

# GLOBALIZATION AND WORK

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# GLOBALIZATION AND THE TRANSFORMATION OF WORK

- The world of work is undergoing a profound transformation, A key driver is **technological change** and, in particular, **digitalization**.
- The emergence of new organizational forms, such as platforms and the automation and networking of work processes, are changing industrial and service work.
- Digitalization reinforces long-standing processes of globalization by facilitating the **management of globally distributed, fragmented, and mobile work**.
- In the context of digitalization, **global competition for control of digital technologies is also intensifying**, particularly between Europe, North America, and Asia.
- All this affects the **world of work and its institutions** such as, for instance, **workers' interest representation**.

# GLOBALIZATION AND THE TRANSFORMATION OF WORK

- Continuing globalization, especially financial globalization, has a major influence on work, work conditions, and work security worldwide.
- Globalization makes the power lines and tensions that dominate the national and international labor markets clear and sharpen the contrast between workers who profit from globalization and those who have difficulties making ends meet.
- The nature of work has changed, including more flexible work in developed countries and continuing, sometimes even increasing, informal work in many developing and emerging countries.
- There is more work in some fast-growing countries, but remuneration and security are very unequally distributed.

# SALIENT FEATURES OF WORK UNDER GLOBALIZATION

**1. *Declining labor force participation ratios:*** At the global level, two opposite trends are at play: an increased ratio for female labor force participants and a decline in male participation. The first trend can be ascribed to changes in customs and norms, and the second to economic and labor market consequences of globalization.

- This has led to falling global labor force participation rates over recent decades, which stabilized at the global level at about **63.5 percent** in 2013. But long-run trends point to further declines, with participation rates falling significantly by 2030.
- Such decreased labor force participation lowers the potential growth of affected economies (ILO 2015)

**2. *A shift from industry employment to services:*** In developing countries, the share of employment in services increased from **33.5 percent** in 1990 to **43.5 percent** in 2010, and in the developed regions, from **61 percent** to **71 percent**.

- an important distinction between services in developing and developed countries--in the former, activities in the informal sector, with **low value-added**, are often an important component of the service sector.

# SALIENT FEATURES OF WORK UNDER GLOBALIZATION

- A better indicator of the development of jobs for developing countries is the size of the manufacturing sector. At the global level, **the share of employment in industry has hardly changed between 1991 and 2010**, remaining at 21.5 percent. But there are important regional differences. The most dramatic increase was in Southeast Asia and the Pacific and in South Asia.
- **3. *More precarious work*:** This is noticeable both in developed and developing countries-- In the former, it takes the **form of temporary contracts, e.g., 70 percent of the working population between 25 and 49 years in Europe cannot find a permanent job**, working involuntarily in temporary or part-time jobs.
- In developing countries, **precarious work takes the form of a relatively big informal sector**, which, against earlier expectations, is not getting smaller.
- There is evidence of a clear link **between the increase in non-standard work and income inequality**, mainly owing to widening wage differentials between standard and non-standard jobs (ILO 2011).

# SALIENT FEATURES OF WORK UNDER GLOBALIZATION

**4. *Continuing or increasing youth unemployment:*** In many regions in the world, youth unemployment is high, on average two and half times as high as for other age groups.

- **The highest rate of youth unemployment is in the Middle East and North Africa**, where 25 percent or more of all youth do not have a job.
- In countries with lower youth unemployment, it is nevertheless often difficult for youth to find a decent job. In the European Union, **the first job is often a part-time job or a job without any form of social security** (ILO 2015).

**5. A decreasing labor share of national income:** On average, the labor share in developed countries has **declined from about 75 percent of gross domestic product (GDP) in the mid-1970s to about 65 percent.**

- In developing and emerging economies, it has declined from about 62 percent of GDP in the early 1990s to **58 percent.**
- Even in China, where wages roughly tripled over the last decade, **GDP increased faster than the total wage bill—hence the labor income share went down** (ILO 2013).

# SALIENT FEATURES OF WORK UNDER GLOBALIZATION

**6. Enterprises become transnational and production processes change-** Currently, there are about 82,000 transnational enterprises with 810,000 partners over the whole world.

- Exports of these enterprises have grown from a quarter to a third of all world exports, and their value-added has increased 10-fold between 1990 and 2013.
- Employment in these enterprises has grown fast from 20 million to about 70 million workers over the same period.
- Trade now mainly takes place between subsidiaries of these enterprises, which form parts of global production chains with special production techniques (UNCTAD 2014).

