

TRANSFORMATION OF THE WORLD LABOR MARKET IN THE CONTEXT OF GLOBALIZATION

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Abstract. *The aim of the study is to analyse trends in the global labor market and identify transformational manifestations in the global labor market in the context of globalization. Methods that were used in the study: of comparative analysis; analysis and synthesis method; method of system generalization; methods of statistical analysis and structural analysis.*

It is emphasized that the transformation of the world labor market is one of the important forms of globalization, as the international labor market is a world economy's subsystem and directly affects the dynamics of economic growth and macroeconomic balance. The preconditions for the transformation of the world labor market in connection with demographic and migration processes have been studied. Significant territorial differences in the population's reproduction in the regional context, historical and current factors in the development of international migration were studied. The dynamics of employment and unemployment in countries with different levels of economic development, structural and vocational transformations in the world labor market are analyzed. It is concluded that the formation of migration models is due to the manifestations and forms of economic growth. The probability of complicating the structure of economic migration due to the increase in the share of highly skilled workers in the overall structure of labor migration flows has been established.

Basic employment trends are formed under the influence of structural transformations in the world economy and development of innovation processes. This changes the role of employee in the economic outcome, causing demand for highly skilled workers in the interdisciplinary field.

Was made the conclusion that labor migration creates the preconditions for rational use of human resources in the world labor market and prevent deepening inter-Ukrainian labor disparities. This was based on the fact that the functioning of the world labor market is dominant in global socio-economic changes through the international migration's intensification.

Keywords: *world labor market, globalization, international migration, employment, unemployment.*

Introduction

The current stage of world economic development is characterized by the globalization's intensification, which has led to the complication of economic ties at the supranational level and has led to significant transformational changes in the world labor market. The development of international economic relations in the context of globalization is accompanied by the international labor division's transformation and the world labor market's transformation into the most important element of a globalized economy. Transformational changes in the world labor market in the context of globalization determine the need for fundamentally new approaches and levers of influence on its development.

The aim of the study is to analyse trends in the global labor market and identify transformational manifestations in the global labor market in the context of globalization.

Objectives:

- 1) to study the preconditions for the world labor market's transformation in connection with demographic and migration processes;
- 2) to analyse the dynamics of employment and unemployment in the world labor market;
- 3) to identify structural and vocational transformations in the global labor market.

The object of the study is process of transformation of the world labor market in the context of globalization.

Study methods: method of comparative analysis; analysis and synthesis method; method of system generalization; methods of statistical analysis and structural analysis.

Demographic Prerequisites for the Activation of International Labor Migration

Transformation of the world labor market is one of the important forms of globalization, as the international labor market is a subsystem of the world economy and it directly affects the dynamics of economic growth and macroeconomic balance. This requires analysis of the relevant transformational preconditions in relation to other processes of economic development - demographic, migration, etc. Thus, according to UN estimates, the world's population by 2100, according to the median forecast, will be 11.2 billion people, compared with 2.5 billion in 2050 and 7.6 billion in 2020. (fig. 1).

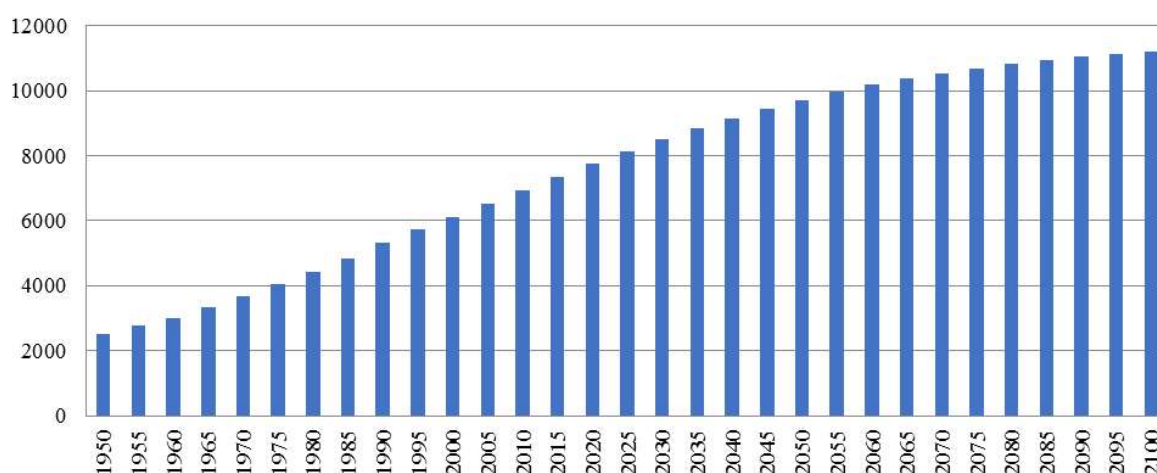


Fig. 1. Dynamics of the world's population in 1950–2050 *, million people
*2020–2050 – forecast (Population pyramid, 2020)

The largest population growth is projected in Asia and Africa (Fig. 2), which will inevitably affect the intensification of migration processes due to differences in economic development between these regions and more economically developed regions of Europe and North America.

