

Globalization and the World of Work

From Employers' View



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Concepts of Globalization



Globalization :

A Process of Integration of the World Economy

**Information &
Communication
Technology**

International Trade Volume

Trade Volume/GDP in Developing Countries :
33.8% (1990) → 48.9% (2001)

Foreign Direct Investment

US\$ 324 billions (1995) → US\$ 1.5 trillions (2000)

Short-term Capital Flow

US\$ 60 billions a day (1983) → US\$ 1.5 trillions (2001)

Social and Economic Effects of Globalization



<Table 1> Unemployment Rates in Main Regions

(Unit: %)

Region	1987	1993	1997
Western Europe	10.4	10.6	10.5
USA	6.2	6.9	4.9
Japan	2.8	2.5	3.4
Asia	4.3 (1990)	4.4	4.2 (1996)
Latin America	5.7 (1990)	-	7.4

Note: Asia in this table excludes Japan, China and India.

Source : ILO, 1998

Social and Economic Effects of Globalization



<Table 2> Trend of Income Gaps (D9/D1) in Industrialized Countries

Year	USA	UK	Sweden	Germany	France
1980	3.26	2.79	2.04	2.69	3.26
1990	3.96	3.29	2.01	2.51	3.26
1995	4.35	3.38	2.13	2.32	3.28

Note: D1 and D9 mean the lowest and the highest income class respectively.

Source: ILO, 1998

Social and Economic Effects of Globalization



<Table 3> GDP Per Capita in the Richest and the Poorest Countries

(Unit: US\$,

	1960 - 1962	times) 2000 - 2002
20 Poorest Countries (A)	212	267
20 Richest Countries (B)	11,417	32,339
Ratio (B/A)	53.9	121.1

Source: World Bank, 2003

Social and Economic Effects of Globalization



<Table 4> Wages Gap by the Size of Enterprises in Korea

(Unit: 000s Korean Won, per month)

	1985	1990	1995	2000	2001	2002	2003
SMEs (10 to 29 employees)	308 (100)	549 (100)	1,082 (100)	1,497 (100)	1,606 (100)	1,705 (100)	1,808 (100)
Large Enterprises (500 or more employees)	344 (111.7)	741 (140.0)	1,511 (139.6)	2,195 (146.6)	2,313 (144.0)	2,718 (159.4)	3,043 (168.3)

Note: () is the proportion compared to wages of SMEs

Source: Korean Ministry of Labor, *Monthly Labor Statistics*, each year

Social and Economic Effects of Globalization



<Table 5> Profitability by Size of Enterprises in Manufacturing, Korea
(Unit: %

	Ratio of Ordinary Income to Sales		Ratio of Operating Income to Sales	
	2002	2003	2002	2003
Large Enterprises	5.4	6.0	7.5	8.2
SMEs	3.4	2.5	5.3	4.6

Source: Bank of Korea

Social and Economic Effects of Globalization



● **True is**

- Economic Unfairness was deprived from Failure in Adaptation to Globalization.
- Globalization boosted Overall Human Welfare.
- Globalization helped Job Creation, Productivity Improvement and Economic Growth.
- World Gross Product increased 10 times during past 50 years, and Income Per Capita increased 3 times under the population explosion.

Globalization in Korea



● **Obstacles to Globalization in Korea**

- Unstable Industrial Relations
- Rigid Labor Markets
- Immoderate Governmental Intervention and Regulations
- High Administrative Costs and Labor Costs
- Excessive Housing Fees
- Exclusive Attitudes of Unions against Migrant Workers
- Anti-globalization Sentiments of Labor Agitators and Civil Organization

Key to Answer Globalization



Change of
Legal & Institutional
Aspects

Change of
Cognitive, Customary,
Behavioral Aspects

Adaptation to
Globalization