces of globalization process are analyzed. The main factors of the process are explored. The author gave his advices on investment in human capital and innovation technique to diminish and smooth down the negative influence of globalization on a labour market.

A growing globalization process evokes controversies and numerous discussions. It attracts most supporters from the environment of transnational corporations, big banks, media networks, big organizations and the richest social groups in charge. However, other social groups are concerned about their future in the globalized world. The notion of free market does not appeal to people who have nothing else to sell in the market but work. As J.E. Stiglitz rightly puts it, in the global economy the rules are not very transparent and changeable. Globalization then leads to increasing a gap between the rich and the poor. Despite numerous promises to reduce poverty made over the last decade of 20th century, the actual number of people living in poverty went up by 100 ml while the total world income grew by 2.5% on average. Reforms essential from a conscious participation point of view ignore the problem of poverty and injustice. Free market and liberalization of capital markets were supposed to solve trouble bothering developing countries. According to J.E. Stiglitz there is no evidence showing that quick liberalization stimulates an economic growth. On the contrary, most developed countries, including the United States and Japan developed their economies gradually, wisely and selectively protecting some of their branches until they were strong enough to compete with foreign companies. Disappointment with an international globalization system led by IMF and WTO has been growing as IMF put an emphasis on the inflation forgetting that unemployment and the growth are also important. Time will show what big a gap between the rich and the poor globalization will create and what costs will be incurred by the society and its particular members. Societies of weakly and moderately developed countries, including Poland, expect globalization with a human face which will contribute to the growth of life standard of all members of the society by changing the labour market. This expectation encourages an analysis of changes happening in the labour market under circumstances of globalization.

Thus globalization is understood as a historical process ending an industrial period of social organizing, a process in which the importance of geographical distance in establishing and maintaining transnational, economic, political, social and cultural relations is diminishing. Moreover, globalization is characterised by a diffusion of financial capital and cultural standards based on the development of new technologies. Main forces of globalization of economy, markets and sectors are as follows:

- 1) economic mechanisms: growing individual profitability, world commerce, world financial markets, world competition;
- 2) technological mechanisms: industrialization, transport and information and communication revolution;

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3) social mechanisms: consumption, formation of identity hybrids enabling individualization of behaviour while simultaneous global culture becoming uniform, education and skills;

4) political mechanisms: reduction of commercial barriers, intellectual property rights, privatization, forming international cooperation blocks, making technical standards uniform.

Functioning of transnational corporations is one of the most important forces of globalizations. Their influence is particularly important in view of analyzing the labour market and subjects existing in his area. The most important features of transnational corporations are as follows:

- effectiveness (global optimization);
- elasticity (local adjustment);
- innovation (active learning).

Moreover contemporary transnational corporations are independent, very complex, dispersed, specialized, interdependent and internally coordinated, flexible, globally effective. We can add that ‘research, production and commercial functions of transnational corporations become fragmented and particular tasks are relocated (moved) to those organizational units which are able to realize them most effectively on the world scale. On the level of transnational corporations globalization consists in integrating dispersed international functions and units realizing them’. According to Peter Dicken international corporations coordinate economic activities from one centre making strategic decisions. The role of transnational corporations in the globalization process is subject to many analysis, it also arises many controversies. Attention is drawn to their influence on diminishing national content in organizations. Contemporary, global capital is internationalized to such an extent that organizations acting in global markets do not represent national interest. In spite of the fact that transnational organizations can exist because they achieve a competitive advantage through features like the quality of the offer, shortened time of implementing innovations, marketing, brand etc.

As globalization is identified with economic processes, it also affects other dimensions of human existence. It is determined by other than economic conditions. This regularity also concerns the labour market which assumes global features and new quality features. What made the global labour market arise?

Literature quotes a few factors which have contributed to creation of the global labour market over recent several years. For instance Krzysztof Rybiński, Vice President of the National Bank of Poland in his speech devoted to globalization of the labour market paid attention to the following factors: the collapse of the former Soviet block and Central and Eastern economies joining the economic circulation, reforms in India and China crowned by China’s membership to WTO at the end of 2001. This is fast progress in implementing achievements of information technology and telecommunication in corporate management which enabled separation and standardization of a number of business processes which in turn were moved to countries of low manufacturing costs. A drop in transport costs is also important (prices in land transport decreased by 21 percent, in air transport by 30 percent, prices of telephone calls dropped by 95 percent) as well as multilateral liberalization of commerce (custom duty was decreased by averagely 30 percent). Technological progress has blurred boundaries between what can and what cannot be subject to international trade. It is worthwhile noticing that a global market was formed due to interaction of the afore mentioned factors despite the fact that restrictions in population migrations are still severe.