Indeed, as the world's population grows and globalization deepening lead to international migration processes' intensification, involving broad global economic, social, political and technological transformations that address a wide range of issues and underpin global labor market transformations.

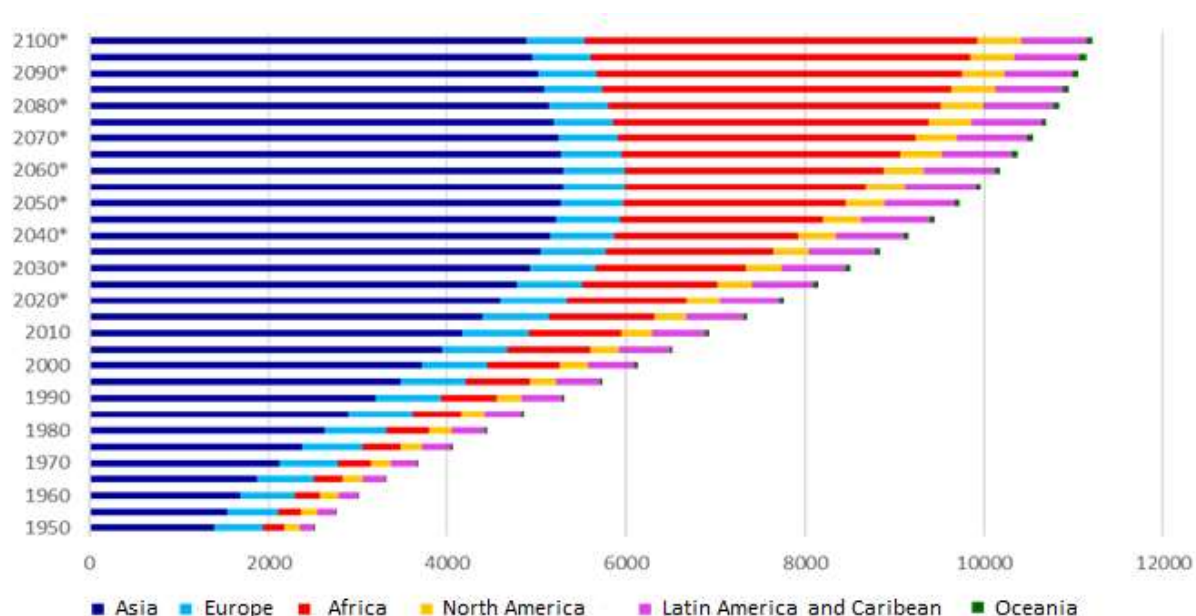


Fig. 2. Population dynamics by regions of the world in 1950–2100 *, million people (Population pyramid, 2020)

Migration Transformations in the Global Labor Market

The general migration process should distinguish between historical (migration takes place in a long-term social and economic context, resulting in strong inertial flows that form the traditional space of international labor migration) and modern (deep global transformations that create an environment in which international migration is taking place) factors that act equally in the global economic space, shaping the development of the world labor market.

Today, the number of international migrants in the world is estimated at 272 million (Fig. 3), with two-thirds of them being labor migrants. Almost every international migrant is a potential worker as a result of the world economy internationalization, the improvement of international economic relations, and the differences in the economic potential of national labor markets of origin and destination (significant inter-country welfare gaps and natural population growth, etc.).