# INDUSTRIAL REVOLUTION AND SOCIAL SECURITY: *FROM CRADLE TO THE GRAVE*

- From the start of the twentieth century, the plight of the working class in Western Europe and other advanced capitalist countries began to improve, offering a solution to the poverty and bad living and working conditions brought about by the Industrial Revolution
- An important feature of the turn for the better was the building up and expansion of a sizable public sector as the cornerstone of a social order that was materialized in more decent and dignified conditions of work and life
- The introduction of social security provisions, including paid sick leave and medical insurance, pension rights, unemployment and disability benefits, widows and orphans' support, supplemented after World War II by child benefits and an old-age allowance, often extended to a large segment of the population and made an important contribution to raising their standard of living



# INDUSTRIAL REVOLUTION AND SOCIAL SECURITY: *FROM CRADLE TO THE GRAVE*

- Public health and education, cooperative housing societies, postal and telephone services, public transport, and communal insurance authorities were set up to cater to the common people and became **schemes of welfare**
- The massive scale of the public sector was the outcome of a trend of social leveling, reflected in the disappearance of extreme poverty and excessive wealth

# INDUSTRIAL REVOLUTION AND SOCIAL SECURITY: *FROM CRADLE TO THE GRAVE*

- Salient features of labor: initial years
  - continuity and stability of employment;
  - full-time job with one employer only at the employer's site of business;
  - a wage that enabled an employee to support a small nuclear family (employee, non-employed spouse, one child) without falling below an acceptable living standard;
  - legal rights to representation, protection, and participation/codetermination;
  - social insurance provisions based on the length of employment and the level of previously earned income.
- For e.g. In France, unemployment dropped to barely 2 percent of the workforce. Real wages increased and resulted in higher living standards for the laboring classes in Western Europe

# INDUSTRIAL REVOLUTION AND SOCIAL SECURITY

- In the final quarter of the twentieth century, the tide of progress began to turn. This reversal was not only economic in nature but also social
- A sharp decline in employment has been accompanied by the **diminution of steady jobs, wage payment based on quantity and quality rather than time worked it became piece based, and promotion of self-employment and self-provision**
- The economy of informality that has gained the upper hand has also led to the **dismantling of the welfare state**
- Since the 1980s, **flexibilization has also become the organizing principle for labour policies** in the West. These reforms limited the scope to provide unemployment benefits at the margins of the labor market
  - hire-and-fire at short or no notice, withdrawal of protection against dismissal, and a progressive scaling down of out-of-work benefits
  - steep fall in wage levels and low or no compensation for rising costs of living
  - changeover from time-rated to piece-rated employment or task work
- This was followed by a disappearance of **full employment and the growth of the tertiary** sector that resulted in what are classified as precarious labor arrangements

# CONCEPTUALIZING INFORMAL WORK/SECTOR

- The informal sector is a **defining characteristic of most developing economies**
- The informal sector plays a crucial role in **generating jobs and absorbing especially semi-skilled and unskilled labour**
- It accounts for between one-third and two-thirds of economic activity, **20-80% of the labor force, and an equally large share of firms in developed countries**
- More than **60 percent of the world's employed population**, that is, two billion women, men, and youth, earn their livelihoods in the informal economy.
- In Africa, 85.8 percent of employment is informal. The proportion is 68.2 percent in Asia and the Pacific, 68.6 percent in the Arab States, 40 percent in the Americas, and just over 25 percent in Europe and Central Asia
- In all, 93 percent of the world's informal employment is in emerging and developing countries

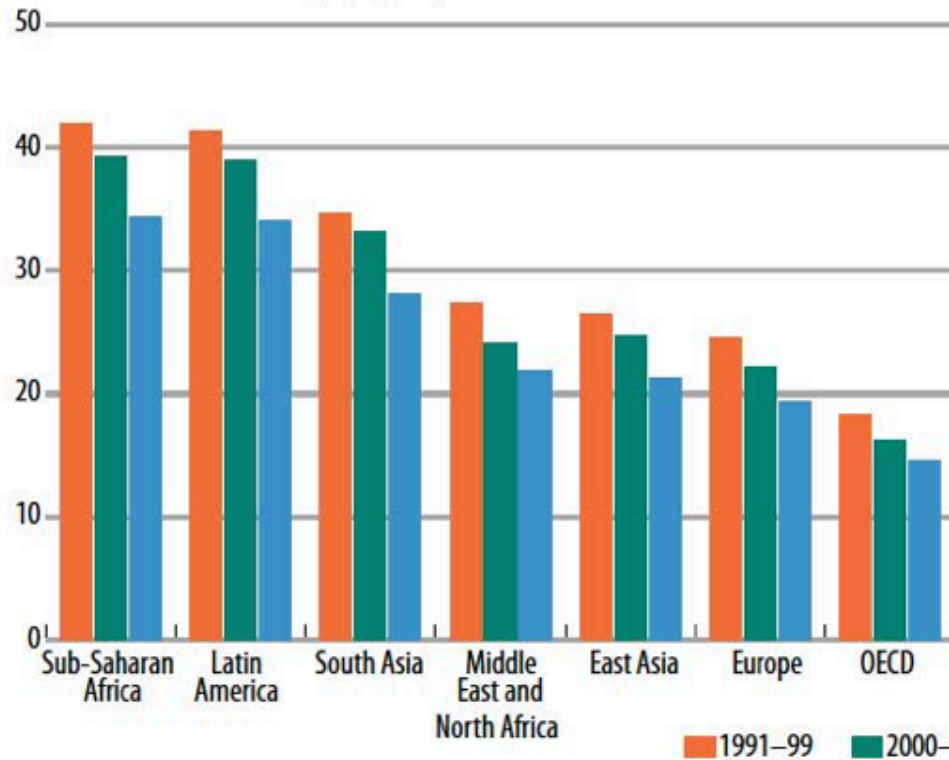
# WHY INFORMALITY MATTERS?

