

Chapter I

Global employment and work

Over the last decade, global employment has been rising slowly, accompanied by increasing global unemployment and continuing pervasive poverty. These trends underscore the inability of the current global economy to generate adequate levels of productive employment and decent work. At the same time, labour markets almost everywhere are being made more flexible as social protection has generally declined, with some notable exceptions.

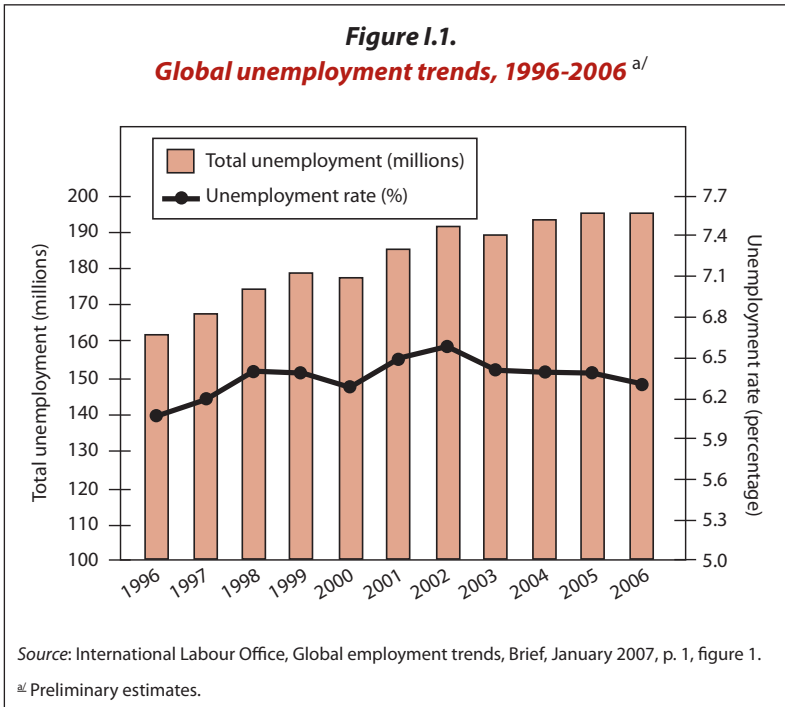
Globally, the understanding of labour-market developments has been made more difficult by complex and varied labour-market and work trends, with an apparent spread of labour-market informalization in many countries, new types of work and work arrangements emerging in service economies, and, according to anecdotal evidence, more activity taking place in the shadow economy, outside the reach of taxes, regulation and measurement. Essentially, within the global transformation, there have been a series of redivisions of labour, which will be considered in the following sections.

Global employment and unemployment trends

Between 1996 and 2006, the global labour force, consisting of people who were either working or looking for work, had grown by 16.6 per cent, to 2.9 billion, based on International Labour Organization (ILO) estimates.¹ That labour force represented about two thirds of the 4.6 billion people of working age (aged 15 years or over) in 2006.

Over the same period, the unemployment rate worldwide rose from about 6.0 to 6.3 per cent. The number of unemployed worldwide rose to 195 million people in 2006, from 161.4 million in 1996 (see figure I.1). This increase occurred even though global economic output had grown at the rate of 3.8 per cent per annum, giving rise to the phenomenon “jobless growth”, discussed below.

Furthermore, it is estimated that in 2006, 1.4 billion of those working did not earn enough to lift themselves and their families above the two dollars-a-day



poverty line. This figure includes about 507 million workers and their families who lived below the one dollar-a-day poverty line. Worldwide, the percentage of the two dollars-a-day working poor in total employment decreased to 47.4 in 2006, from almost 55 in 1996, although significant regional differences have persisted (see table I.1).

Global demographic forces have had a significant impact on the employment and unemployment situations. The contrast between the ageing populations and declining birth rates in developed countries, and the younger populations and relatively higher fertility rates in developing countries, has been reflected in different demographic and labour supply consequences.