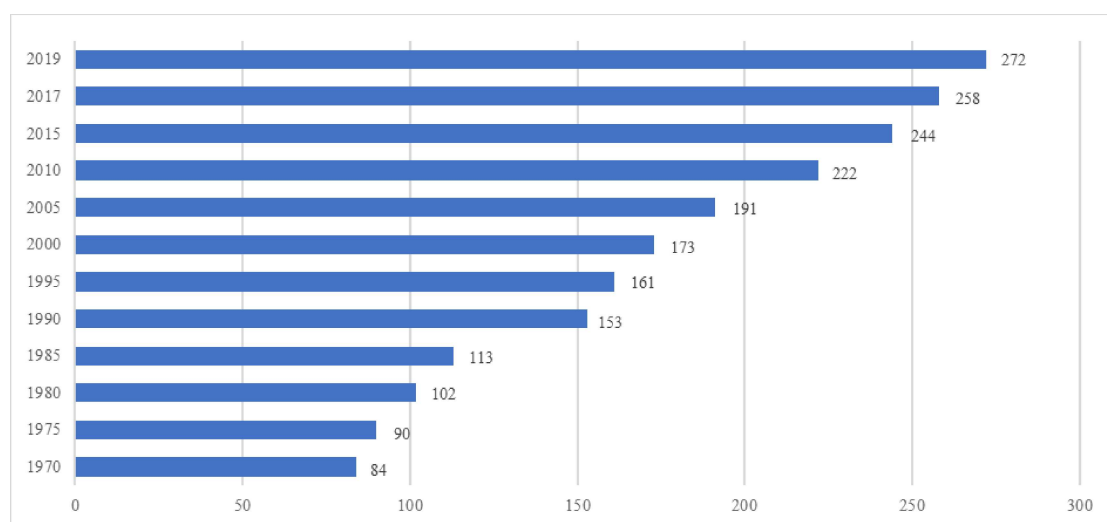


Fig. 3. Dynamics of international migration in 1970–2019, million people (IOM, 2020)

Although the share of international migrants is only a small part of the world's population - about 3.5% (Fig. 4). So the vast majority of the world's population (96.5%) live in the countries where they were born - this figure is growing steadily, and the share of international migrants already exceeds previous estimates for 2050, which were lower (2.6% or 230 million people (IOM, 2003). In general, the number of migrants in the world is expected to increase by 2050 compared to 2020, almost twice - up to 450 million people (Population pyramid, 2020).

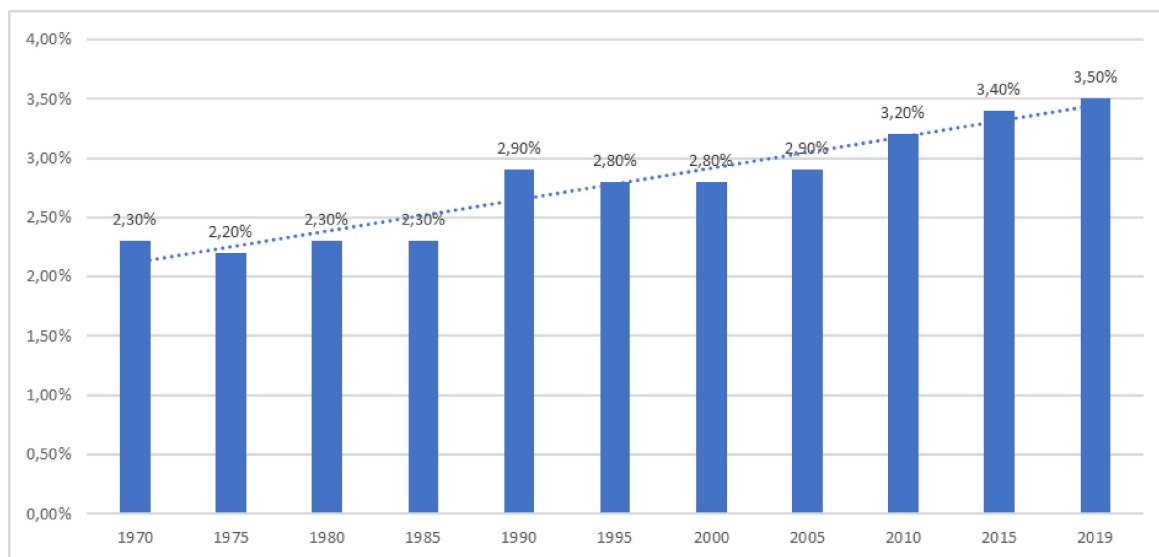


Fig. 4. The share of international migrants in the total population of the world in 1990-2019,% (IOM, 2020, p. 26)

Over the last 20 years, the number of international migrants has increased by 85%, the largest decrease in the number of migrants during 2014-2019 was observed in high-income countries (from 112.3 million to 111.2 million), the largest increase - in countries with above-average income (from 17.5 million to 30.5 million) (Fig. 5) (IOM 2003, p. 4).