- Informality remains a key concern of the Decent Work Agenda and the 2030 Agenda for Sustainable Development (the informality rate is part of the indicators selected to measure progress towards the Sustainable Development Goals, as SDG indicator 8.3).
- Addressing informality is also critical for women's economic empowerment and gender equality.
- 9 in 10 workers in low-income countries are in informal employment
- 55 percent of women who work are working in the informal sector
- 47 percent of the workers in informal employment are own account workers

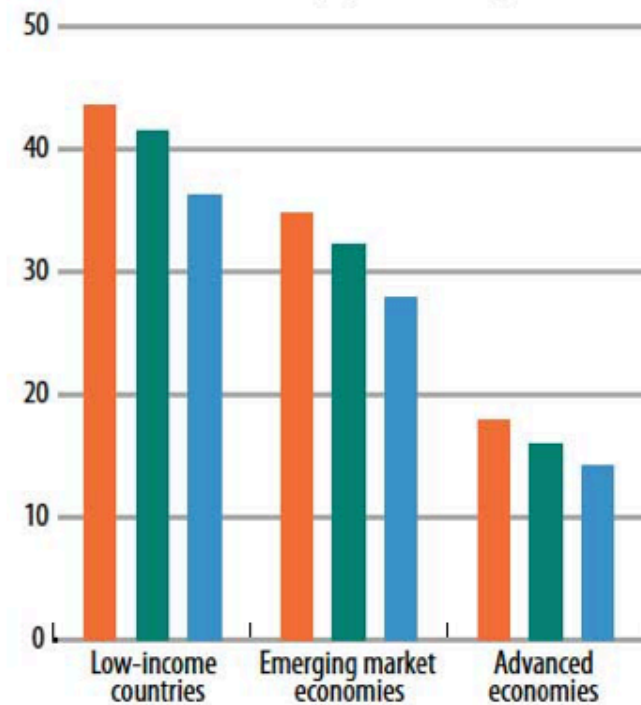
### The hidden third

The informal sector, while shrinking, still represents up to a third of low- and middle-income countries' economic activity.

(size of the informal economy by region, percent of GDP)



(size of the informal economy by income level, percent of GDP)