In the context of labour market globalizations and determinants shaping the operation of subjects in this market, attention has to be drawn to the occurrence of homo sapiens globalus as another factor in the growing labour market globalization. Shaping the homo sapiens globalus

society is also caused by migration for money which is when people move in search of a better job and better living conditions. Outsourcing and offshoring are also important as job places move in search of cheaper and better qualified employees in order to lower production costs, raise the quality of products and the level of services, limit the risk and increase innovation. One of the strongest motives of migration in the labour market lies in the difference of the remuneration level or in the broader sense the difference in the standard of living between countries. Those differences have existed for many years similarly to migrations. One may expect that the formation of the global labour market together with demographic tendencies and a decrease in transport costs will cause an increase in the scale of the population migration from poor countries and regions to rich countries and regions. According to estimates made by United Nations over the years 1970-1980 the number of immigrants coming to developed countries grew by 2.4 percent, from 1982 to 1990 by 2.9 percent and from 1990 to 2000 by 3.1 percent. Migrations have a positive influence on the global income. Simulations of the World Bank say that if the number of migrants to developed countries until 2025 increases at a slightly lower pace than on average over recent three decades (which is a very modest assumption but it means that over 14 ml people will move from developing to developed countries; the number can be higher if we include family members), then a global income will go up by 0.6 percent including developing countries by 1.8 percent, in economically developed countries by 0.4 percent. Migrations should also be analysed by central banks as they may influence changes of a relative and general level of prices. According to estimates of the World Bank migrations cause a slight drop in the general level of prices in developed countries, however decreases are bigger in services (for example health, construction and recreation services), the biggest ones in a sector whose data is not officially known such as a domestic help (baby sitting and cleaning etc). In contrast to other regions of the world the flow of population in the EU is stable. A yearly net migration to EU 15 countries remained at the level below 5 persons per 1000 inhabitants for the last 40 years. About 9 percent of the EU population was born in other countries than they are living now whereas in the USA it was 12 percent and about 20 percent in Canada and Australia. However after EU enlargement by nine new countries, also in our part of the world a migration process has become stronger. In some cases a substantial part of the workforce started a job in other countries. It is estimated that for example 5 percent of Lithuanians took on a job in countries which opened their labour markets for new EU members after May 1st 2004.

In view of these considerations it is necessary to pay attention to money migrations of Poles after Poland's integration to the EU. According to estimates of the Main Statistical Office in the end of 2007 there were 2270 thousand Poles abroad, 320 thousand more than in 2006 (about 1950 thousand.) – inhabitants of our country, 1925 thousand in Europe (about 1610 thousand in 2006). A majority of Polish emigrants stay in EU member states – about 1860 thousand in 2007 and this number grew by 310 thousand only within 2006. The number of Polish emigrants in EU countries in 2007 was twice as big in comparison to the initial period of Polish membership to the EU. This estimate accounts for those Poles who stayed abroad for some time, including EU countries no matter of their status of staying. Despite an increase in the scale of emigration, clearly its dynamics has decreased. After Poland's joining the EU, Great Britain and Germany stand out in the group of countries where Poles emigrated because of the scale of the phenomenon. It is estimated that at the end of 2006 there were about 690 thousand Polish emigrants in Great Britain and about 490 thousand in Germany. Ireland with about 200 thousand and Holland with about 98 thousand followed (thanks to Holland's opening its labour market for Poland, it was ranked higher up among countries where Poles most willingly emigrated – the fourth place in 2007). At the same time Ireland stands out because of the scale and the dynamics of development (as compared to 2002 one hundred fold increase in the number

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of emigrants was observed, in the period of 2004 to 2007 the growth was thirteen fold). Great Britain also stands out (the growth was almost 30 fold as compared to 2002 and 4.5 fold as compared to 2004). It is estimated that about 50% of Polish emigrants stay abroad for at least 12 months. These persons are considered long term migrants and should be accounted for in the population of particular countries. A substantive majority of Polish emigrants stays abroad because of work, however as time goes by there is a growing number of people – family members of emigrants who are supported by them (spouses, children). People who left Poland from May 2004 to the end of 2006 in 80-90% of cases stayed abroad starting jobs or looking for a job.

Table 1.