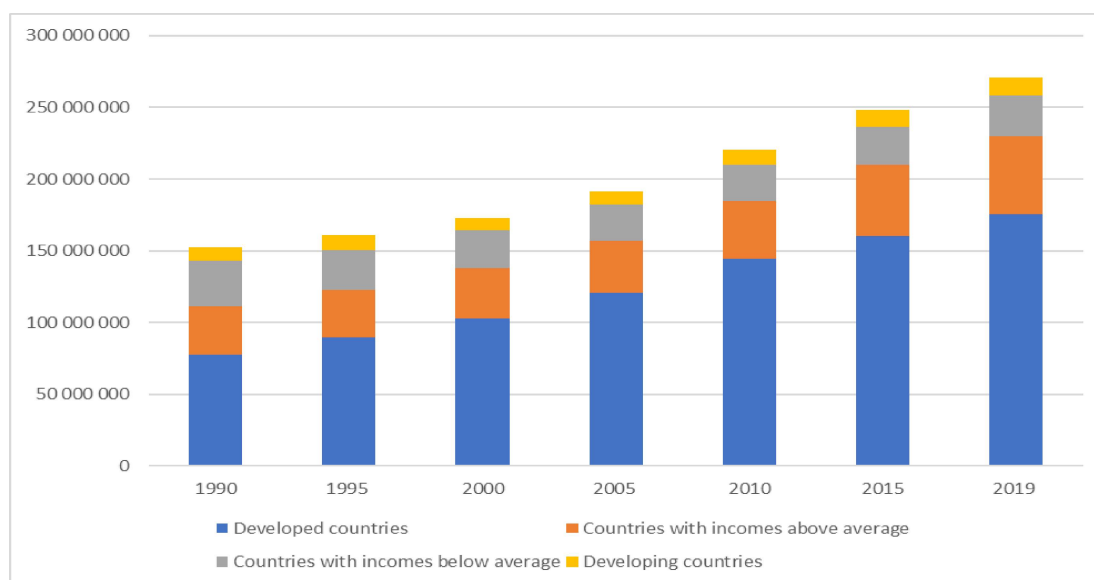


Fig. 5. Dynamics of the number of international migrants by main groups of countries in 1990-2019, persons (United Nations Department of Economic and Social Affairs, Population Division, 2020).

Obviously, due to the international migration trends depending on the income level of countries, this picture will remain unchanged in the long run. Moreover, during the coming decades in some subregions and developing countries population growth is projected and that will exert migratory pressure on future generation (United Nations Department of Economic and Social Affairs, Population Division, 2020).

Today, more than half of international migrants live in only 20 countries (51 million in the United States, 13 million in Germany and Saudi Arabia, 12 million in Russia, 10 million in the United Kingdom, 10 million in the United Arab Emirates, 9 million in Canada, 8 million Australia and France each, 6 million people in Italy), every seventh migrant is under 20 years old. In regional terms, the leaders in the number of migrants were Europe in 2019 (82 million people), North America (59 million people), Western Asia (49 million people).

The main share of international migration movements is labor migration. There were approximately 169 million migrant workers in the world in 2019, which is 60% of the total contingent of international migrants. Among international migrants of working age, the share of labor migrants is 70% (ILO, 2014).

At the same time, according to current forecasts, the growth rate of the labor force in developed economies will slow sharply by the 2030 (ILO, 2014, p. 10). This will have a negative impact on economic growth prospects and lead to further intensification of international labor migration in countries with a lower level of economic development. In fact, we can talk about the formation of a new phenomenon in the global economy, when economic growth in developed countries is largely provided by constant immigration.

Thus, the formation of social preconditions for globalization is objective process, which should lead to the working conditions' unification in the world economy. International migration have large-scale effects on key sectors due to involving migrant workers. This being felt both in the countries of origin of migrants and in the host countries. The complex dynamics of migration is difficult to assess and to regulate, which makes it important to assess the manifestations of the world labor market's transformation at the stage of globalization.

Globalization Trends in the Context of the World Labor Market Development

Unemployment is a serious manifestation of globalization in the context of the world labor market's development. More than 61 million people lost their jobs since the global economic crisis in 2008.

