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Trends in the international labor market development in the context of globalization

Тенденції розвитку міжнародного ринку праці в умовах глобалізації

This article presents a study of major trends in the international labor market in the context of the revitalized globalization of the world economy. It was found that the components of the international (global) labor market are formed at the continental and regional level. It was determined that the global changes in the structure of employment significantly outpaced the changes in the structure of labor supply in the international labor market. The study has recognized that there is a need to unify parameters of national and international labor markets, which provides guidelines for Ukraine to enter the global labor resources.

Keywords: *international labor market, globalization, the structure of employment, unemployment, labor productivity level.*

У статті досліджено основні тенденції розвитку міжнародного ринку праці в умовах активізації процесів глобалізації світової економіки. Встановлено, що компоненти міжнародного (глобального) ринку праці складаються на континентально-регіональному рівні. Визначено, що глобальні зміни в структурі зайнятості значно випереджають темпи змін у структурі пропозиції робочої сили на міжнародному ринку праці. Зроблено висновок щодо уніфікації параметрів регулювання національного і міжнародного ринку праці, що формує орієнтири входження України до глобального трудоворесурсного простору.

Ключові слова: *міжнародний ринок праці, глобалізація, структура зайнятості, безробіття, рівень продуктивності праці.*

Problem Statement. The current stage of the global economy is characterized by a global transformation of the world economic system into international economic relations of new quality. Components of the global economic system in the context of globalization become increasingly interdependent through deepening internationalization of economic activity, growing transnationalization of production, increasing importance of ensuring the international labor resource with economic activity.

With increased globalization, the transformation took place in the international labor market which became a central element of world economic system that optimizes labor resources and provides global economy efficiency for all components of the world economic system. At the same time, globalization entails significant transformation in the

international labor market, putting forward new requirements for qualitative and quantitative traits of its components, causing the need for qualitatively new mechanisms of regulatory impact at all levels of the international labor market.

Analysis of studies and publications. Research theory and methodology of globalization have been revealed in the works by local and foreign scientists among whom are V. Bazylevych, O. Bilous, A. Halchynskiy, A. Giddens, M. Castells, D. Lukyanenko, Y. Makogon, V. Novitsky, A. Oslund, E. Saveliev, J. Stiglitz, D. Thompson, A. Filipenko, S. Jakubowski and others.

The development of the international labor market research was presented in works by S. Bandura, R. Bilborou, I. Buzko, H. Clarke, E. Libanova, L. Lisogor, L. Mikhailov, I. Petrov, V. Petyuha, S. PyrozHKov, A. Poruchnik, M. Pioro, A. Porta, J. Harris and others.

At the same time, despite numerous works by both foreign and domestic researchers that concern the mentioned above issues, the question of transformational changes in the international labor market influenced by globalization requires further study, which necessitates further research in this area.

Objective. The study of current trends in the international labor market development in terms of revitalization of globalization of the world economy.

Statement of the main material. At the beginning of the 2-st century the world economy entered a new stage of development at a fundamentally different level called globalization. It is a historic, social process, the central

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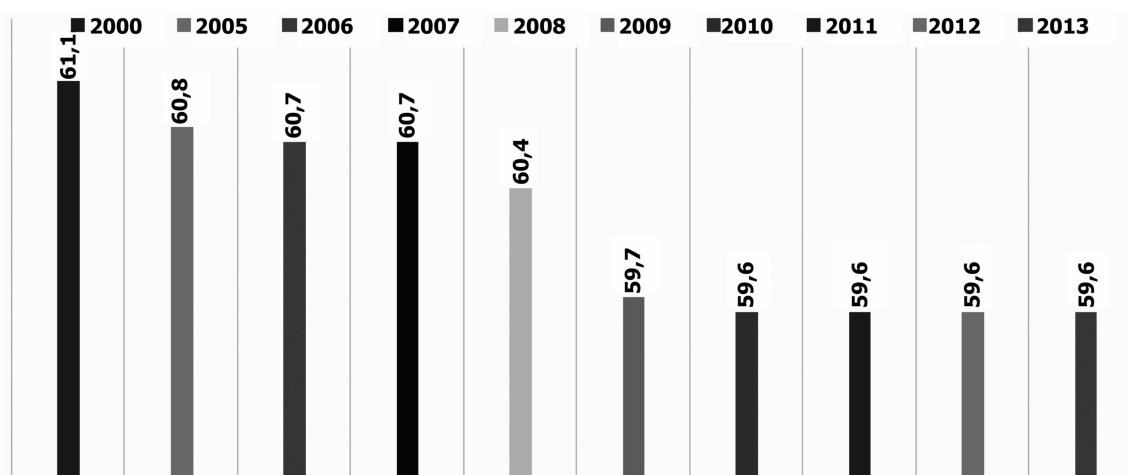