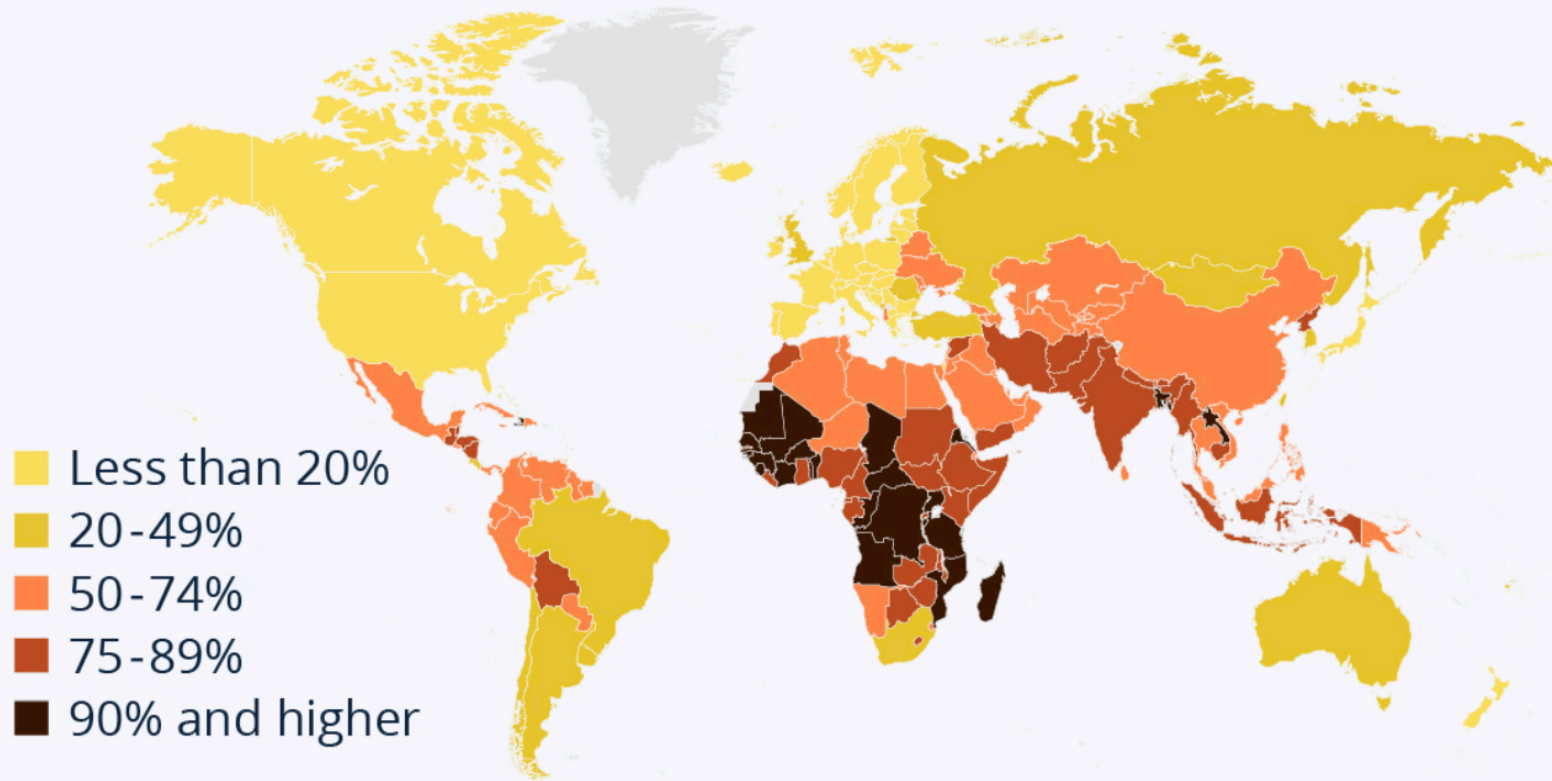


**Source:** Medina, L., and F. Schneider. Forthcoming. International Monetary Fund, Washington, DC.

**Note:** OECD = Organisation for Economic Co-operation and Development.

# Mapping the World's Informal Workforce

Share of informal employment in total employment,  
by country (in percent)\*



\* 2022 or latest available

Based on national household survey micro datasets from 147 countries.  
Estimated values for countries with missing data

Source: International Labour Organization

# CONCEPTUALIZING INFORMAL WORK/SECTOR

- The initial belief: the informal sector was at first seen as a zone of transition, a buffer that **would disappear as labor was absorbed by the dynamics of industrialization** into a growing formal economy
- The informal or grey economy refers to all **economic activities undertaken by workers that are - in law or practice - not or insufficiently covered by formal arrangements**
- The informal jobs sector can include **day labourers, domestic workers, undeclared workers, and part-time or temporary workers**
- It thrives mostly in a context of **high unemployment, underemployment, poverty, gender inequality and precarious work**
- **Low-quality employment, inadequate social protection, poor governance, and low productivity** are some of the obstacles that workers and enterprises face when caught in the informality trap



# INFORMAL LABOR/ECONOMY: HISTORY OF A CONCEPT

- Walking along the streets of Accra, the capital of Ghana, in the late 1960s Keith Hart came in his anthropological investigations across a multitude of workers engaged in economic activity which was not registered in occupational censuses.
- ‘While the public and private sectors have a roughly equal share of wage employment among the economically active population, over half the total is listed as self-employed, non-wage earning, and unemployed. In addition, a quarter of the working-age population is described as not economically active (mostly female home-makers, plus some students, disabled persons, and others). Leaving aside problems of definition and of accuracy of enumeration, it is clear that a very large part of the urban labour force is not touched by wage employment: 40 per cent of active males and 95 per cent of active females in Nima’.
- The question is, How many are truly unemployed? Census statistics cannot help us here

# INFORMAL LABOR/ECONOMY: HISTORY OF A CONCEPT

- The parade of wage earners included vendors of food and drink, sellers of cheap wares, parking attendants, shoe polishers, housemaids, newspaper boys, cleaners, waste and scrap collectors, transporters of people and commodities, ambulant artisans, handymen, messengers, porters, construction workers, navvies, etc, etc.
- It was a **broad spectrum of low-class livelihoods, composed of footloose and un-skilled to self-skilled workers**
- The pattern of everyday economic life for these workers was thus a **hand-to-mouth** existence characterized by **unevenness of expenditures** over a pay period, flexibility of consumption units, and the proliferation of credit in all commodities
- He summed up these workers as **newcomers to the urban economy who had their origin in the rural hinterland**

# INFORMAL LABOR/ECONOMY: HISTORY OF A CONCEPT

- The segment coined as a sector gave rise to the notion that the urban economy was broken up into a duality, of which informal versus formal constituted its binary circuits.
- Having been conceptualised on the academic platform, the International Labour Organization (ILO) set up a World Employment Programme and sent out teams to examine work and labour arrangements outside the organised, large-scale and capital intensive branches of the economy.
- The pilot missions, whose reports were routinely written by economists, investigated such modalities of employment in Kenya (ILO, 1972) and the Philippines (ILO, 1974). Their accounts were followed up by a spate of case studies commissioned by anthropologists, which resulted in an inventory of “the informal sector” in African, Latin American, and Asian metropolises.
- The choice of sites implied that informality was seen as a feature of the urban economies in what were called the developing countries of the world