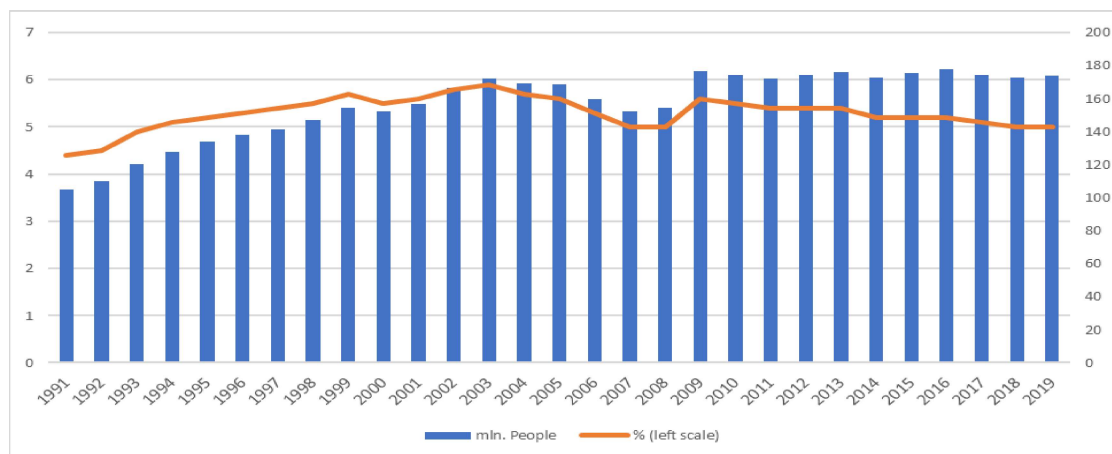


Fig. 6. Dynamics (million people) and the level (%) of unemployment in the global economy in 1991-2019 (ILO, 2020).

Thus, with the decline in unemployment in the world economy in general over the past decade (Fig. 6), as of 2019 to solve this problem (registered and unregistered unemployment) the world economy needed to create 280 million jobs

At the same time, the professional qualification structure of employment is changing due to the influence of globalization, which promotes the rapid spread of new technologies. According to current estimates, new technologies are expected to replace 47% of jobs in the US, 50% in Sweden, UK and France, 60% in Bulgaria, Romania and Croatia over the next 20 years. According to McKinsey & Company, it can be automated from 20% to 50% of job positions the world by 2036, this figure could increase to 96% and by 2056). This actualizes the permanent task of lifelong learning in order to prevent the growth of technological unemployment.

The structural changes in the world labor market reflects the employment's dynamics, the nature of which is different from the unemployment's dynamics: despite the growth in employment in the world economy (1.4% annually since 2011), employment rate is declining (Fig. 7).

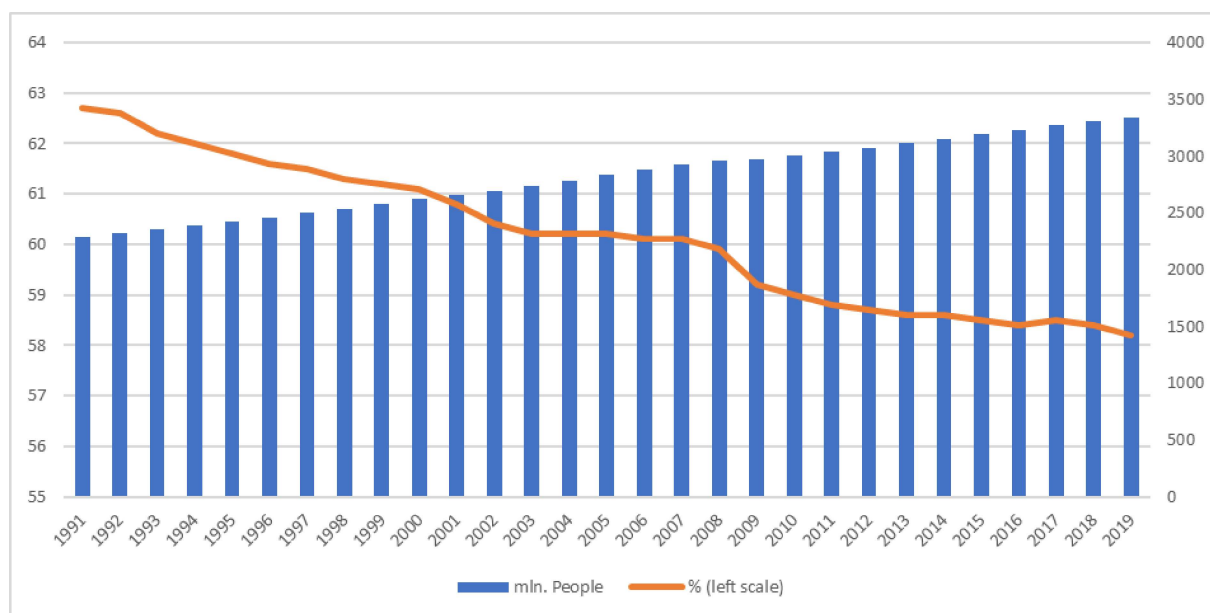


Fig. 7. Dynamics (million people) and level (%) of employment in the global economy in 1991-2019 (ILO, 2020)

In addition, new technologies and changes in the labor and production organization, acting as key factors in structural changes in the economy and labor relations, contributing to the spread of employment's new forms. At the modern stage of economic development's globalization there is a transition from the standard model of employment, in which people are paid as employees in employment relationships with employers, have stable jobs and work full time (currently employed less than 25% employees under the conditions of this model) (ILO, 2020b).

