Globalization and Labor Conditions

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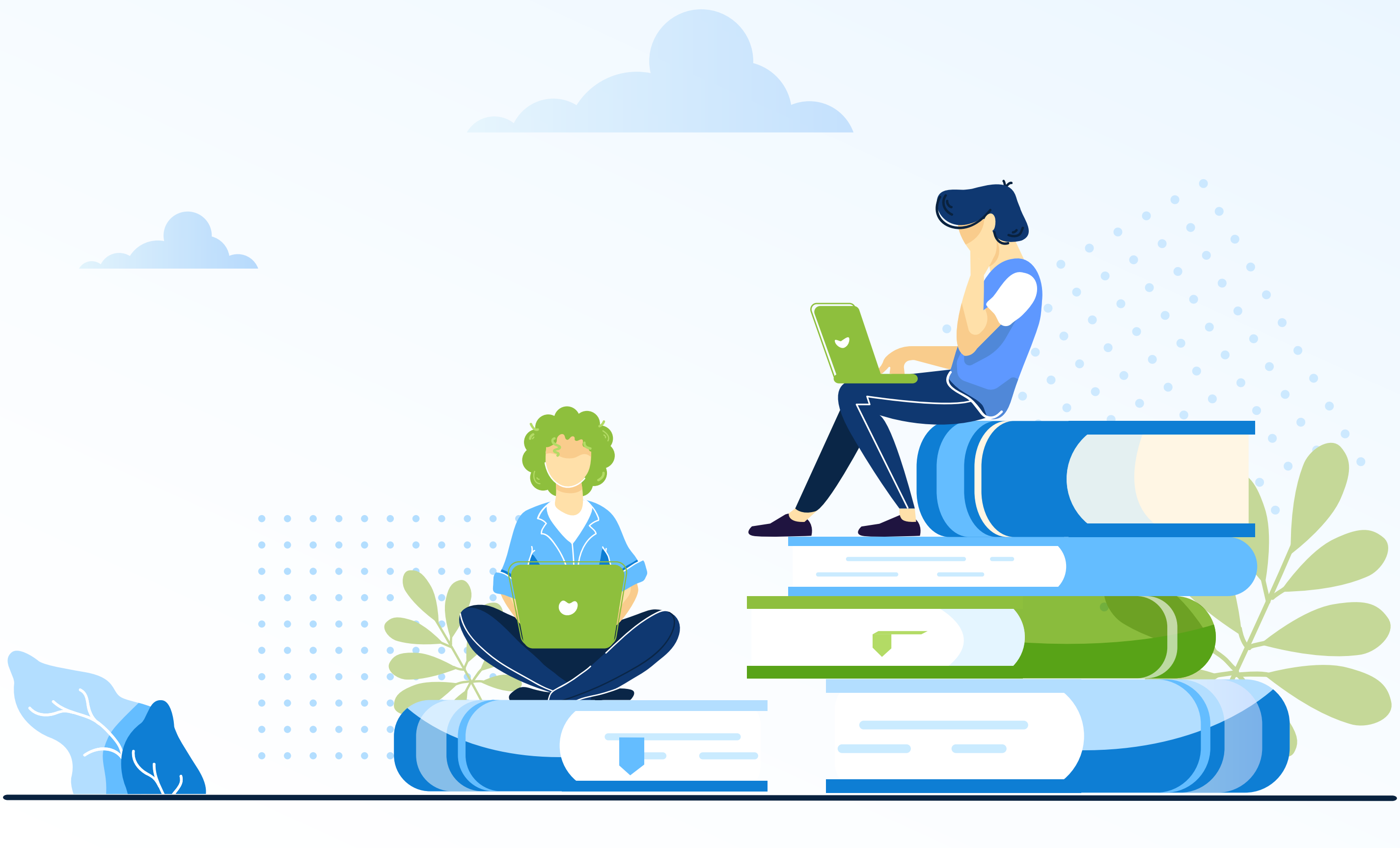

Introduction

Globalization is the process in which an increased fraction of cultural, social, and economic activities are conducted across national frontiers. This process is responsible for the integration of societies and economies. This process also results into the substantial changes that are addressed by business and market sectors. These changes include expansions in the trading of goods that occur between nations, and increased levels of migration. Economically, globalization has an effect on the nation as other nations become dependent in terms of macroeconomic health (Lenz, 2007).