# INFORMALISATION AND THE TRANSFORMATION OF ECONOMY

- Under the Washington Consensus, the World Bank and the International Monetary Fund (IMF) around the 1970s to exercise pressure on national governments to end meddling in the labor-capital relationship and to scale down expenditure on public provisions - housing, health, education, and social care benefits
- The Washington Consensus refers to a set of economic policy recommendations, favored by institutions like the IMF, World Bank, and US Treasury, advocating for free-market reforms, including fiscal discipline, trade liberalization, and privatization, primarily in developing countries
- Key components:
  1. *Trade liberalization*: reducing trade barriers and promoting free trade
  2. *Financial liberalization*: freeing up financial markets and allowing capital flows
  3. *Privatization*: shifting state-owned assets to private ownership
  4. *Deregulation*: reducing government regulations

## WHY INFORMALITY INCREASED UNDER GLOBALIZATION

- Shifting of production in the Global South: **informalization of waged work** became a major recipe for pushing down the cost of production worldwide; **the countries in the Global South were targeted first in an attempt to realize this objective**
- The **outsourcing of labor by capital in all sectors of the economy** and transnationalized by corporate capitalism throughout the world
- There is a **forceful expulsion of people**, often from the peasantry and poorer groups, due to policies of land commodification and through the conversion of common collective rights into private property rights
- The transfer of **common land rights to privatization** has thus divested common people out of their homes, not only that it means the proliferation of poverty, but it also meant the loss of secure tenure and livelihood

# INFORMALISATION AND THE TRANSFORMATION OF ECONOMY

- The main features of the new system of labor relations were:
  - **replacing steady and full-time employment** with casualized part-time jobs and occupational multiplicity;
  - **steeply falling wage levels**, no or low compensation for rising costs of living;
  - modalities **changing from time to piece-rated employment** and loss of fringe benefits;
  - **outsourcing and subcontracting** to cut down the cost of labor;
  - **substituting waged work with self-employment**;

# INFORMALISATION AND THE TRANSFORMATION OF ECONOMY

- The main features of the new system of labor relations were:
  - **discretionary lengthening or shortening of the workday**, work week, and working life as part of the flexibilisation policy;
  - **phasing out social security and social protection**;
  - **relaxing compliance with proscribed terms of employment** and conditions of work followed by withdrawal of labor laws;
  - Forfeiting a written and binding labor contract on recruitment; and
  - **Denying the right to representation**, collective action, and compulsory mediation in case of dispute and conflict.

# WHY INFORMALITY-- CONSEQUENCES

- Informal entrepreneurs choose - or volunteer-to work informally
- Informal employment tends to expand during economic crises or downturns, suggesting that necessity - in addition to choice - drives informality
- Some of the self-employed choose - or volunteer - to work informally in order to avoid registration and taxation. While others do not choose to work informally but do so out of necessity or tradition
- Much of the recent rise in informal wage employment is due to the decline in formal employment or the informalisation of previously formal employment relationships
- Formal employment relationships get informalised when employers choose to (a) retain a small core regular workforce and hire other workers on an informal basis; (b) avoid payroll taxes and employer-contributions to social security or pensions; and/or (c) avoid other obligations as employers. In such cases, the employers (not the workers) are avoiding regulation and taxation



## GLOBAL IMPACTS- *PLANET OF SLUMS*

- The world is witnessing a world-historic shift in human habit- **the proliferation of slums**
- For the first time, **more than half the global population will soon be city dwellers**, in one form or another
- According to United Nations UNSD report (2019) there are now more than a billion people living in the slums
- **80 percent of urban slum populations or informal settlements** can be attributed within the regions of the global south.
- Slum populations in East and South Asia account to about **370 million**, sub-Saharan with **238 million**, and Central and South Asia at about **227 million**
- Waves of newcomers pouring into the cities are far in excess of the demand for their labour
- The combination of lack of work plus ultra-low wages leaves this foot-slogging infantry of the global economy deprived of the basic means of human subsistence

## GLOBAL IMPACTS- *PLANET OF SLUMS*

- Increasingly, today's slums are not to be found in the inner cities, as used to be the case in the West, but are situated on their outskirts, in an extensive belt where **urban zones gradually give way to the surrounding countryside**
- In India, a phenomenon of **ongoing labor circulation**, pulls people out of their rural habitat for part of the year but pushes them back again when their temporary and casual employment comes to an end.
- This pattern of footloose movement to and fro has become an important feature of the informal economy

# THE INDIAN SCENARIO

- The informal sector — small and medium enterprises and household proprietary and partnership establishments — accounts for almost half of India's economic output and more than three-fourths of employment
- Despite high levels of economic growth during the past two decades, the informal economy in India still accounts for more than 80 percent of non-agricultural employment.
- Informality is found in both the traditional informal economy and - increasingly - through the growth of informality in the formal sector.
- Limited employment creation in the formal economy means that for many people, the only alternative is to seek employment in the informal economy.
- Women are somewhat more likely to be engaged in the informal economy but significantly more likely than men to be working as informal workers in the formal sector.
- The growing level of informal employment in the formal sector is largely due to the growing use of contract labour and outsourcing of production.