Structural Transformations in the Global Labor Market

The development of globalization processes affects the structure of employment, which is a real reflection of structural changes in the world economy and the corresponding

transformations under the influence of new technological processes, increasing the share of high-tech industries, declining production and services. Significant structural changes in employment occur in the service sector (Fig. 8). Thus, agriculture accounted for 44% of employees, industry - 22%, services - 34% in 1991, but the distribution was radically different in 2019 - 28%, 23%, 49%, respectively. At the same time, the picture is even more revealing in developed countries: the share of people employed in services ranges from 67.8% in Italy to 83.5% in the UK.

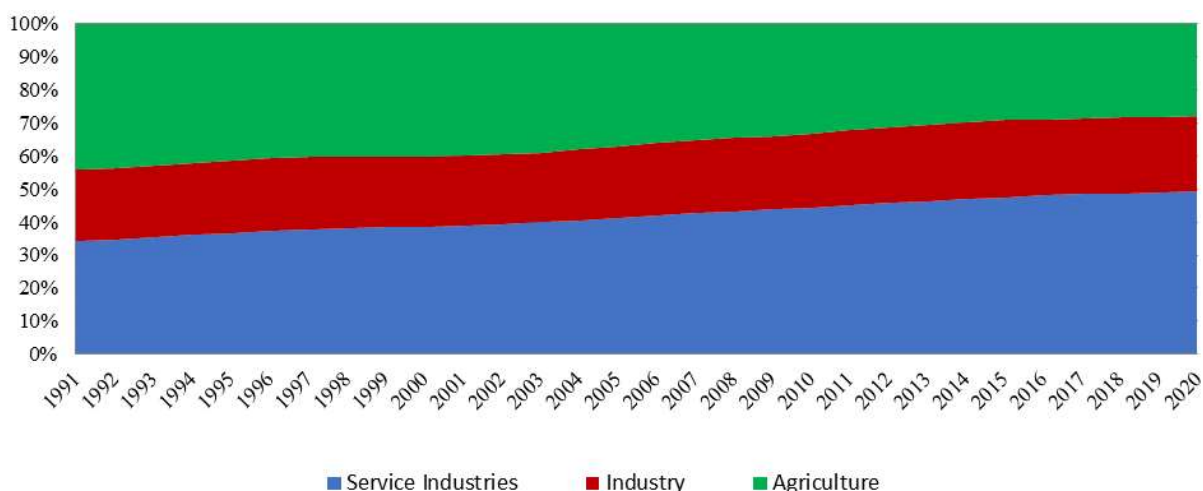
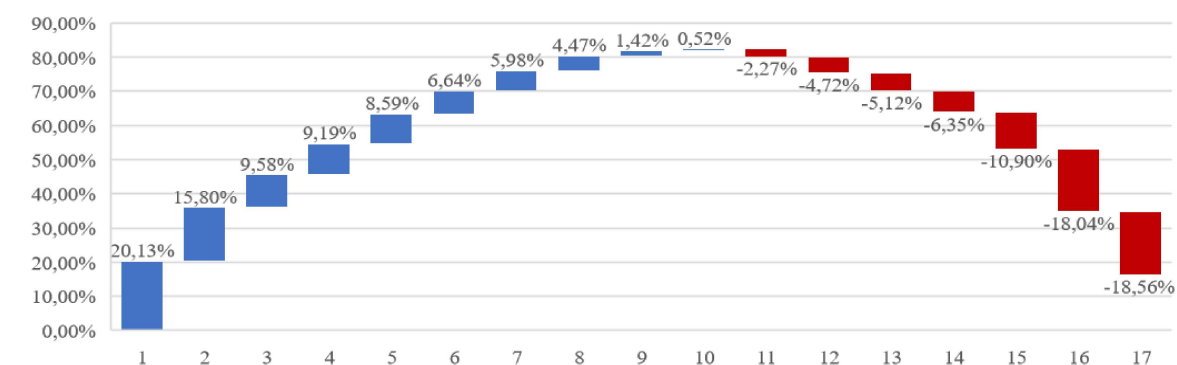


Fig. 8. The structure of employment by sectors of the world economy in 1991-2020, %
** Calculated on (ILO, 2020a)*

In general in the EU countries during 2015-2025 employment is expected to decrease in such sectors as coal mining (by 18%), energy and gas industry (by 10%), agriculture (by 18%); employment growth - in science and technology (by 20%), administrative and support services (by 15%), education (by 10%) (Fig. 9) (Danylyshyn, B., 2016).