The labor sector has also been affected by this process of globalization. The working conditions and labor terms have experienced a change and revolution to suite the new world interaction. It is necessary to study the relationship between labor and globalization because labor offers a primary income source for a huge population of individuals living in the third world countries. The relationship between globalization and labor sectors affects the country's economic characteristics (Siebert, 1999).

World Development Indicators databases show that the ratio of the gross domestic product of goods involved in trade in the middle and low income nations has risen from the year 1990 to 2003. The changes experienced in foreign development investment are significant. For instance, the ratio of GDP and inward FDI increased in 1990 and 2003 (Drabek, 2001). The changes in GDP and FDI are both promising and threatening to the laborers in developing countries.

Labor conditions include wages and the key characteristics in jobs. Job safety, health measures, and representation make up the characteristics of a job; these are the indicators for poverty or prosperity in work. This paper covers the relationship between globalization and labor conditions in various scenarios. Secondary and primary sources of information contributed towards this research explore globalization and labor conditions. The paper focuses on globalization and labor in both developing and developed nations across the world (Enderwick, 2006).

Foreign development investment affects the employment both directly and indirectly in the concerned parties. Depending on the type and size of investment and the ability of the nation to adapt to the new technology; the organization is motivated to create job opportunities. This impression can only be made for the profitable organizations and nations and not the low performing ones. It is common for the FDI to invest in nations that promise good profits for their investments. In most cases, the developed nations benefit from this privilege.

Regarding employment, globalization affects the requirement of unskilled labor. It is through the termination of employees who work in sectors that do not require academic experience or are not trained (Drabek, 2001). When a job market is rendered global by a firm or organization, the job description shoots beyond what was initially there. Technological advancements that accompany this process disqualify this unskilled labor. To the economy, a large number of once employed parties end up without an income source as foreign market is not interested in cheap unskilled labor.

Traditionally the nature of work is bound to disappear. It is caused by rapid advances concerning the technological usage in the organizations.

More importantly, innovative and new occupations are created that favor the specialized professions that are high in skills (Lenz, 2007). For example, the process of tea harvesting in most developing countries (like Kenya) was done by humans, but technological advancements have replaced them in the realization of globalizing tea farming.

There is an increase in the number of hidden employment considering that there are no new job vacancies in the foreign market for the developing nations. The inability of these nations to cope with the onset of new technology offered through globalization has resulted in deterioration of the rates of wages for the laborers (Irfan-ul-Haque, 2004). For instance, a firm previously dealing with traditional auditing methods such as keeping records in books fails to cope with the technology of computer programming in record keeping and auditing.

The terms of work offered in the foreign sector are new to the laborers who retain their positions. When comparing the local conditions and work regulations to those imposed by the new body, the employees are forced to adapt. It is obvious that in every organization the workers are governed by regulations, which stipulate their duty-related conditions. Members who continue to work in the foreign market face a hard time in adjusting to these rules of working. The long term result of this is that many opt to resign or leave their jobs in the fear of violation (Leenknegt, 2007).

Theoretical predictions on the consequences of employment in the liberal market might not be true for the developing nations. This is because they are merely based on assumptions on flexible markets for labor and the entire employment of resources. It is not the case for third world nations which have inflexible labor markets caused by structural factors.

The benefits obtained from liberalization are received by the developed nations. The process of globalization involves both the developed and developing nations; on the other hand, it is the first world countries that fully realize the profits (Castree, 2004). These developing (agriculture producing) countries only get a small share of these benefits. It can be blamed on the nation's GDP; these nations cannot match up with the developed countries' terms of business interactions. The terms of agreement for first world nations are higher in consideration of profit making as compared to third world countries. In spite of the fact that a lot of material and resources are from the developing nations, the global market ignores reciprocating in the same favor.