Over the last decade, there has been a slight decline in the share in employment of the world's working-age population (aged 15 years or over), to 61.4 per cent in 2006 from 62.6 per cent in 1996. However, the decrease was larger among young people (aged 15 - 24). Within this group, the ratio decreased from 51.0 per cent in 1996 to 46.8 per cent in 2006. The increasing proportion of young people in education may explain this reduction in part. The gap between men and women continued: in 2006, 48.9 per cent of women were employed,

Table I.1.
Indicators of the working poor

Year	1996	2001	2006*	1996	2001	2006*
	(millions)	(millions)	(millions)	Share in total employment (%)	Share in total employment (%)	Share in total employment (%)
US\$ 1 a day working poor						
World	594.6	5786	5070	24.0	21.7	17.6
Central and Eastern Europe (non-EU) and CIS	12.4	10.3	3.5	7.5	6.2	2.1
East Asia	145.0	147.0	950	20.3	19.6	12.1
South-East Asia and the Pacific	37.4	30.9	29.6	17.0	12.7	11.1
South Asia	250.8	222.3	196.9	53.8	43.2	34.4
Latin America and the Caribbean	22.9	27.4	27.2	12.1	12.7	11.3
Middle East and North Africa	2.6	3.4	3.5	3.0	3.3	2.8
Sub-Saharan Africa	123.5	137.3	151.3	57.3	56.9	55.4
US\$ 2 a day working poor						
World	1354.7	1394.1	1367.8	54.8	52.2	47.4
Central and Eastern Europe (non-EU) and CIS	54.5	51.4	18.0	33.0	31.0	10.5
East Asia	442.9	412.6	347.2	61.9	55.0	44.2
South-East Asia and the Pacific	142.3	148.4	151.6	64.7	61.2	56.9
South Asia	425.0	458.8	498.2	91.1	89.1	87.2
Latin America and the Caribbean	67.3	72.4	74.5	35.4	33.6	30.9
Middle East and North Africa	35.8	40.5	42.8	41.3	39.5	34.7
Sub-Saharan Africa	186.3	209.5	235.5	86.5	86.8	86.3

Source: International Labour Office, Global employment trends, Brief, January 2007, p. 11, table 4.

Abbreviations: EU, European Union; CIS, Commonwealth of Independent States.

* Preliminary estimates.

compared with 74.0 per cent of men, and in 1996, 49.6 per cent of women were employed, compared with 75.7 per cent of men.

The fact that there is also a gender gap in labour-force participation is another indication that women have limited chances to be a part of the world of paid work. Across all regions, male participation rates dropped from 80.5 per cent in 1996 to 78.8 per cent in 2006. In contrast, 52.4 per cent of all women of working age were either looking for work or working in 2006, a figure that was 0.6 percentage points less than that of 10 years ago. This minimal change in the female participation rate reflects two diverging trends: an increase in prime-age participation and a decrease in youth participation. That latter trend results from the participation of more women in education which should, of course, improve their chances in labour markets.

These global trends should be considered, however, in conjunction with regional diversities.

In 2005, about 84 per cent of the global labour force was found in developing countries, with Asia and the Pacific accounting for about 60 per cent of world employment. China accounted for 26.0 per cent and India for 14.8 per cent of world employment. As the sum of the populations of both countries amounts to over 2 billion people, the increased integration of these two economies into the global trading system provides an abundant labour supply and dampens wage pressure at the global level, at least for the production of tradable goods and services.

There was a decline in unemployment rate in developed economies from 7.8 per cent in 1996 to 6.2 per cent in 2006, which was attributed to strong economic growth coupled with a slower increase in labour-force growth, along with increased labour productivity.

In South-East Asia and the Pacific, the unemployment rate rose significantly, from 3.7 per cent in 1996 to 6.6 per cent in 2006, reflecting in part the lingering impact of the Asian crisis of 1997-1998. In the same period, unemployment in South Asia rose from 4.4 to 5.2 per cent despite growth in gross domestic product (GDP) of 5.8 per cent in 2005.

In Latin America and the Caribbean, the unemployment rate remained at about 8 per cent during the period 1996-2006, despite an annual increase of 2.4 per cent in the total labour force. Economic growth, averaging 3 per cent

over the same period, helped to hold down unemployment while lowering the share of the working poor in total employment.

Unemployment in Africa is among the highest in the world. The unemployment rate in sub-Saharan Africa worsened, increasing from 9.2 to 9.8 per cent between 1996 and 2006, even as GDP in the region grew at 3.9 per cent per annum. The Middle East and Northern Africa saw some improvement, with the unemployment rate having declined from 13.0 to 12.2 per cent over the same period. In Africa, unemployment is unevenly distributed across countries, by gender and age groups. Dominated by agriculture, Africa is facing challenges that include low productivity, high demographic growth, worsening youth unemployment, and the massive toll on the labour force taken by HIV/AIDS and the brain drain.

Sectoral changes

In 2006, the employment share of the service sector in total global employment reached 40 per cent and, for the first time, overtook the share of agriculture which was 38.7 per cent. The industry sector accounted for 21.3 per cent of total employment, a figure virtually identical to that of 10 years ago.