# IMPACT IN INDIA: THE AHMEDABAD STORY

- Ahmedabad, which was the biggest city of the state and known as the Manchester of India
- The closing down of **most large-scale and composite textile mills** and the retrenchment (the reduction of costs or spending in response to economic difficulty) of their massive workforce
- Altogether, **125 000 regular factory workers in Ahmedabad were dismissed**, many of them overnight and without any compensation
- This upheaval took place in the context of a government policy introduced in 1985 **which gave priority to the liberalisation of the economy and flexibilisation of industrial relations**
- Most of them had been members of a trade union that had been founded by Mahatma Gandhi early in the twentieth century, with the reluctant permission of the captains of industry

# IMPACT IN INDIA

- **The workforce made redundant in the textile mills** had no choice but to join the ranks of the fractured and unorganised as well as a thoroughly unrepresented proletariat
- For the mill owners had discovered that it was much **cheaper to transfer production to small-scale workshops where they did not have to comply with labour legislation** and which set them free from collective action on the part of workers





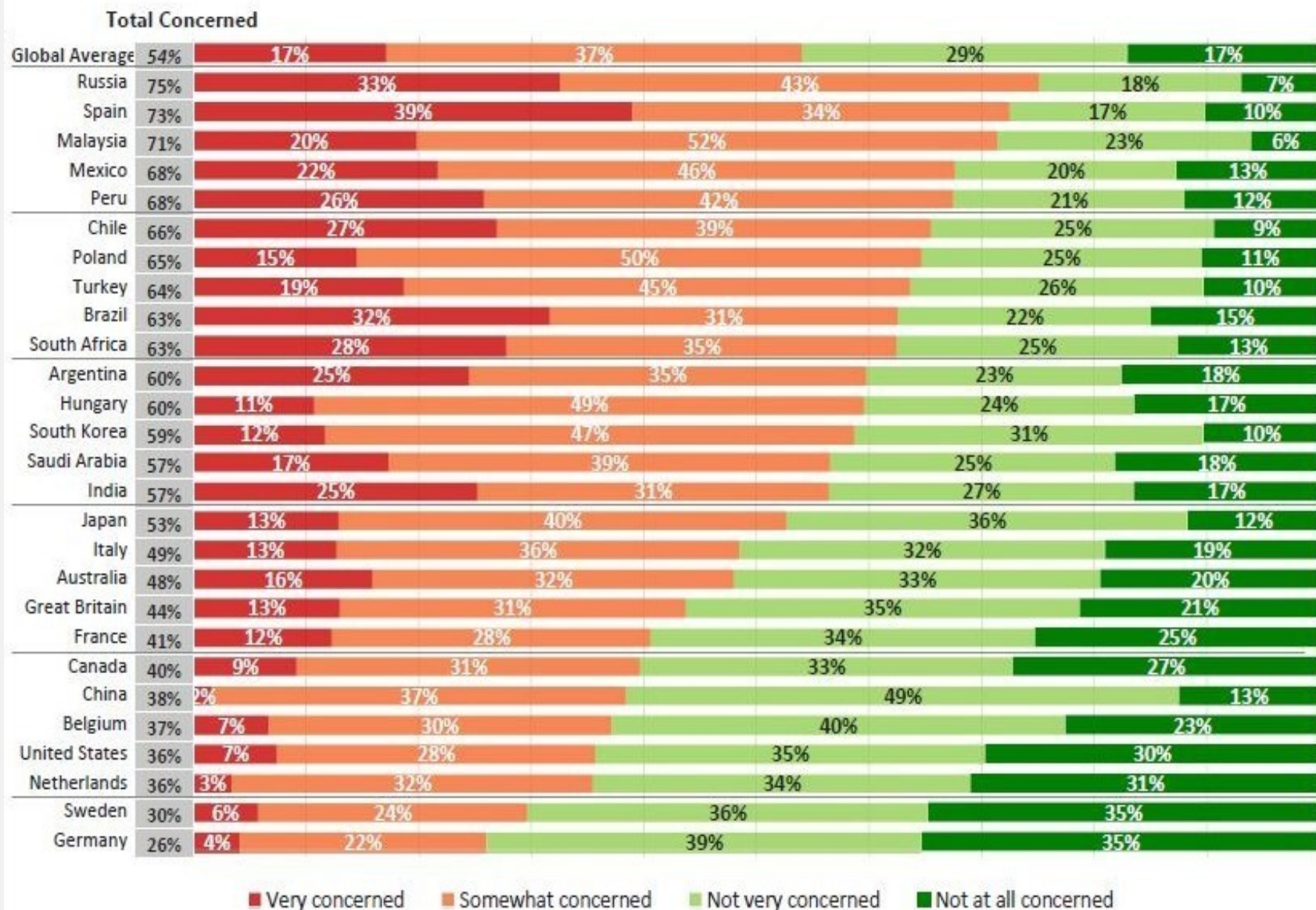


# OCCUPY WALL STREETS

- The Occupy Wall Street protest took place in the wake of the financial crisis of 2007-08 and the resulting Great Recession. The economic downturn significantly worsened the living standards of many Americans, particularly younger adults born in the 1980s, while increasing the disparity of income between the rich and the poor.
- Public resentment for the upheaval developed toward the United States financial sector, whose leaders not only bore some responsibility for the crisis but largely escaped criminal charges for their role in it.
- Occupy Wall Street inspired similar groups and protest camps not only across the United States but around the world, creating an Occupy movement.
- Some of these efforts outgrew and outlasted Occupy Wall Street itself; demonstrations occurred in more than 900 cities.



## Concern about losing one's job in the next 12 months





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Mar 28, 2025 04:28 PM IST

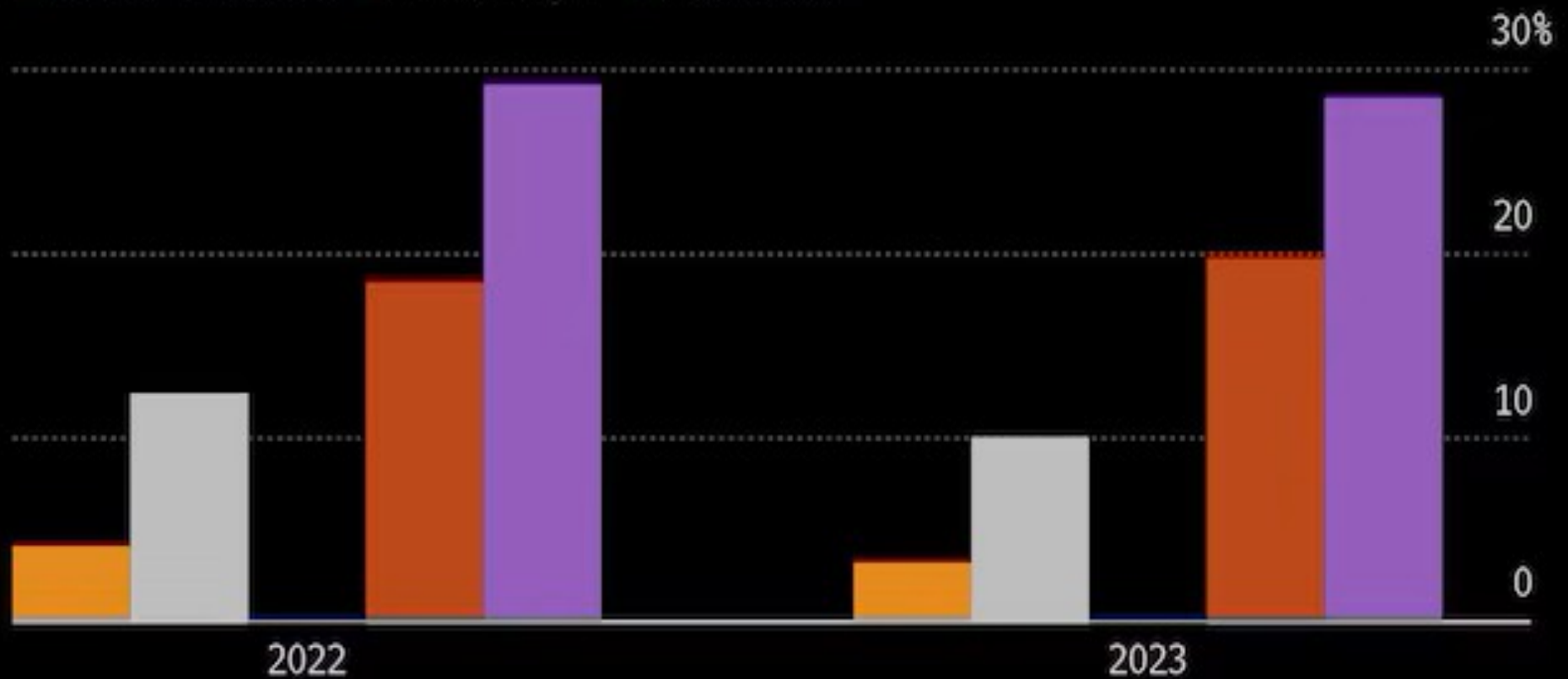


The only one of these institutes which did not see a drop was IIT (BHU) Varanasi.