Fig.1. The employment rate in the global labor market during 2000–2013, percentage [3]

focus of which is the growing interconnection and interdependence of national economies that are merging national markets into a common global market.

International labor markets are a subsystem of the world economy and directly affect the dynamism of economic growth and macroeconomic balance. But at the same time international labor market is under the influence of socio-economic indicators and dynamics of economic growth. In addition, a number of economic factors, such as globalization and regionalization, on the one hand, and global competition and technological progress, on the other hand, also wield influence on the current international labor market. All of them constitute a strong link between the parameters of the development and functioning of labor markets, social institutions, protection of national training and competitive position of individual countries regarding unified and liberalized markets. [1, p. 318].

Due to the fact that components of international (global) labor market are formed at the continental regional level where the region is considered as a large supranational entity that brings together a number of countries with similar socio-economic and socio-cultural features, it is much better to make the analysis of the dynamics of employment with the consideration of the regional aspect.

Thus, despite the multidirectional trends in the number of employees in the global economy, the overall growth

of the number of employees in the regions proving fall of the labor market indicators at the end of 2013, which means that pre-crisis indicators are functioning.

The overall rate of employment as one of the main indicators of the global labor market shows a strong tendency to decrease (from 61.1% in 2000 to 59.6% in 2013) (Fig. 1). Thus, the global economic crisis (from March 2008 to March 2009 employment decreased on the average by 0.8%) played a major role in reducing the employment rate in the international labor market.

In the region context the picture is diverse (yes, clear trends towards an increase in employment are observed in Latin America, Southeast Asia and Oceania, Central and South-Eastern Europe (non-EU) and CIS) (Table 1), due to structural changes of the employment in agriculture (40.4% in 2000 and 31.8% in 2013) towards industry (from 20.5% in 2000 up to 23% in 2013) and services (from 39.1% in 2000 to 45.1% in 2013), despite the fact that in some countries under the influence of the crisis in industry the employment declined sharply (for example, in such countries as Canada, USA, Spain, UK for the period 2008–2009 downsizing in industry exceeded 10%).

The specialization of the economy, some countries and regions in the production of specific types of goods and services form the availability of labor with a certain level of education and training. As noted above, the branch struc-

Table 1. Employment rate by world regions during 2000–2013, percentage [4]

| | 2000 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|------|------|------|------|------|------|------|------|------|------|
| World | 61,1 | 60,8 | 60,7 | 60,7 | 60,4 | 59,7 | 59,6 | 59,6 | 59,6 | 59,6 |
| Developed Economies and the European Union | 56,6 | 56,1 | 56,6 | 57 | 57 | 55,3 | 54,9 | 54,8 | 54,8 | 54,8 |
| Central and South-Eastern Europe (non-EU member states) and CIS countries | 52,3 | 53 | 53,1 | 53,8 | 54,1 | 53,1 | 53,7 | 54,4 | 54,9 | 54,9 |
| East Asia | 72,7 | 69,6 | 69,2 | 68,8 | 68 | 67,5 | 67,3 | 67,4 | 67,5 | 67,5 |
| Southeast Asia and Oceania | 66,9 | 66 | 66 | 66,4 | 66,6 | 66,7 | 67 | 67,3 | 67,5 | 67,4 |
| South Asia | 57 | 58,2 | 57,6 | 57 | 56,1 | 55,4 | 54,9 | 54,4 | 53,9 | 53,9 |
| Latin America and the Caribbean | 58,3 | 60 | 60,5 | 60,9 | 61,4 | 60,7 | 61,2 | 61,5 | 61,8 | 61,9 |
| Middle East | 41,1 | 42,8 | 42,7 | 43 | 42,5 | 42,6 | 42,7 | 43,1 | 43,4 | 43,6 |
| North Africa | 41 | 42,3 | 42,4 | 43 | 43,3 | 43,3 | 43,5 | 42,9 | 43 | 43,1 |
| Sub-Saharan Africa | 64 | 64,8 | 64,8 | 65 | 65 | 65 | 65,1 | 65,2 | 65,3 | 65,4 |