Global decline of agricultural labour

Agriculture still accounts for about 45 per cent of the world's labour force, or about 1.3 billion people. In developing countries, about 55 per cent of the labour force is in agriculture, with the figure being close to two thirds in many parts of Africa and Asia. These figures should be treated as rough orders of magnitude, especially since many of those performing agricultural work or labour are also engaged in other forms of non-farm work. Rural employment has been associated with low incomes, and undoubtedly, rural poverty rates are higher than urban ones, particularly in African countries, where a recent modest decline in the difference between rural and urban poverty has been associated with rises in urban poverty levels rather than with any decline in rural poverty (Nkurunziza, 2006, p. 3).

The level of employment in agriculture is extremely small in most developed countries, and has been declining steadily for many generations; on the other hand, it has been declining considerably in developing countries as well.

The fact that, while agricultural output has expanded, in many parts of the world employment in agriculture has shrunk partly reflects efforts to “modernize” farming and to shift to more export-oriented production, often as part of a structural adjustment programme.

There is also strong evidence that the modernization and commercialization of agriculture in developing countries have tended to generate greater inequalities in rural areas, since the primary beneficiaries have been large-scale farmers and agro-industrial corporations, leading to a marginalization of smallholders. This has often been the case in Africa, Central America and Asia (Kwa, 2001).

For many decades, rural livelihoods have been affected by the urban bias of policymakers and politicians, who have tended to favour the interests of the middle class and the elite located mainly in richer urban areas. Peasants and smallholders, as well as landless rural labourers, have had very poor political representation, and thus their work and welfare needs have been severely neglected. However, with the trend towards political democratization, the sheer numbers of potential voters in rural areas might alter this situation.

Indeed, there have been positive developments in recent years. Success has come when policy reforms focused on enhancing the extent of economic security in rural areas, expanding opportunities through land reforms and decentralizing economic decision-making so as to make it more transparent and more answerable to local pressures (see box I.1).

Nonetheless, internationally, smallholder farmers have had their livelihoods adversely affected by the huge food production subsidies provided in the developed countries. These have made it much harder for smallholders to export their produce.²

One long-held hope has been that rural living standards could be boosted by the expansion of non-farm rural employment. This was the case in the early stages of economic reform in China during the 1980s, when the rapid growth of township and village enterprises created off-farm employment in rural areas for rural residents, thereby raising rural income. In Africa, where much of the non-farm rural labour is performed by impoverished landless workers, there is relatively little available opportunity to escape from poverty or to obtain sustainable decent work (Demeke, Guta and Ferede, 2003). Non-farm rural labour does seem to offer more decent opportunities in some parts of Latin America and Asia (Gordon and Craig, 2001). However, policies designed to expand non-farm rural employment

Box I.1**Addressing land-related challenges to job creation:
examples of policy responses****Security of tenure**

- The rural land plan of Côte d'Ivoire seeks to identify and map all existing rights in order to give them legal status.
- Cameroon's 1974 land ordinance rescinded legal recognition of customary and communal tenure rights and imposed land titling as the only means of acquiring private ownership.
- Uganda's 1995 constitution transfers title from the State directly to landholders.

Conflict management

- The Niger's 1986 rural code seeks to resolve land tenure conflicts.

Decentralization of land administration

- There were established land boards in Botswana (currently in Namibia and Uganda as well), rural councils in Senegal, land commissions in the Niger, community trusts and communal property associations in South Africa and land committees in rural Lesotho. Public participation in decision-making through local institutions was improved.
- Lesotho's 1998 land regulations require land committees to revoke an allocation in the event that the recipient refuses to adopt soil conservation measures.

Land-use development and agricultural productivity

- The Swynnerton Plan of Kenya supported African agriculture through agricultural research programmes, credit schemes, transfer of new technology and introduction of high-value crops and a new set of institutions.
- Ethiopia's agricultural development-led industrialization seeks to increase the productivity of smallholder farmers by dispensing fertilizers and improved seeds, establishing credit schemes and providing support services.

Equitable redistribution to reduce landlessness

- Redistributive land reform policies seek to give more land to landless blacks in Malawi, Namibia, and South Africa.
- Mozambique's 1998 land law recognizes the right to land through occupation by rural families, based on oral testimony.