1	Real estate, science and technology	10	Transportation and storage
2	Administrative activities, support services	11	Construction
3	Education	12	Art, recreation
4	Information and communication	13	Industry
5	Health care and social work	14	Water supply, sewerage, waste management
6	Finance and insurance	15	Electricity, gas, air conditioning
7	Provision of housing and food	16	Agriculture, forestry and fishing
8	Trade	17	Coal mining and quarrying
9	Public administration and protection		

Fig. 9. Changes in the structure of employment in the EU in 2015-2025 (forecast) (PwC, 2020)

At the same time, structural changes at the sectoral level have deep innovative and human-centered demonstrations. The overall increase in employment in the world economy is expected at 3% by 2029, but employment in some industries, according to estimates, will increase much more: in the air turbines maintenance - by 61%, solar energy - by 51% and so on. In case of a significant shift towards human-centered industries: health care - by 52%, rehabilitation - by 35%, home care - by 34%, etc.; or information activities: statistics - by 35%, information security - by 31%, mathematics and database analysis - by 31%, etc.).

In total, due to digital technology is expected to disappear over 5,000 of the nearly 50,000 job positions during next 10 years. But nearly the same amount ones emerging from new technologies, new products and marketing. According to the McKinsey Global Institute, from 20% to 50% of production functions can be automated by 2036, and this figure may be from 46% to 96% by 2066 (McKinsey, 2020).

The Impact of Information Technology on the World Labor Market Transformation

The development of Internet technologies has had a profound effect on employment and working conditions, working hours, hiring and firing conditions, wage opportunities, etc. First of all, distance employment began to develop actively.

According to the International Labor Organization (ILO), the number of people working remotely globally is growing by 20-30% annually and currently accounts for 17% of the total number of employees. The share of teleworkers in Japan and the United States is 40%, in Finland - more than 30%. Leading countries in the field of remote employment are the United States, Canada, Finland, Denmark and Sweden. According to Growth from Knowledge Group and Flexjobs, the share of employees who will work remotely will be from 50% to 75% in these countries in the coming years (Apple, IBM, American Express, General Electric, etc.). (Bagley, R., Buchinska T., 2019, p.6).

Distance employment has contributed to the development of freelance when the freelancer is outside the company's staff and has the opportunity to work simultaneously with different employers. Thus, there are more than 57 million freelancers in the United States today. Their contribution to the economy is \$ 1.4 billion USD. At the same time, the average annual growth rate of employment is 2.6% per year in the USA, but the growth rate of the number of freelancers is 8.1%. (Bagley, R., Buchinska T., 2019, p.7).

Remote employment in a globalized economy has also resulted in the intensive development of international outsourcing, the spread of which changes the work's methods and labor's organization in the global labor market, opens for companies and countries the opportunity to benefit from the international division of labor by positioning in the labor market as outsourcing services' supplier and as a its' customer. According to the American Outsourcing Institute, 89% of companies delegate some of their business processes to external providers in the United States. In Europe, more than 83% of companies outsource business processes (87% in Germany and 88% in France). (Bagley, R., Buchinska T., 2019, p.7-8).

In general, India and China are the leaders among the countries performing outsourcing services (Fig. 10), receiving orders from Europe, the USA and Japan. At the same time, there are some changes in this market: the United States is gradually shifting to outsourcing in its own country (onshoring), Japan is increasing orders for outsourcing services to China, customers from Europe are mostly contractors from Eastern and Central Europe, China, India (Statista, 2019).

The global market for outsourcing services was estimated at 92.5 billion USD in 2019.