ture of the global economy is represented by three main sectors: agriculture (the primary sector), industry (the secondary sector) and the service sector (the tertiary sector) (Fig. 2).

Different countries have different ratios of these different sectors. In particular, in developing countries, raw specialization dominates; for many of them the main export income is obtained from the sale of mineral and agricultural resources. In developed countries, there dominate the secondary and tertiary sectors. However, a number of developing countries recently transformed as they have achieved the highest degree of industrialization. This primarily concerns the newly industrialized countries of Southeast Asia and Latin America, that are developing high-tech industries, which promotes job creation in the industry for the production of high-tech products for export. [2, p. 33].

In general, the shift of the number of employees from the primary and secondary sector to the tertiary side is observed, and this trend has established and enhanced character, given by multidirectional for these structural changes (Fig. 3). Thus, the scope of services by the number of

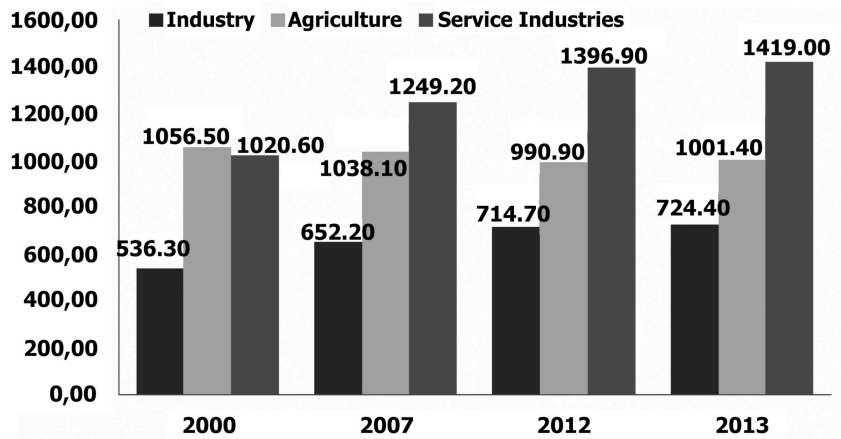


Fig.2. Dynamics of the number of employees in the global economy by sectors in 2000–2013, million [4]

employees are ahead of agriculture and industry (45.1% vs 31.8% and 23%, respectively as of 2013). It should be emphasized that the tendency for the secondary and tertiary sectors manifested only in the twenty-first century (in the twentieth century most jobs were in the agricultural sector).

At the same time there is the differentiation among employment sectors by world regions; agriculture is the main occupation in such regions as Southeast Asia, South Asia, Sub-Saharan Africa. The service sector dominates in developed countries and the EU, the Middle East, Latin America.

In the second half of the twentieth century the industry associated with the formation of human capital (education, science, culture, health) rapidly began to develop, and centers for development that appeared concentrated mainly in developed countries, where huge amount of money was spent for their formation and development [2, p. 35].

The differences between the level of economic activity and employment rate in the global labor market cause some concern (Fig. 4), since these differences form a natural component of unemployment.