Development of a land information system

- Kenya's tenure reforms sought to establish a well-maintained registry that could be used to monitor land transfers and distribution.

may not have much potential for lowering poverty or for reducing inequality, since the higher-income activities are typically undertaken by those with other resources and higher incomes (Reardon and others, 1998). This implies that escape from poverty is critically dependent on secure access to resources, including income, assets, skills, transport, energy and network connections.

There is also a debate being held in Africa in particular, on the merits of policies designed to enhance the capacity of rural-dwellers to remain independent smallholders versus those aimed at accelerating the trend towards greater wage employment. According to one argument, the shift to wage labour is associated with rising labour productivity and thus with higher rural earnings. Yet, there is evidence that rural wage labour is usually precarious and leaves rural workers more exposed to exploitation and onerous working conditions. In between lie various forms of production cooperative, long regarded as a desirable and viable form of the agrarian productive system and a means to expand productive employment. The fair trade movement, a trading partnership particularly relevant to agricultural cooperatives, is one of the initiatives trying to strengthen this mechanism.

Deindustrialization

One phenomenon that has been linked to relatively high unemployment and employment restructuring in developed countries is “deindustrialization”, whereby manufacturing jobs are shed by those countries while manufacturing output expands. This tendency had developed in the United Kingdom of Great Britain and Northern Ireland as early as the 1980s. Since then, it has been shown to be characteristic of all developed countries led by the United States of America, where the disappearance of manufacturing jobs has been truly remarkable. The United States “lost” 3.5 million manufacturing jobs between 1998 and 2005 alone.

In developing countries, there has been both deindustrialization and some industrialization: deindustrialization to the extent that growth of industrial output has been expanding without generating a similar rate of manufacturing employment growth, owing to labour-market liberalization and other structural adjustment measures; and some industrialization, to the extent that industrial output and exports are growing as a share of GDP. What is perhaps unique is that output growth is not strongly related to employment growth.

Deindustrialization in terms of employment has been occurring in many developing countries, including the two rapidly growing economies that have

been successful in expanding their shares of world trade in manufacturing products, namely, China and India. Such deindustrialization is characterized by a net transfer of jobs from agriculture to services, many of which are low-paying and precarious and are not covered by formal mechanisms of social protection. This has been particularly the case in many Asian countries.

The world is rapidly becoming an economic system dominated by the service sector, in which mean average productivity and income levels are low. At the same time, there is a high degree of income inequality, largely owing to the presence of a minority engaged in very highly paid professional and personal services and finance.

Jobless growth

As mentioned earlier in this chapter, many countries, as well as the world as a whole, seem to be suffering from “jobless growth”. In other words, their economy is growing without any jobs having been generated, or the number of jobs created has been diminishing for any given rate of economic growth.

Why is employment inversely related to economic growth, particularly in South-East Asian economies? What is behind the stories of jobless growth? According to one interpretation, this is a restructuring phenomenon that will last a few years until such time as labour productivity has risen to world levels, after which employment will grow more rapidly. According to another, complementary interpretation in actual fact industrial employment has risen but much of it is indirect, through subcontracting and the use of casual, flexible labour that is not picked up in employment statistics.

Several variants of the latter view have emerged. One is related to the idea of restructuring unemployment. In the United States, for example, a popular view is that recent recessions have resulted in proportionately more permanent losses of jobs relative to the number of layoffs than was the case up to the 1980s (Groschen and Potter, 2003). When a recovery takes place, those who were made redundant, instead of being recalled to their old jobs or even to similar jobs in the industry in which they had been working, must find jobs in other sectors. The result is that employment recovers more slowly than output, inasmuch as it takes more time for workers to move into alternative employment.

More generally, when growth picks up, firms take the opportunity to introduce higher-technology machinery and equipment, thereby reducing the labour-

capital ratio and making extra employment unnecessary, and are even induced to cut their workforces. While this represents a boost to productivity, which is an essential requirement for long-term growth and development, the problem is that workers are not gaining proportionately from this productivity growth.

Another view is that jobless growth has as much to do with the changes in the types of labour relationships occurring in the wake of the pursuit of labour-market flexibility. It is easier for employers to conceal the existence of many of the workers with non-regular work status, with the result that they do not appear in the employment statistics. Thus, the phenomenon of jobless growth may be, to some extent at least, a deceptive one. Employers around the world are known to agree to pay workers more than they would otherwise be paid if they can keep them off the books.

Regardless of the possible reasons for jobless growth, the phenomenon is an unwelcome one in the context of decent work. Whether technological changes are raising productivity without benefiting workers, or structural adjustment is causing workers to have to find employment in other sectors, or more flexible/casual employment situations are not registering in traditional labour statistics, the outcome of the process is the same: workers are losing wages and/or job security.

