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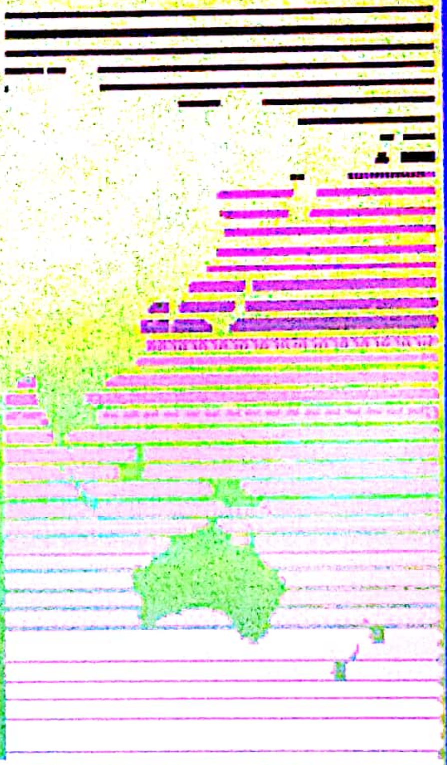

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TABLE OF CONTENTS

GLOBAL EMPLOYMENT AND ECONOMIC INDICATORS 2008

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ABSTRACT

An attempt is made in this paper to analysis the Global employment trends based on secondary data. The regional wise analysis has been made and found the strong relationship between working poverty, vulnerable employment and labor productivity, but the regions have remained relatively unchanged. Not only is there a rather low impact of growth on job creation, and growth does not have as substantial an impact as necessary to reduce the levels of working poverty, especially in the poor regions of the world.

Keywords: Global employment, Employment-to-population ratio, vulnerable employment, Labor productivity, Poverty and full employment

1. INTRODUCTION

Globalization and rapidly changing technical progress continues to impact labor markets around the world. Significant challenges accompany these changes, but the changing economic environment also brings with it greater opportunities for individuals striving to improve their way of life. A severe global slowdown is not expected, but the important question is how labor markets worldwide will react towards even slightly slower growth or possibly growing uncertainty. However, as the analysis in this Global Employment Trends 2008 shows, the decent work deficit in the world is still enormous. With five out of ten people in the world in vulnerable employment situations and four out of ten living with their families in poverty, despite working, the challenges ahead remain daunting. As a result of the increasingly widespread conviction that decent employment is the only route out of poverty, full and productive employment and decent work for all has been introduced as a new target under Millennium Development Goal (MDG), to halve the share of people living in extreme poverty by 2015.

2. REVIEW OF LITERATURE

World Bank, 2008[1], found that the unemployment is but one dimension of the employment problem faced by young people. A disproportionately large number of youth in many countries are underemployed. Some work fewer hours than they would like to, and others work long hours with little economic gain. Stagnation and decline of employment opportunities in the formal sector of most developing countries have intensified the problem in recent years, with young women bearing a disproportionate share of the burden. Therefore, indicators measuring underemployment, the informal sector, educational access and labor force participation, among others, should supplement the information obtained from the youth unemployment indicator. States the poverty exists everywhere, but it has been progressive.[2] Women's rate of participation in paid labor market activities increased dramatically, while men's tapered off, during the half of the 20th century[3]. The labor market reforms may induce both short and long run trade- off between the composition of unemployment and the incidence of poverty among household groups[4]. 10 million urban residents will have difficulty in finding jobs by 2010 due to pressure from the growing labor force. Moreover, China labor force supply expected to top 830 million by 2010[5]. However, C.Rangarajan[6], said, "with a sustained growth rate of 9 per cent by 2012, unemployment will be totally eliminated in India". ICPD, USA[7] suggested to expand existing all activities, and to promote culturally compatible activities for arresting the unemployment problem at global level.

3. OBJECTIVES OF THE STUDY

The main objective of this paper is to assess the Global Employment Trends based on four economic indicators, they are: (i) employment-to-population ratios; (ii) vulnerable employment; (iii) the share of working poor (US$1 a day) in total employment; and (iv) growth in labor productivity.

3.1 Research Methodology

This paper is prepared based on secondary data. The data has been collected from Word Bank Reports, International Labor Organization (ILO) Publications, Millennium Development

Goal (MDG) Programme documents, Planning Commission of India Reports, supported with published research papers in various journals and newspapers. It is a Macro Economic study. The study period is 1997 to 2007. Nonetheless, continent wise analysis has been made to identify the key labor market challenges and also derive global employment trend of each region.