## Unemployment Climbs With Education Level in India

■ Adults ■ Youths ■ Secondary + ■ Graduate +



Source: Periodic Labour Force Survey, India Employment Report

Bloomberg

# Globalization and the future of work

- *The Future of Jobs 2020* report has found that COVID-19 has caused the labor market to change faster than expected. The research released today by the World Economic Forum indicates that what used to be considered the “future of work” has already arrived.
- By 2025, automation and a new division of labor between humans and machines will **disrupt 85 million jobs globally in medium and large businesses across 15 industries and 26 economies.**
- Roles in areas such as **data entry, accounting, and administrative** support are decreasing in demand as automation and digitization in the workplace increase.
- **One in 16 workers may have to switch occupations by 2030.** That’s more than **100 million workers** across the eight economies studied—and the pandemic accelerated expected workforce transitions.
- According to a 2017 McKinsey study, **50 percent of workforce** activities are technically automatable by adapting currently demonstrated technologies.
- In its report, the World Economic Forum (WEF) argues that **65 percent of children** entering primary school today will ultimately work in completely new job types that do not yet exist

# MEANING OF PRECARIITY

- The term precarity came into wide circulation in Europe in the 1980s in response to labor reforms and the reduction of welfare state provisions
- In Italy, the *precariato* has been taken to mean more than just people doing casual labour and with low incomes, implying a precarious existence as a normal state of living.
- In Germany, the term has been used to describe not only temporary workers but also the jobless who have no hope of social integration
- In Japan, the term has been used as synonymous with the working poor

# MEANING OF PRECARIITY

- Precarity is a focal term to denote those with **intermittent labor**: a type of employment **where the work is not continuous** and is instead **performed periodically** or on an irregular basis
- Precarity signals the **loss of stable, regular jobs**, which had allowed people to project themselves in terms of upward social mobility
- Precariat are characterized by **labor insecurity, the lack of any stable occupational identity**, and thus the **lack of a collective voice**—such as through a labor union—with which to advance claims and with the power of strike



# PRECARITY AND PRECARIOUS WORK

- Since the 1970s, the central plank of the neo-liberal model was that growth and development depend on market competitiveness; everything should be **done to maximize competition and competitiveness** and to allow market principles to permeate all aspects of life
- Countries should increase **labor market flexibility**, which came to mean an agenda for transferring risks and **insecurity onto workers and their families**
- ‘Age of security’ to ‘Age of flexibility’: Neo-liberals claim that crystallized in the 1980s was that countries needed to pursue ‘**labor market flexibility**’
- Unless labor markets were made more flexible, **labour costs would rise**, and **corporations would transfer production and investment to places where costs were lower**; financial capital would be invested in those countries rather than at home.

# PRECARITY AND NEO-LIBERALISM

- As globalization proceeded, and as governments and corporations altered their policy by making their labor relations more flexible, **the number of people in insecure forms of labor multiplied**
- The result has been the creation of a **global ‘precariat’**, consisting of many millions around the world without an anchor of stability
- It is defined by **uncertainty, risk, and insecurity**- there is no certainty about the future
- The precariat has been growing, globalization’s hidden reality has come to the surface with the 2008 financial shock



# PRECARITY AND NEO-LIBERALISM

- Flexibility had many dimensions:
  - **wage flexibility** meant speeding up adjustments to changes in demand, particularly downwards;
  - **employment flexibility** meant the easy and costless ability of firms to change employment levels, particularly downwards, implying a reduction in employment security and protection;
  - **job flexibility** meant being able to move employees around inside the firm and to change job structures with minimal opposition or cost;
  - **skill flexibility** meant being able to adjust workers' skills easily

# CHARACTERISTICS

- Many entering the **precariat** would not know their employer or how many fellow employees they had or were likely to have in the future
- They are **not** 'middle class', as they did not have a stable or predictable salary or the status and benefits that middle-class people were supposed to possess
- The precariat is defined by **short-termism**, which could evolve into a **mass incapacity to think long-term**, induced by the low probability of personal progress or building a career
- Understanding precarity is examining the transformation of work as to how people come to be **doing insecure forms of labor** that are unlikely to assist them in building a desirable identity or a desirable career

# CHARACTERISTICS

- The precariat experiences the four A's - **anger, anomie, anxiety, and alienation**
  - **Anger:** The anger stems from frustration at the seemingly blocked avenues for advancing a meaningful life and from a sense of relative deprivation
  - The precariat also has no ladders of mobility to climb, leaving people hovering between deeper self-exploitation and disengagement
  - **Anomie:** Anomie comes from a listlessness associated with sustained defeat, for being castigated as lazy, directionless, undeserving, socially irresponsible, or worse.

# CHARACTERISTICS

- The precariat experiences the four A's - **anger, anomie, anxiety, and alienation**
  - **Anxiety:** The precariat lives with anxiety - chronic insecurity associated not only with teetering on the edge, knowing that one mistake or one piece of bad luck could tip the balance between modest dignity
  - There is a fear of losing what they possess even while feeling cheated by not having more.
  - People are insecure in the mind and stressed, at the same time 'underemployed' and 'overemployed'
  - **Alienation:** Alienation arises from knowing that what one is doing is not for one's own purpose or for what one could respect or appreciate; it is simply done for others, at their behest
  - They should be grateful and 'happy' that they are in jobs and should be 'positive'. They are told to be happy and cannot see why
  - People in such circumstances are likely to experience social disapproval and a profound lack of purpose