Global informalization

There has been an informalization of employment and work in many parts of the world. In contrast with past experience, economic growth has not been strongly associated with the growth of formal employment; indeed, informal activities, however defined, seem to have grown in absolute and in relative terms.

According to the International Labour Office (2002a), between 50 and 70 per cent of workers in developing countries are in informal work. In some countries, the figure is even higher. Most are in some form of “self-employment”, although a large number are in casual jobs. Most are engaged in low-productivity petty production in unregistered firms or businesses.

In Latin America, the importance of what many still call the informal sector as a source of new jobs is unmistakable. By 2000, this “sector” was providing about 47 per cent of total urban employment (Tokman, 2006). Moreover, its share in the labour market has continued to grow steadily. Out of every 100 jobs created since 1980, about 70 have been informal in character; indeed, with respect to non-agricultural employment, the proportion of informal workers in urban employment grew from 40 per cent in 1980 to more than half at present.

The growing informality of Latin American employment has also been undergoing a transformation, in that microenterprises (having less than five workers) are showing the highest rate of growth. An increasing number of such enterprises are becoming a valid job-creation option with respect to income, although they are still far from offering acceptable conditions in terms of job stability and social protection.

Recently, changes in labour laws in many parts of Latin America have made it easier for enterprises to hire workers under atypical, generally fixed-term contracts characterized by precariousness, either because of built-in occupational instability, or owing to a legal or de facto reduction of the levels of social and labour protection. Thus, undeclared and precarious labour, usually associated with informality, has been building up in the labour market. Informality, illegality and precariousness have become almost synonymous.

So far, the analysis has treated economic activity as either formal or informal; dichotomies are not as helpful as the more nuanced concept of a continuum of degrees of informality (International Labour Office, 2004a). Decent work lies in having some informality, but with security safeguards. There is a temptation to idealize formal employment and to regard the increase in the size of informal employment as a wholly negative phenomenon. Yet, many people all over the world welcome the informality of flexible working time, varied tasks and the greater autonomy connected with work that is not characteristic of formal jobs. The trouble is that informal employment, to the extent that it may be low-income, precarious and lacking in protection, has been equated with “bad” employment.

In general, there are solid reasons for believing that as a result of globalization and the global trend towards more flexible labour-market relations, many forms of labour are becoming more rather than less informal; but it is crucial to see this as a combination of changes of the type illustrated in box I.2.

There appears to be widespread agreement regarding certain trends. For example, the level of informalized labour and work seems to rise during and after economic shocks. To some extent, this may be a sectoral effect, involving a loss of jobs in wage-earning employment, but it may also reflect an alteration in the structure of work status within those sectors hit by the shock, as firms take advantage of the situation to outsource and subcontract, rather than rely on direct employment.

Box 1.2

Labour informality trends

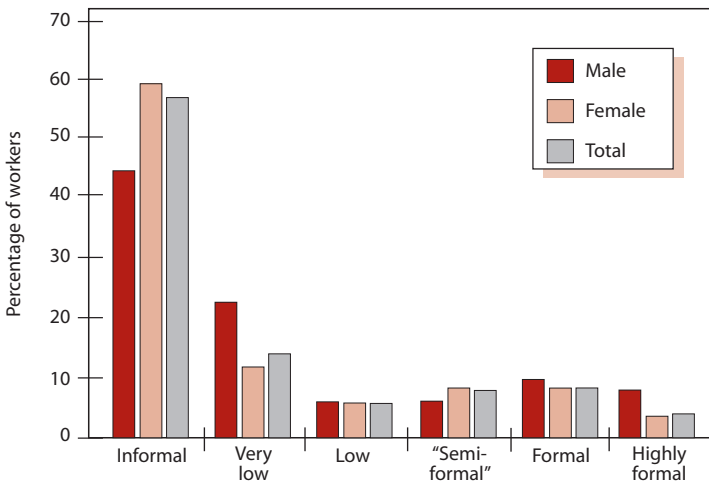
People who are in income-earning activity have widely differing levels of informality. Some are in highly regulated employment, with social protection and access to a wide range of benefits; and some have little or no protection and lack any viable form of contract.

We may define formality as encompassing a spectrum, depending on work status, workplace type, access to employment protection, contract status and regularity of employment. In doing so, we can generate a simple continuum ranging workers by extent of formality or informality simply by summing the score on each of the five measures. While this is very approximate, it highlights the reality of a wide range of statuses and work situations.