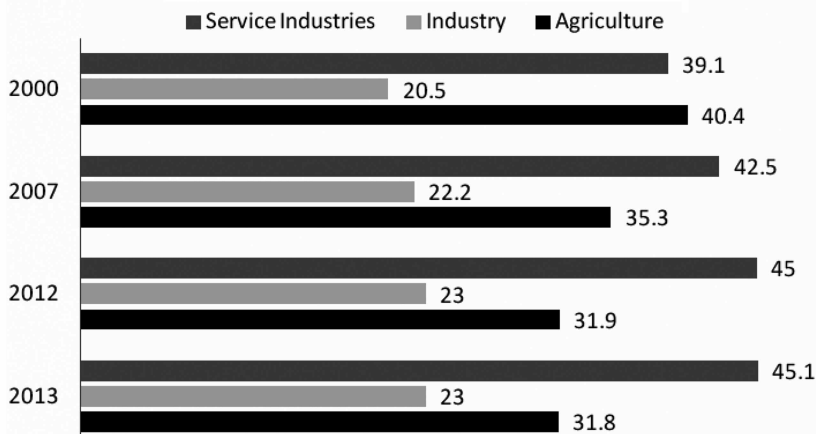


Fig.3. Structure of employment by sectors of the world economy in 2000–2013, percentage [3]

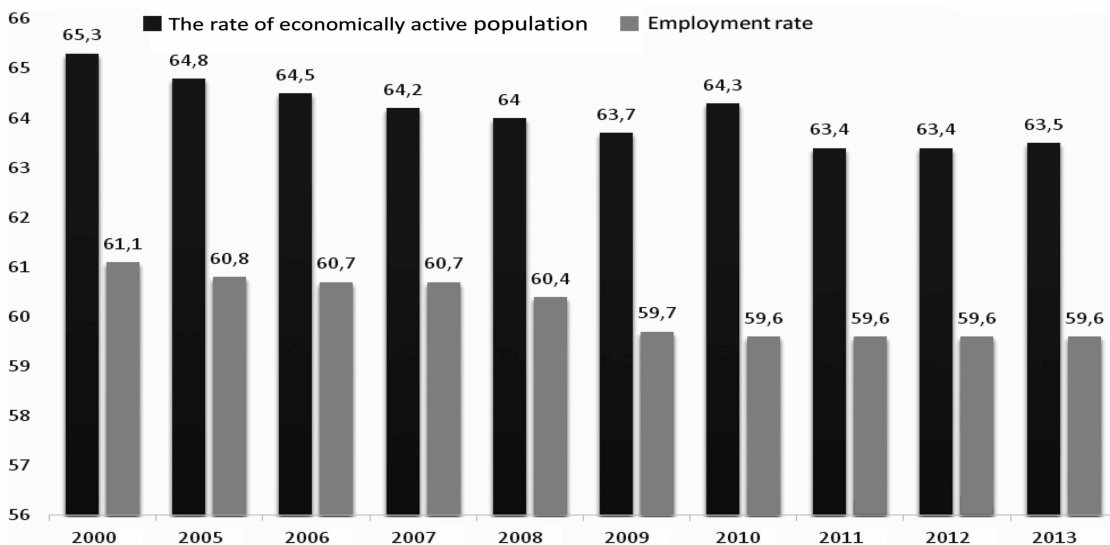


Fig.4. Dynamics of the economically active population and employment in the global labor market in 2000–2013, percentage [3]

In the regions context, the level of economic activity corresponds to the level of economic development is the lowest in the Middle East (49% in 2013) and North Africa (49/1% in 2013).

Summary measure of international labor market is unemployment rate, the dynamics of which in absolute values (Fig. 5) shows a negative trend exceeding not only the crisis but also the pre-crisis indicators (in 2000 – 176.7m unemployed, in 2013 – 201.8 m). Despite some stabilization in the unemployment rate during 2011–2013 (the unemployment rate was unchanged and amounted to 6%), this figure is also higher than the pre-crisis level (5.5%) (Fig. 6). In addition, it is extremely broad population differentiation and unemployment in the regional context – from 4% in South Asia to 12.5% in North Africa.

As seen from the data in Figure 5 and Figure 6, the main influence on the growth of the unemployment rate are caused, as in the case of employment, by the global economic crisis. The average growth rate by the Group-Twenty countries in March 2009 amounted to 9.5% (as compared to 1.5 in March 2008.), according to the ILO data, the total number of the unemployed in 2009 increased by 23.6% as compared to the same period of 2008. If you limit the temporal analysis of the international labor market by the period of the crisis, the unemployment rate in 31 countries out of 34 countries (including 16 of the 17 G-20 countries), which was available quarterly or monthly data for 2009 above the rate that was observed one year earlier. For example, the unemployment rate in Spain rose by almost 8%, in Ireland, Latvia and Turkey – more than by 5%, in the US – by 4%, in the Czech Republic – 3%, in Canada – 2.5%, in Ukraine – by 2.2%, in the UK – 1.9%, in France – 1.5%. A slower growth rate was observed only in Indonesia, the Philippines and Mauritius.