4. GLOBAL EMPLOYMENT TRENDS

For analyzing the Global Employment Trends, World labor market indicators is presented in Table 1.

between 2006 and 2007, the majority was in South Asia (see Figure 1). Productivity levels increased more than employment levels, also a repeating trend from earlier years. The total of 189.9 million unemployed in 2007 was only slightly higher than the year before. The global unemployment rate remained constant at 6.0 per cent.

Further, the GDP growth estimate for 2008 from 4.9 to 4.8 per cent for the world. This global downward revision is the result of a downward adjustment for the Developed Economies & European Union region where the earlier expected growth rate of 2.6 per cent was reduced to 2.2 per cent. However, with

Table 1
WORLD LABOUR MARKET INDICATORS- 2008

Region	Change in unemployment rate (%) 2002-07	Unemployment Rate (%)			GDP growth rate (%)			Employment to-population Ratio (%)		Annual Labor Force Growth Rate (%)	Annual GDP Growth Rate (%)
		1997	2006	2007	2006	2007	2008^P	1997	2007	1997-2007	1997-2007
World	-0.5	6.1	6.0	6.0	5.4	5.2	4.8	62.6	61.7	1.7	4.2
Developed Economics and European Union	-0.9	7.4	6.3	6.4	2.9	2.5	2.2	56.2	56.4	0.7	2.6
Central and South Eastern Europe (non-EU)& CIS	-1.3	10.7	8.5	8.5	7.3	7.2	6.6	53.7	54.1	0.6	5.3
East Asia	-0.4	3.7	3.4	3.3	10.1	10.4	9.1	74.9	71.9	1.0	8.4
South East Asia and Pacific	0.1	4.0	6.2	6.2	6.2	6.0	5.8	67.2	66.4	2.5	4.1
South Asia	0.1	4.7	5.1	5.1	9.1	8.4	8.0	58.2	56.7	2.4	6.4
Latin America and the Caribbean	-0.4	8.0	8.5	8.5	5.5	5.0	4.3	59.0	60.0	2.4	3.3
Middle East	-1.1	13.0	11.8	11.8	5.3	5.5	5.6	46.0	50.1	4.0	4.5
North Africa	-2.9	11.7	11.0	10.9	6.5	6.1	6.8	43.7	45.3	3.3	4.9
Sub-Saharan Africa	-0.8	8.5	8.2	8.2	5.3	5.8	6.5	69.1	68.1	3.0	4.1

Source: ILO, 2008

P= Provisional, estimated by IMF, October 2007.

Table 1 show that the strong global GDP growth continued in 2007 at a rate of 5.2 per cent worldwide. Once again, this led to a stabilization of global labor markets with more people in work in 2007: 3.0 billion people aged 15 years and older were in work, a 1.6 per cent increase from the previous year, and 17.4 per cent since 1997. Of the more than 45 million jobs created

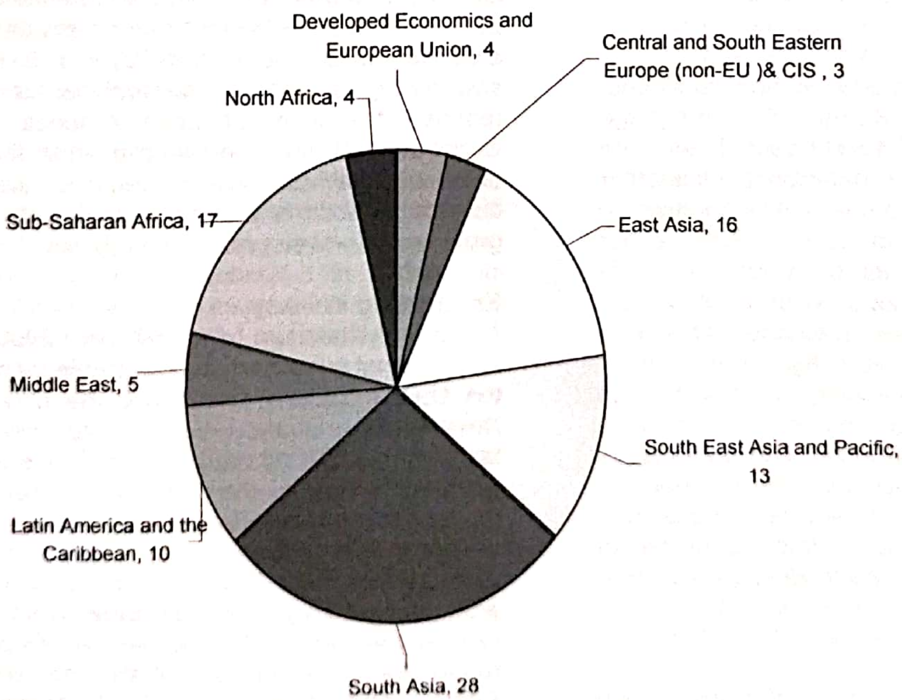
a rather low impact of growth on job creation, but there is also another concern: the ongoing (but, already slightly decreasing) growth does not have as substantial an impact as necessary to reduce the levels of working poverty, especially in the poor regions of the world. There are still 486.7 million workers in the world who do not earn enough to lift themselves and their families above the US$1 a day poverty line and 1.3 billion workers do not earn enough to lift themselves and their family above the US$2 a day line. In other words, despite working, more than four out of ten workers are poor. To make a long-term inroad into unemployment and working poverty, it is essential that periods of high growth be better used to generate more decent and productive jobs. Reducing unemployment and working poverty through creation of such jobs should be viewed as a precondition for sustained economic growth.