For example, data from a survey carried out in Gujarat, India, in 2000 show that while most men and women workers are in highly informal forms of employment, many (about 20 per cent) are in employment that is neither very informal nor very formal.

If we apply the same methodology to very similar data from a comparable survey in China, we find that the continuum generated is almost a mirror image. There is evidence, however, that the shape of the continuum is changing, so that more members of the workforce are shifting towards forms of employment that are represented by the columns on the left-hand side of the figure, that is to say, workers are becoming more informalized.

Degree of employment informality by sex, Gujarat, India



Source: International Labour Office (2004a).

It is important to establish what actually happens in such cases. If what happens is that employers are shifting to the use of more flexible labour relationships, the perception of the informal economy as a survival zone of poverty, insecurity and chronic underemployment may not be accurate. In this case, shocks, rather than legislative or regulatory reforms, become a way of liberalizing labour markets.

Informalization is closely linked to labour casualization. Labour-market restructuring, often creating greater flexibility in the labour market, has increasingly led to the spread of precarious labour relationships, especially employment insecurity, which manifests itself in various forms. Globally, there has been a spread of short-term contracts, giving workers few entitlements and little sense of permanence in their employment. Extensive casualization has always characterized labour relationships in developing countries, but it has been growing elsewhere as well. Often, workers retain short-term status even though they have remained in their jobs for many years. The fact that these workers face constant insecurity makes them less inclined to object to workplace changes, to wage cuts or to loss of benefits out of fear of losing their jobs.

Besides the direct shift to casual work, a significant development has been the growth of agency labour, hired out by private employment agencies to firms for short-term work assignments. Often, the agency becomes the actual employer and in such cases, there may be non-wage benefits provided, such as entitlement to medical insurance or sick pay, but the worker has no attachment to a particular enterprise or company. Moving workers around from workplace to workplace undermines any sense of collective bonding and thus acts to weaken workforces in their bargaining with employers. In sum, there is a tendency for corporations to build some casualization into their employment structures, and to promote, rather than prevent, high labour turnover, thereby limiting the extent of high seniority pay and entrenched non-wage benefits.

Unemployment and labour-market insecurity

In many countries, it has been almost impossible to estimate open unemployment at all; and in those cases, it is unhelpful to equate low unemployment with full employment. The emergence of open unemployment reflects the existence of unemployment benefits and employment services and the erosion of family-based or community-based systems of social support in times of economic need.

The key point is that an increase in open unemployment does not necessarily mean that there has been a deterioration of the labour market or that there has been a move away from full employment.

Open unemployment may also emerge or rise as a result of a beneficial shift of production and employment from low-productivity to higher-productivity sectors. In such circumstances, what was underemployment becomes open unemployment. This is particularly relevant in the case of economic shocks, since they usually induce some restructuring, often from rural, domestically-oriented production to urban, export-oriented growth. In such cases, open measured unemployment could rise, while underemployment could fall.