More so, if the matter of labor clause is implemented by the World Trade Organization, the employment and economic growth in these third world nations is negatively affected through the involvement of child labor and poor, unfavorable working conditions (Drabek, 2001). In nations like The Democratic Republic of Congo and India, child involvement in these trade activities is common. It affects the nation's literate levels as many shun education in the effort to acquire employment. Regarding the issue of poor conditions, these nations cannot lobby proper conditions because of their weak influence and poor GDP levels.

Policies relating to structural adjustment like privatization cause increased unemployment in the nation. This policy is followed by a reduced demand for labor, meaning that a number of employees will be let off without a contingence strategy (Dunn, 2004). Termination of work is fatal for the economic significance of a country because fewer individuals can access the necessary national facilities that boost the economy like buying of commodities.

Through the process of globalization, nations that were stalled in development are able to interact in trading with developed countries. Looking at the case of most African nations, there trade activities revolved around their regions and continent thus lacking the necessary motivation and ideas that would boost their growth in the economy (Irfan-ul-Haque, 2004). In this sector, many nations and organization borrow beneficial business ideas that build their economies and improve on the international recognition.

Before the wide spread of globalization, most regions and nations depended on regional trading blocks for the purpose of trading, but this has changed. In Africa, regional blocs like the Common Market for Eastern and southern African are losing their significance since these nations opt to trade across boarders in the effort to access lucrative returns (Jugale, 2005). Trading in these nations does not require these blocs due to the easy access to the international market. For instance, nations like Liberia are not members of the trading blocs in their regions.

On the matter of fixed labor, changes in the demands result in the profitable organizations receiving higher wages. The shift in labor demands causes an increase in the number of workers in those industries that are profitable which translates in an increase in the wages of the firms. For the unprofitable group of firms the wages do not promise any rise due to fewer workers in the industrial sector (Flanagan, 2006). It creates a positive bias for these organizations and the work force in the sector.

The competition brought about by imports lowers commodity prices for the low skilled labor compared to that of higher skilled labor. It causes the domestic companies and organizations to shift their production to goods and commodities that are skill intensive (Leenknegt, 2007). The effect of this is low wages levels for the work force which is prevalent; the poorly skilled labor in the third world nations.

Liberal financing is researched to reduce the net income for workers in industries. Countries that want to pull the interest of the foreign development investment lower their taxes and shift that load to labor tax rates thus increasing these rates and by so doing income is affected (Lenz, 2007).

Applying discriminatory policies on tax that affect laborers income are redistributed in a manner that favors only the high income earners. This policy is widely felt in most cases by the third world nations that do not have strong labor unions and poor political systems.

There is an increase in opportunities for production and work. Developing nations, in their effort to improve on their capacity, create new vacancies for production and work. It is in response to the move of alleviating price distortions in both capital and labor (Organization for Economic Co-operation and Development, 2005). These nations strive to cope with the challenging conditions of the international market thereby creating a number of other related areas that might benefit its profitability.

Conclusion

Globalization is the process in which an increased fraction of cultural, social and economic activities are conducted across national frontiers. This process is responsible for the integration of societies and economies. World Development Indicators databases show that the ratio of the gross domestic product of goods involved in trade in the middle and low income nations has risen from 1990 to 2003. The changes in GDP and FDI are both promising and threatening to the laborers in developing countries (Munck, & Gills, 2002).

Foreign development investment affects the creation of employment both directly and indirectly in the concerned parties. Depending on the type and size of investment and the ability of the nation to adapt to the new technology; the organization is motivated to create job opportunities. When a job market is rendered global by a firm or organization, the job description shoots beyond what was initially there. Technological advancements that accompany this process disqualify this unskilled labor. Traditionally, the nature of work is bound to disappear. It is caused by rapid advances concerning the technological usage in the organizations. More importantly, innovative and new occupations are created that favor the specialized professions that are high in skills. Policies relating to structural adjustment like privatization cause increased unemployment in the nation. This policy is followed by a reduced demand for labor, which means that a number of employees will be let off without a contingence strategy. Through the process of globalization, nations stalled in development can interact in trading with developed countries.