Further, it became evident that all regions still have a huge untapped labor potential. In some, women do not have a proper chance of participating in labor markets; in others, young people find it hard to participate in the world of work. In addition, it can be assumed that at least each person working, but earning less than US$1 per day per family member is either underemployed (working less than desired) or has a very low productivity job (working long hours, but not efficiently because of lack of education or equipment) and is, therefore, an underutilized worker. Adding the unemployed, the discouraged and those who would work if given the opportunity to do so, it becomes clear that economic growth and development could be much higher if everyone was given the chance of a decent job.

Jobs Creations:

It can be noticed from ***figure 1*** that out of World Wide net Jobs creations in 2007, 28 per cent of the Jobs were created in South Asia, 16 per cent in East Asia, and 13 per cent in South East Asia and Pacific. If it is crosschecked with unemployment rate, Middle East countries net job creation is 5 per cent where unemployment rate is 11.8 percent; it is ever high

Figure 1: Regional Shares in worldwide net job creation in 2007



Source: ILO report, 2008

unemployment rate in world. Similarly, North Africa registered 4 per cent of total jobs creation at world level, but 10.9 per cent unemployment growth rate was registered. It can be found that the jobs creation and unemployment rate are negatively correlated. It is therefore, the gap should be arrested in the form of creating small entrepreneur units.

Employment to Population Ratio:

Looking at the share of employed people in the world's working-age population (aged 15 years and older) known as the employment-to-population ratio, a decline was observed between 1997 and 2007. It stood at 61.7 per cent in 2007, almost a percentage point lower than ten years earlier (Global Employment 2008, ILO). The decrease was larger among young people (aged 15 to 24 years). Within this group, the ratio decreased from 50.6 per cent in 1997 to 47.8 percent in 2007. The increasing proportion of young people in education may, in part, explain this reduction. But, in some regions like Middle East 50 per cent, North Africa 45 per cent; increasing discouragement of young people to participate in labor markets also contributes to the decrease of employment to population ratio.

Gender gap

The gap between men and women continued, with 49.1 per cent of women of working age employed in 2007 and 74.3 per cent of men. The gender gap in labor force participation is another indication of women's more limited chances to take part in the world of work. In 2007, either 52.5 per cent of all women of working age were looking for work or working, which is what labor force participation rates measure. This was slightly less than ten years ago. This minimal change reflects two diverging trends: an increase in prime-age participation and a decrease in youth participation. The latter results mainly from more women participating in education that should, of course, improve their chances in labor markets. Male participation rates dropped from 80.4 per cent in 1997 to 78.8 percent in 2007.

Service Sector

In 2007, the service sector pulled further ahead of agriculture in contributing to employment in the world. The service sector now provides 42.7 per cent of jobs in the world, whereas agriculture accounts for only 34.9 per cent. The industry sector, which had seen a slight downward trend between 1997 and 2003, has continued a rather slow upward trend in years that are more recent. In 2007, 22.4 per cent of jobs were found in this sector.

Vulnerable Employment

In 2007, five out of ten people who worked were either contributing family workers or own-account workers. This vulnerable employment ratio (ILO, Key indicators of the Labor Market, 5th Edition, Geneva, 2007) was only slightly lower than ten years ago. Not even half of all those employed enjoy the possible security that wage and salary jobs could provide. Taking into account that a wage and salary job in poor regions - like South Africa 77. 2 per cent, Sub Saharan Africa 72.9 per cent and South Asia and Pacific 59.4 per cent - may still not ensure all the components of a decent job, it becomes understandable that only a minority of working people have a job that is well paid, where their fundamental labor rights are respected, where they have a voice at work and some security in case of job loss.

Productivity

As per the ILO records, productivity increased in all regions with the exception of the Middle East. East Asia saw the highest relative increase, but also Central & South (non-EU) & CIS Europe saw strong growth. These regions have now reached the level of Latin America & the Caribbean. It can be noticed that the gap between the developing regions and the developed world is enormous and continues to grow, even for well-performing regions.