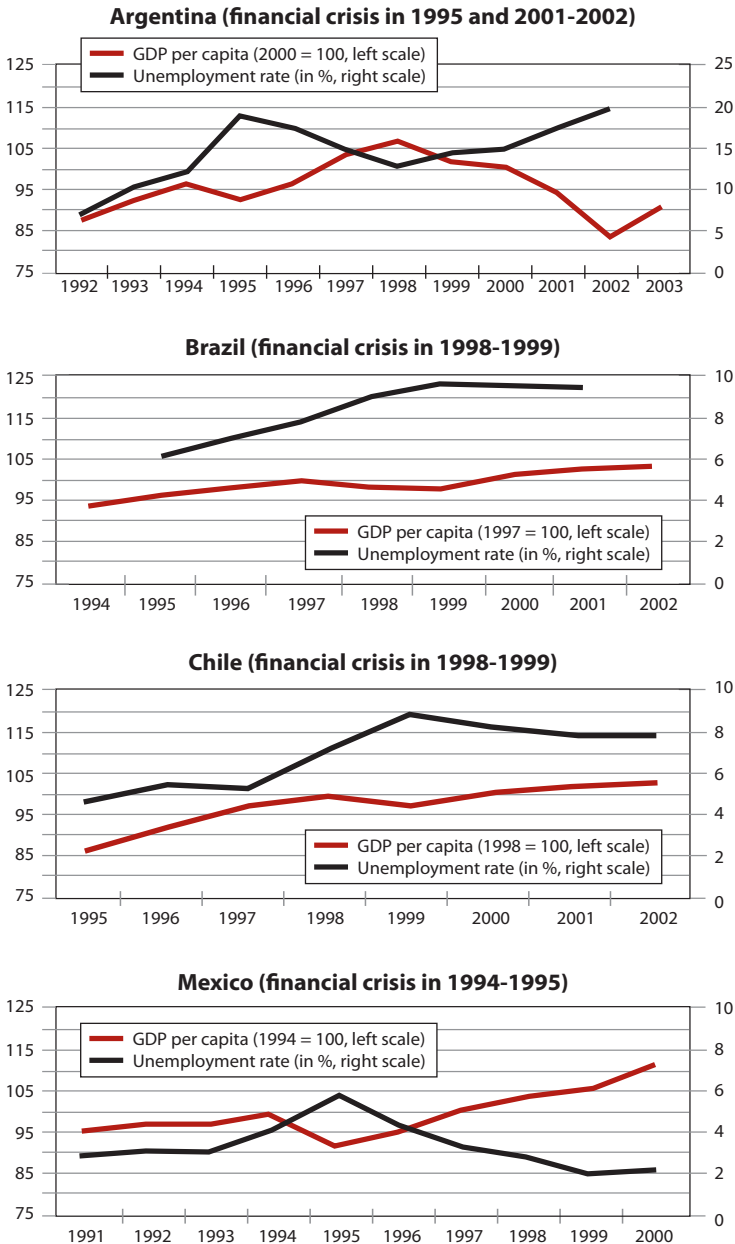
At the same time, shocks could induce job-shedding and firm-restructuring designed to raise long-term productivity growth. Something like this may have happened in the wake of several of the Latin American economic crises of recent years, where open unemployment remained high years after economic growth had recovered (see figure I.2).

Of particular concern, is the issue of long-term unemployment, that is to say, situations in which workers are looking for income-earning work for periods of more than a year. This type of prolonged unemployment is often taken to represent unemployment in general. Although this is not the case, such a situation is the one with which impoverishment is most associated, entailing, as it does, a gradual loss of networks of support, a loss of energy and willpower, and debilitation.

Concern about the extent and seriousness of long-term unemployment is especially prominent in Europe, having led to proposals for active labour-market policy in order to ensure the social integration of the jobless. A belief that the long-term unemployed lose the will to work has led politicians to favour more stringent policies, to take away benefits or to restrict the duration of entitlement, as well as to require that the long-term unemployed take jobs or undertake training.

In middle-income developing countries, there are few data on the extent of long-term unemployment. Given the lack of unemployment benefits and the need for those affected to do almost anything in order to survive, it is to be expected that many of the unemployed will drift into informal activities and underemployment. Many who stay without work for an extended period probably become “unemployable”.

Figure I.2.
Medium-term effects of financial crises on unemployment in Latin American countries, 1991-2002



Source: van der Hoeven and Lubker (2006), p. 13, graph 5.

The occurrence of prolonged recessions in some countries is particularly pernicious, as it creates a disproportionate growth of long-term unemployment. This is almost certainly the case in developing countries, where consequently a large segment of the working-age population are being marginalized and, in the absence of corrective measures, are being cut off from the mainstream labour-market permanently.

What this means is that whether or not national economies recover from a financial crisis or economic or social shock — all of which are becoming more common — the longer-term adverse effects on workers at the margins of the labour market may be permanent. This tendency has major implications for the design and structure of social policy interventions. Ironically, in the aftermath of economic shocks, open unemployment may not stay high because many of the longer-term unemployed fall into a state of discouragement, cease searching for jobs, and become disabled or ill to the point where they no longer count in the labour force.

Outsourcing or offshoring

While the global transformation is involving a major movement of people, mostly in search of income-earning work, there also exists a migration of jobs. One of the most controversial aspects of globalization is the perception that corporations in developed countries are transferring jobs to lower-income, labour-surplus countries. This is commonly called offshoring or outsourcing, although, actually, there are several forms, namely, insourcing offshoring, whereby a multinational corporation shifts its production (and employment) to its own plants elsewhere; outsourcing offshoring, whereby companies transfer production and employment to quasi-independent suppliers, and outsourcing inshoring, whereby multinational companies hire independent suppliers at home instead of shifting production to their overseas plants.

In sum, offshoring and outsourcing of jobs are poorly monitored and surveyed. They are surely underestimated in the sense that transfers of jobs take place mostly at the margin, through boardroom decisions or through steady adjustments in the direction of investments. To some extent, the actual numbers claimed are only a part of the emerging challenge. It is the *ex ante* anticipation of possible shifts that engenders fear and insecurity among workers, which in turn renders them more amenable to making concessions in the workplace, such as accepting lower pay, accepting and the loss of long-entrenched benefits.