In addition, during the mentioned period most of the G-20 countries experienced a sharp rise in unemployment: in the US – 69%, in Turkey – 55%, in Canada – 44%, Australia – 42%, UK – 38 %, in Korea – 26%, in Ukraine – 22%. Emphasis is placed on data of the countries with the highest unemployment rate for the recent forty years, in most of these countries (13 out of 17) the unemployment rate in 2009 was the largest for forty years, its level being virtually unchanged in three countries (Japan, Sweden, USA), and higher in 2009 only in one country (Turkey).

Apart from the global economic crisis, a sharp increase in the number of people who stopped looking for work affects the growth of unemployment rate. The group of

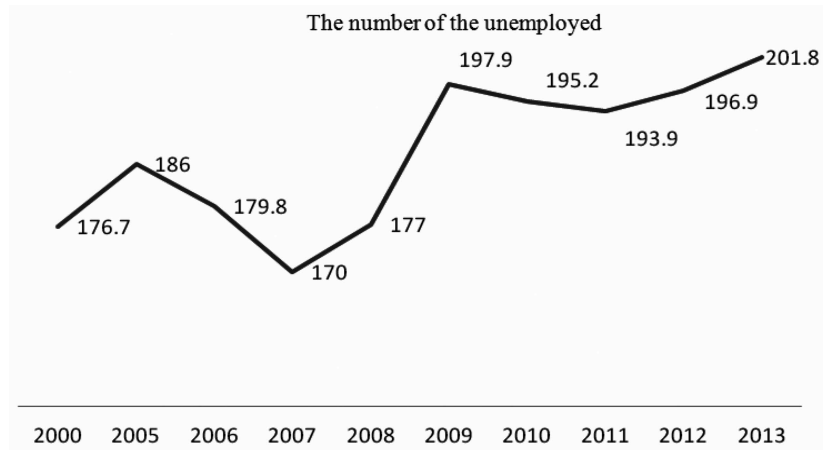


Fig. 5. Dynamic of the number of the unemployed in the global labor market in 2000–2013, million people [4]

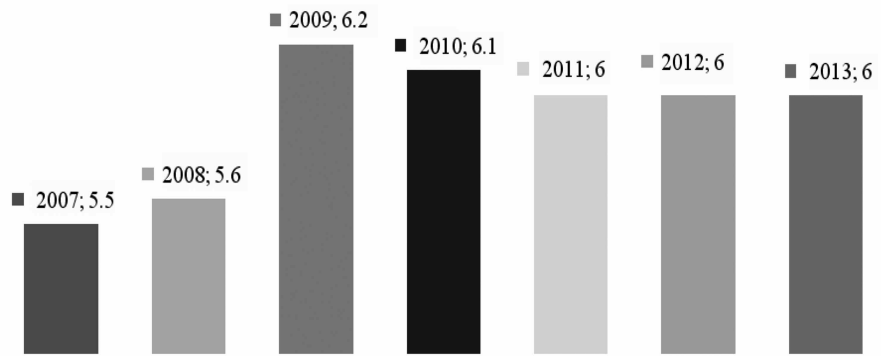


Fig. 6. Dynamics of unemployment in the global labor market in 2007–2013, percentage [4]

the working population considered affects the increase in the total unemployment rate; although these data are also indicative. Certainly, comprehensive and timely data on the display of certain trends in the labor market is crucial for meaningful discussions, but with 181 countries only 65 countries (36%) hold monthly or quarterly labor force survey, 116 countries hold annual inspection, and some countries do it from time to time.