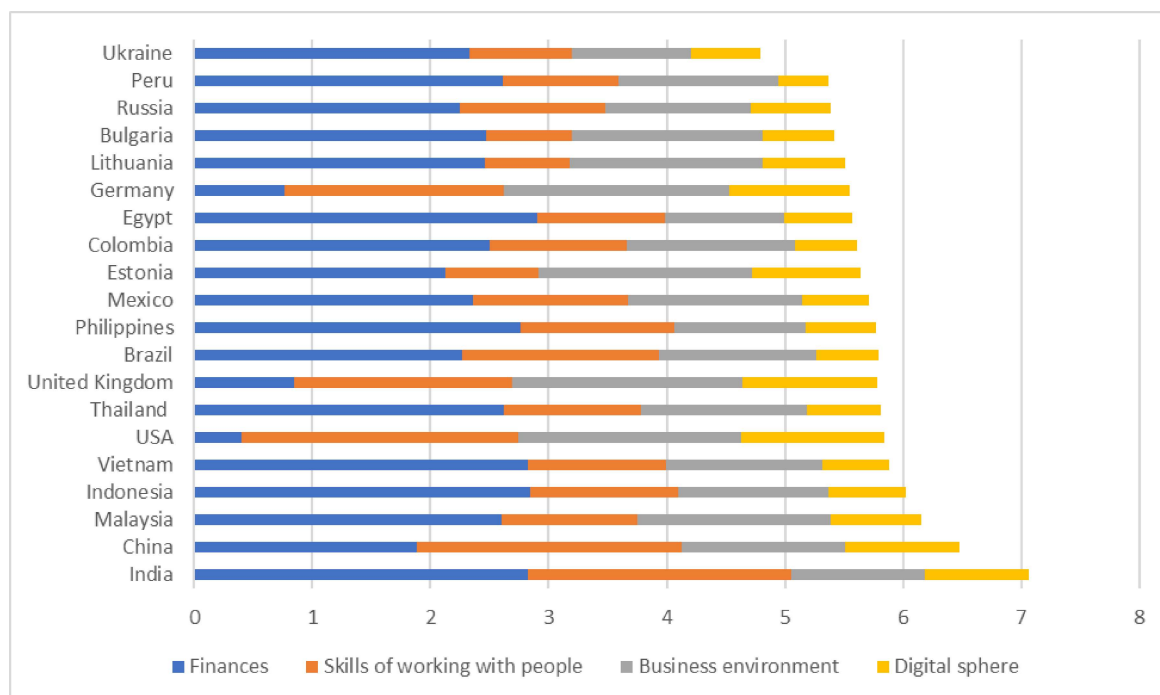


Fig. 10. Top 20 countries according to the ISG 2020 Global Outsourcing Index (ISG, 2020)

It was an increase compared to 2018 by 7 billion USD. The profit of the global outsourcing industry in 2019 amounted to 26 billion USD. The largest share of global revenue from outsourcing was in North and South America - 62 billion USD in 2019. The leading companies in the global outsourcing market are ISS World (digital and financial security) and Accenture (IT, human resources outsourcing, consulting) (Statista, 2020).

Based on the above, it can be argued that the basic trends in the world labor market are formed as a result of structural transformations in the economy, the development of innovation processes and information technologies and so on. Structural and innovative shifts in the world labor market intensify structural shifts in the labor markets of almost all countries. This changes the role of employee in creating economic results, leads to demand for highly skilled workers of interdisciplinary profile, which will complicate the structure of economic migration. Accordingly, the formation of migration models in the globalization context is in consequence of the manifestations and forms of economic growth.

CONCLUSIONS

Transformation of the world labor market is one of the important forms of globalization, as the international labor market is a subsystem of the world economy and it directly affects the dynamics of economic growth. As the world's population grows and globalization deepening lead to international migration processes' intensification, involving broad global economic, social, political and technological transformations. The main share of international migration movements is labor migration as a result of the world economy internationalization, the improvement of international economic relations, and the differences in the economic potential of national labor markets of origin and destination. Due to the international migration trends depending on the income level of countries, this picture will remain unchanged in the long-time perspective. In fact, we can talk about the formation of a new phenomenon in the global

economy, when economic growth in developed countries is largely provided by constant immigration.

Based on the fact that the functioning of the world labor market is dominant in global socio-economic changes through the international migration's intensification, labor migration creates the preconditions for rational use of human resources in the world labor market and prevent deepening inter-Ukrainian labor disparities.

Thus, the formation of social preconditions for globalization is objective process, which should lead to the working conditions' unification in the world economy.

In the context of globalization, basic employment trends are formed under the influence of structural transformations in the world economy and development of innovation processes, changing the role of employee in the economic outcome, causing demand for highly skilled workers in the interdisciplinary field. In addition, new technologies and changes in the labor and production organization, acting as key factors in structural changes in the economy and labor relations, contribute to the spread of employment's new forms, intensify the spread of international outsourcing and crowdsourcing as forms of international division of labor.

The transformation of migration into global phenomena will complicate the structure of economic migration. The formation of migration models in the globalization context is in consequence of the manifestations and forms of economic growth and determines the formation of global migration policy as a condition for ensuring a positive contribution of migration to economic development at the global and national levels.

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