The very fact that firms can offshore and outsource alters the balance of bargaining power of workers and employers. It puts the onus on all concerned in respect of finding ways to make labour more dignifying and to discourage “free riders”, or those who may benefit in the short term by offering lower wages or benefits, amid worsening working conditions.

Working time

Another aspect of globalization and labour-market liberalization is their impact on the level and distribution of working time. Undoubtedly, there has been a rise in female labour-force participation all over the world, which is partly due to the spread of more flexible forms of labour; but to some extent, this has been associated with changes in the pattern of labour-force participation more generally. There has been a growth in more intermittent labour-force participation, with more people remaining for certain periods outside of the labour market, and some taking what amounts to sabbaticals.

The growth of part-time labour has been a part of this process, particularly among the youth still pursuing some form of schooling and among older workers, more of whom wish to remain in the labour market or are forced to do so because they have no pension or only a modest one. This has been fostered by employment opportunities in the service sector in many parts of the world economy, since part-time and intermittent labour are more common in services than in manufacturing. However, there is also evidence that it is harder to regulate working time in services, with the result that there is concern that more people are working very long days and weeks. Indeed, a recent ILO study by Lee, McCann and Messenger (2007) estimated that 614.2 million workers, making up 22.0 per cent of the global workforce, are working more than 48 hours per week. In addition, there are also concerns about more people being on call, and having to be available to work on short notice without the security that comes with negotiated standard working times.

In a liberalized global economic system, what is practised in one major economy puts pressure on other countries to allow similar practices in the interest of “competitiveness”. Employers and Governments want to allow adjustments in working time to meet fluctuating demand, and thereby lower their labour and production costs. The fact that this has led many to make their employment more flexible imposes more uncertainty on workers.

Concluding remarks

The world of work is being profoundly transformed. Sectoral shifts are themselves making the old images of full-time, single-occupation labour and employment inappropriate as guides to the future.

Above all, the sense of insecurity accompanying the different forms of “informality” and the lack of employment security pose major challenges for the twenty-first century. It is not just the precariousness of labour and work that poses this challenge, but the shift towards flexible living including migration for work and other purposes which will figure ever more prominently in a more truly global economy and society.

In recent years, employment-promotion has taken on renewed prominence in policymaking. Employment-generation is increasingly seen as essential for reducing poverty. However, given the nature of emerging labour markets and the tendency for many more jobs to generate low incomes, this view promises to be the fulcrum of major policy debates in the next few years.

With global deindustrialization, greater labour informality and flexibility and a rapidly evolving internationalized labour system, policymakers may need to shift to novel and quite different ways of thinking if they are going to promote an environment in which decent work and employment can flourish in conditions of freedom and economic security. In particular, they will need to consider how to reform systems of social protection to enable them to meet the challenge of an era of increased labour-market flexibility. For a future of decent work, more equitable systems of regulation and of social protection and redistribution are required, at subnational, national, regional and global levels.

Notes

- ¹ Employment-related terms used in the present report were taken from the International Labour Office (ILO) and are defined as follows: The labour-force participation rate is a measure of the proportion of a country's working-age population that engages actively in the labour market, by either working or looking for work. The expression in work encompasses all people employed according to the ILO definition, which includes the self-employed, the employed, and employers as well as unpaid family members. The unemployment rate refers to the proportion of the labour force that does not have a job and is actively looking for work. The working poor are those employed persons who are unable to generate sufficient income from their labour to maintain a minimum standard of living and who are estimated to be below the poverty line. (In this case, the poverty line refers to the levels of both US\$ 1 per person per day and US\$ 2 per person per day). More information is available from <http://www.ilo.org/public/english/employment/strat/kilm/indicators.htm#kilm2>.
- ² Recently, a fair trade movement has emerged, through which agricultural goods produced by smallholders in developing countries have been guaranteed a "fair price" in developed countries. Under fair trade, cooperative producers or democratic organizations in developing countries partner with distributors and consumer groups in developed countries. Producers are paid a price guaranteed to at least cover the costs of production while meeting international labour standards and non-discriminatory practices. The fair price guarantee enables producer cooperatives to be viable and to compete in an imperfect global market. One product in respect of which fair trade has been most successful is coffee. An increasing number of cooperative coffee growers in Ghana, Ethiopia and the United Republic of Tanzania are participating in fair trade arrangements and reaping the benefits of fair pricing.