Temporary emigration from Poland from 2004 to 2007^a. (as of end of the year)

Kraj przebywania	Liczba emigrantów w tys.				
	NSP 2002 ^b	2004	2005	2006	2007
Ogółem	786	1 000	1 450	1 950	2 270
Europa	461	770	1 200	1 610	1 925
w tym:					
Unia Europejska (27 krajów)^c	451	750	1 170	1 550	1 860
w tym:					
Austria	11	15	25	34	39
Belgia	14	13	21	28	31
Cypr	.	.	.	.	4
Dania	.	.	.	.	17
Finlandia	0,3	0,4	0,7	3	4
Francja	21	30	44	49	55
Grecja	10	13	17	20	20
Hiszpania	14	26	37	44	80
Irlandia	2	15	76	120	200
Niderlandy	10	23	43	55	98
Niemcy	294	385	430	450	490
Portugalia	0,3	0,5	0,6	1	1
Republika Czeska	.	.	.	.	8
Szwecja	6	11	17	25	27
Wielka Brytania	24	150	340	580	690
Włochy	39	59	70	85	87
Kraje spoza Unii Europejskiej	10	20	30	60	65
w tym:					
Norwegia	.	.	.	.	36

a Dane dotyczą liczby osób przebywających za granicą czasowo: dla lat 2002-2006 – powyżej 2 miesięcy, dla 2007 r. – powyżej 3 miesięcy.

b Po rozszacowaniu liczby emigrantów o nieustalonym kraju czasowego pobytu liczba emigrantów przebywających w krajach Europy wynosi 547 tys., w krajach UE - 535 tys.

c Do 2006 r. 25 krajów

Source: Department of Demographic Research of GUS (Main Statistical Office). Information about the scale and directions of emigration from Poland from 2004 to 2007.

Another important aspect of the labour market globalization in view of migration for earning money is the fact that the international labour market issues new challenges to graduates, students and pupils. Apart from substantive knowledge, command of foreign languages it is important to be prepared practically for employment in other countries, functioning in a new culture, knowledge of recruitment procedures and selection used in international companies. In order to meet competitive requirements of the global labour market students should start building their professional careers while studying. The flow of human capital issues new challenges to education systems which should take into account needs of the knowledge based economy.

International exchange projects such as the Leonardo da Vinci Programme and others serve this purpose.

An analysis of functioning of subjects in the global labour market is usually carried out taking into account demographic trends. It is justified by the fact that within recent five years demographic factors clearly influenced labour markets, these changes will be more serious in the next five years. As the labour market is becoming more and more global, demographic changes will affect local labour markets. According to estimates made by United Nations in 1950 the population of Europe amounted to 547 million, in 2005 – 728 million, in 2050 it will drop to 653 million assuming that current trends including migrations, will not change. It is estimated that within the following 45 years while the population of Europe will decrease by 75 million, the population of Asia will increase by 1.3 billion and the population of Africa will go up by a billion. At present the share of populations of Asia, Africa and Europe in the world's population accounts 60, 14 and 11 percent respectively. In 2050, according to forecasts of United Nations these shares will amount 57, 21 and 7 percent. Fifty years ago there were three times as many Europeans as Africans, in fifty years these proportions will reverse which means that the population of Asia will account for almost half of the world's population and if the economic development pace continues to exceed the development dynamics in the USA and Europe, Asia will become the most important economic centre of the world. Moreover, according to forecasts of United Nations the share of Europe to the world's population will decrease three times within a hundred years which is from 1950 to 2050. This means that if the Old Continent does not change the attitude to challenges of the globalization process, in several dozen years the most important global decisions will be made out of Europe if Asia continues to progress integration tendencies including the introduction of the common currency. Demographic experts also draw attention to the fact that the share of Africa in the world's population will reflect European tendencies and it will grow almost three times. At present it is a very poor continent with unfavourable climate and weakly developed labour force. So demography supported by globalization mechanisms which led to the creation of the global labour market will make Asia and possibly in some areas Africa become within coming decades a very serious competitor for Europe and the United States.

A lot of estimates have been made based on demographic trends, assumptions of a long term growth in efficiency or changes to real exchange rates showing how big particular economies will be. For instance, according to estimates of PricewaterhouseCoopers concerning the purchasing power parity in 2050 Chinese economy will be over 40 percent bigger than the US economy, India will come up to the same level as the United States, economies of Mexico and Indonesia will be bigger than the German economy while the Brazilian economy will be greater than the Japanese economy. According to research carried out by the World Bank over the years 2005 and 2025 the number of professionally active persons in developed countries of high income will drop by 20 million; however the number of professionally active people in developing countries will increase by almost a billion. Due to the ageing of societies, particularly in Europe there will be a strong growth in the number of elderly people, from 36 per 100 working persons to 52 per 100 working persons. These tendencies in combination with a five-fold difference in the average pay between developed and developing countries will inevitably lead to a growth in migration for money. It also causes changes to the demand for a qualified labour force. More often individuals who can function in the area of the so called „weightless” economy, connected with a post-industrial society based on knowledge and information. Moreover in the age of transformations of lifestyles and budgets of free time there is a bigger demand for specialists in entertainment, tourism or recreation.