Eradicating Poverty

At the Millennium Summit in 2000, the international community, under the leadership of the United Nations, introduced the Millennium Development Goals (MDGs). The first MDG focuses on the eradication of poverty and hunger. Following the widespread conviction that poverty can only be reduced if people have a decent and productive job, a new target was added under MDG 1 in 2006: *Reaching full and productive employment and decent work for all, including women and young people.* As per ILO report 2008, 53 per cent of the Sub Saharan Africans and 33 per cent of South Africans are not earning US$ 1 a day. Shockingly, 80 per cent of South Africans can't earn US$ 2 a day. This type of similar trend has been noticed in all the developing countries. Even after MDGs in

2007, 43.5 per cent of population is living Below Poverty Line (BPL).

The Global Employment challenge

1) The global employment situation reflects this huge asymmetry in the distribution of the world's productive resources. Millions of workers in the developing world are seriously under-employed and are engaged in extremely low-productivity survival activities. The challenge that the world faces is one of creating productive jobs not just for the millions who will be joining the labor force but also for the millions who are currently unemployed, underemployed, engaged in low-productivity survival activities and discouraged.

2) The 1990s were a period of rapid growth of cross-border trade and capital flows. These developments are widely believed to have improved employment conditions and reduced poverty in developing countries. It finds no convincing evidence to support this view. Trade growth and capital inflow were often accompanied by stagnation or decline in investment in many developing countries. In addition, since increased trade and capital inflow induced a shift of investment from the non-formal segment to the formal segment, growth of the non-formal segment was often adversely affected.

3) Most of the countries sought to address the employment problem essentially through policies designed to increase labor market flexibility. Nevertheless, these policies had very limited success in reducing unemployment and instead led to growth of low-paid part-time and temporary jobs and even to two-tier labor markets.

4) The employment situation continues to worsen despite economic growth for two reasons. First, growth was associated with the restructuring of enterprises as well as output. Second, the growth of services, the lead sector, was largely confined to skill-intensive services and generated very few jobs.

Suggestions:

1) Meeting the formidable employment challenge facing the developing world requires policy responses at both international and national levels. International policy has to be based on recognition that improvement in the employment situation in developing countries calls for a reduction of the huge asymmetry in the cross-country distribution of productive resources that currently exists. The potential role that globalization could play in reducing this asymmetry must also be recognized.

2) International policy needs to focus on two areas. First, international policy must provide aid for investment required to address the employment problem, and analysis shows that it has been effective in the past. Second, international migration has increasingly become a mechanism for brain drain in developing countries that already lack skilled workers. International policy must transform this brain drain into brain circulation. The establishment of a transparent system of fixed-term migration of high-skilled workers must be considered.

3) National policies in developed countries must focus on moving those who have lost their jobs in the industrial sector to new jobs in the services sector. This reallocation cannot be achieved through policies that increase the flexibility of labor markets. Labor market policies must impart simple but new skills to these people, promoting new forms of apprenticeship arrangements and guaranteeing welfare through wage subsidies.

4) In the countries of the Commonwealth of Independent States, policies have to focus on two main objectives. First, subsistence farming needs to be transformed into productive self-employment by creating support institutions for maintenance and development of infrastructure and for supplying credit and extension services in several countries. Second, most of these countries are rich in natural resources. These can be exploited for the purpose of promoting employment-intensive industries, and the "natural resource curse" must be avoided.

5. SUMMARY & CONCLUSION:

To determine each region's progress towards *full and productive employment and decent work* *for all*, four indicators were examined as a set. This analysis showed that the different regions not only exhibit differences in their likelihood of reaching the full employment, but also face different challenges. The regional analysis illustrated the strong relationship between working poverty, vulnerable employment and labor productivity. As for employment-to-population ratios is discouragement the reason for low rates. However, focusing on this new set of indicators should not completely draw attention away from unemployment in the world, which continues to be a tremendous challenge in many regions and for many groups of people, such as women, young people and low-skilled workers. Taking everything together, it became evident that all regions still have a huge untapped labor potential. In some, women do not have a proper chance of participating in labor markets; in others, young people find it hard to participate in the world of work. In addition to that, it can be assumed that at least each person working, but earning less than US$1 per day per family member is either underemployed (working less than desired) or has a very low productivity job (working long hours, but not efficiently because of lack of education or equipment) and is, therefore, an underutilized worker. Adding the unemployed, the discouraged and those who would work if given the opportunity to do so, it becomes clear that economic growth and development could be much higher if everyone was given the chance of a decent job.

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