Unemployment has a clear geo-reference: in the export-oriented economies of Asia there is the lowest unemployment rate (from 3.7% to 5.2%) and the largest – in the Middle East (8.7%) and North Africa (9.2%). In the developed countries, the EU and the countries of Central and South-Eastern Europe (non-EU) and CIS unemployment rate is also quite high (8.6% and 8.2%, respectively). However, if in Africa and the Middle East it can be explained consistently by high dynamics of population and slow job creation, the latter group of countries – rather increased outsourcing trends in the use of labor and the level of mismatch of skills need of the growing economy [2, p. 35].

Another trend for analysis of the international labor market is dynamics of labor productivity in the global eco-

Table 2. Relationship between the unemployment rate and GDP values by countries [2]

| Calculated data on annual GDP contraction was in 2007–2012 | Rising unemployment | |
|--|---|-------------------------------------|
| | The growth in unemployment sharp decline (1.6%) | Moderate reduction (less than 1.3%) |
| The sharp reduction (over 4%) | Spain, UK | Germany, Italy, Japan, Mexico |
| Moderate reduction (less than 3%) | Australia, Canada, USA | Brazil, Indonesia |

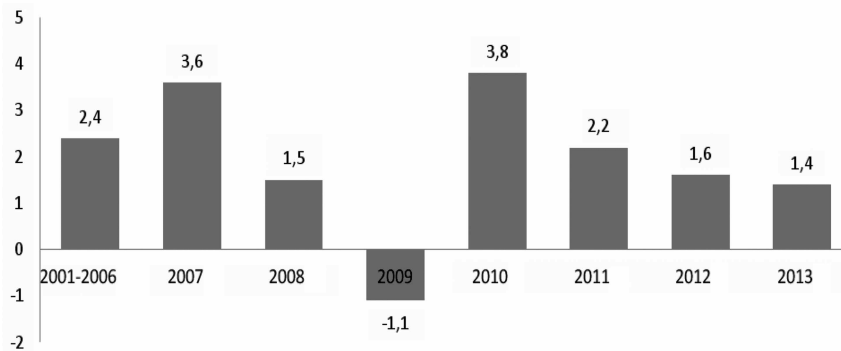


Fig. 7. Growth rate of labor productivity in the global economy in 2001–2013, percentage [5]

nomy. As can be seen from the data of Fig. 7, the growth rate of labor productivity reflects the cyclical nature of economic development, indicate a trend to slower growth in labor productivity, which suggests the potential problems of the international labor market in the near term.

In the regions context, the labor productivity increased everywhere except the Middle East. The largest increase in labor productivity was observed in East Asia. Significant growth in this indicator took place also in Central and South-Eastern Europe (non-EU) and CIS. However, despite the positive trends set, the gap between the developed countries and developing countries continues to grow, now reverse the gap cannot be even more rapid growth in gross domestic product in the last group of countries, due to this trend productivity growth.

Not the least role in this process is interconnection of unemployment rate and the value of GDP (Table 2). Variations in the density of this relationship were due to differences of policy on the regulation of the labor market. In particular, a significant economic recession can be mitigated significant expansion of employment in part-time

work (Germany), cessation of active search of potential labor force (Mexico), the growth of employment in the informal sector (Indonesia) and others. At the same time, a sharp increase in the growth rate of unemployment in Canada and the US at a moderate contraction in economic activity may be explained by more reactive employment relationship [2, p. 8].

The preservation of poverty of working people also suggests about existing and potential problems of the international labor market functioning. Although this trend is negative, the

modifications going are extremely slow, that allowing noting the existence of powerful destructive tendencies in the international labor market. Less important is the remaining problem in the developed countries where both absolute and relative poverty rates of employees is small in both studied segments (1% of employees in the segment of \$ 1,25 per day and 3,6% in the segment of \$ 2 per day), the largest manifestation of this problem is in South Asia (24,6% and 61,5% of employees respectively) and Sub-Saharan Africa (39,2% and 62,8% of employees).

Conclusions. The current stage of economic development, a leading feature of which is globalization, makes the availability of powerful transformational trends in the international labor market, the importance of a detailed analysis of which increases, given the need to assess the prospects and trends of relevant transformational shifts. The evaluation results of these trends form the guidelines for unification regulating parameters of national and international labor market, and as a result – the formation of preconditions for equal entry of Ukraine to the global labor resource space.

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