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The growth in feminization among professionally active persons is another significant tendency in a changing global labour market. The participation of employed women in diversified industries is partially shaped by civilization changes but also results from a free flow of capital so in regions where traditionally men worked, women are more needed. Countries from South- East Asia are an example but not only. This phenomenon is additionally strengthened by the growth in the education level of women. They become more attractive in modern globalized labour markets.

The next tendency characterising a modern labour markets consists in developing flexible employment forms as well as more frequent than in industrial societies job rotation. "Dominant importance of the service sector, rapid technical, technological and organizational progress as well as growing vocational activation of women made many organizations (companies) break the rule of employing people permanently in particular jobs. Most western governments recognised that enhanced flexibility of employment forms and organization of working time will contribute not only to maintaining existing jobs but also to creating new ones (...) Companies wanting to have maximum freedom in reacting to changes to the market situation more often and more willingly use flexible employment relationships. (...) However there is no explicit evidence that flexible employment forms influence the increase of the number of jobs, such flexibility seems inevitable necessity". It is worth paying attention to the fact that critics of the globalization process claim that it is not entirely new, characterising contemporary times. Globalization started ages ago which was connected with travelling, geographical discoveries, commercial world integration. What we can observe recently is acceleration of the globalization process. It causes dynamics of changes leading to developing new needs in the labour market. Flexibility of employment and job rotation already mentioned must respond to that.

Professor Marian Księżyk presented a thorough analysis of the influence of globalization on the labour market. He said that the globalization process evokes many fears in many countries in the world regardless of their development level. Highly developed countries are afraid of cheaper goods from poorer countries as well as a cheap labour force from poor countries. Part of production is transferred to countries of lower process of work and lower total costs of manufacturing goods. The flow of immigrants from poorer countries takes jobs away from local societies. It is anticipated that in 2015 American companies will outsource work for 3 ml people to countries of low labour costs. Such an employment form is enhanced by digital systems, the internet as well as development of fast transmission networks. American concerns already outsource work to a substantial number of employees in Asia, Latin America and Central East Europe. Workers are outsourced to perform administration work, architecture projects, research and development work, IT services, accounting and financial services in servicing customers of airlines. This type of services enables a substantial reduction of company overheads as well as employment costs. The number of orders to Asian countries is growing due to low prices of work and a rapid growth of graduates from schools of higher education. For example in the Philippines with the population of 75 ml, 380 thousand graduates leave schools every year. In this country there are many accountants who very well know American accounting standards. In India there are 520 thousand IT specialists. According to forecasts the number of people with higher education in these countries will grow which will result in further moving jobs from USA to Asian countries. Work outsourced abroad are badly paid. Data concerning remuneration for Russian aeronautic engineers employed by Boeing after collapse of the Soviet Union to perform projects of space ships and passenger planes confirms the above. Despite the fact that they were great employees they only earned USD 5400 per year. In 1998 the corporation opened a new research centre in Moscow which enabled lowering remuneration even further and making redundancies of 5000 jobs in Seattle. Outsourcing intellectual work also leads to a decline in

employment and remuneration in USA and Western Europe. For example experienced IT specialists were paid 130 thousand yearly in 2000 and at present USD 100 thousand. Beginners in the customer service department in 2000 earned USD 55 thousand and in 2003 no more than USD 35 thousand per year. At present more jobs become temporary, not steady. The first to go are routine workers employed at the massive production and in declining industries. Changing qualifications of employees made redundant often turns out to be too expensive and not cost effective in view of unemployment even among people with higher education. Moreover a highly paid German, French or American worker is fully aware of a possibility of losing a job or if not part of remuneration in favour of a cheaper worker from a medium or weakly developed worker. The globalization process hinders doing jobs people got used to. Routine work is not able to defend itself against a double competition. On one hand against cheaper and cheaper robots and automats and on the other more badly paid worker from Asia, South America and Central East Europe. Under circumstances of growing globalization, the growth in company profits ceases to be the growth in work efficiency and becomes an effect of cheaper work costs. Analyses show that it is more difficult to keep the balance in particular labour markets. Growing unemployment causes a necessity of investing in human capital and in a steady flow of financial capital into production investments securing a growth in work productivity and the quality of manufactured goods, implementation of modern technologies and new goods into production.

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