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# Globalisation and Work in Asia

Edited by John Burgess and Julia Connell



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## Globalisation and Work in Asia

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**CONTEMPORARY ISSUES AND TRENDS**

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# Globalisation and Work in Asia

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## Chapter 1

### **GLOBALISATION AND WORK IN ASIA: AN INTRODUCTION**

*John Burgess and Julia Connell*

#### **INTRODUCTION**

Currently Asia is one of the most dynamic parts of the globe in terms of its economic growth and social transformation. Recent growth in the world's global economy is being sustained by high growth rates in Asia, especially in China. That said, it is not only rapid economic growth that characterises the region, it is also the major transformation that is taking place within countries. In China, the most populous country of the region, the current rate of industrialisation matches that of 19<sup>th</sup> century Europe in terms of its impact on the economy and society. In India, the second most populous country in the region, there has been a major inflow of jobs and investment into the business services sector, particularly in call centres (Taylor and Bain, 2006). For the first time ever Asia is benefiting from the restructuring of the global service sector, with many jobs being transferred to India, the Philippines, China and Malaysia as part of the process of business process outsourcing from Europe and North America (Srivastata and Theodore, 2006). Singapore, Hong Kong, Tokyo and Shanghai are becoming key international centres in the global banking and financial services industry and, in the process, they are assuming the status of global cities (Sassen, 2001).

The process of economic growth and transformation is irregular. Indeed the Asian experience is one of heterogeneity and dissimilarity. For example, alongside countries with relatively low levels of GDP per capita (such as Bangladesh, Myanmar, Laos, Cambodia and Vietnam) there are other countries with relatively high living standards such as South Korea, Singapore and Japan. Some countries compete to attract foreign investment (Singapore and Malaysia) while others maintain a relatively closed economy (Myanmar). Concomitantly some countries grapple with the displacement

and transfer of surplus labour from agriculture to manufacturing, and from rural to urban regions (Bangladesh and China) whereas others have to accommodate the loss of manufacturing jobs and the rationalisation of their service industries (South Korea and Japan). These changes have led to large flows of labour and capital within the region. For instance, while Singapore and Japan are highly dependent on guest workers to fill labour shortages – in Singapore nearly 30 per cent of the workforce are migrant workers (ILO, 2006a) – India, Pakistan, the Phillipines and Indonesia provide immigrant workers in large numbers across the region and into the Middle East. It is estimated that nearly two thirds of migrant labour in the region is made up of females from the Phillipines, Indonesia and Sri Lanka (ILO, 2006a).

In this volume the focus of discussion is on work and employment in Asia, particularly in consideration of the effects of globalization. The continent known as Asia comprises 49 countries and covers approximately 30 per cent of our planet. This edited volume includes eleven of the 49 countries which were specially selected due to their prominence in the region. While the volume does not include all Asian countries it does incorporate a representative cross section of Asian countries by population size (from China to Singapore), by economic development (from Japan to Bangladesh), by location (from India to Japan), and by ethnicity (monocultural Japan and Korea to multicultural Singapore and India). The book seeks to examine a number of key issues linked to work, employment and labour regulation in the region. Discussion conveys consciousness of the ongoing economic integration that is occurring both within Asia and between Asia and the rest of the world.

Needless to say any discussion of Asian economic development after the 1997 financial crisis has to be cognizant of the debate concerning globalisation. Specifically, how has globalisation impacted on work, job opportunities and patterns of employment exclusion? While globalisation tends to be both stereo-typed and a social construction in the literature (Munck, 2004), as Dicken (1998: 1) suggests ‘there is something new and big that is going on out there’. In the overview chapter Lee and Wood point to the rapid growth in intra-Asian trade as one manifestation of globalisation. Other factors resulting from globalisation include a growing external orientation (and a growing share of trade to GDP), increases in foreign direct investment, linked processes of production and distribution (including global

production chains) and the sectoral transformation of economies (Debrah and Smith, 2001). What is clear is that although globalisation offers opportunities for wealth and improved living standards, it can also lead to new forms of social and economic exclusion (Sengenberger, 2002). In addition, the benefits from globalisation tend to be unevenly distributed within and between countries (Lee, 1995). There is also an ideology surrounding globalisation that is linked to neoliberal economic policies that promote free trade and encourage deregulation whilst being unsympathetic towards organised labour, labour regulations and social safety nets (Debrah and Smith, 2001). However, as Stiglitz (2003) points out, the East Asian experience of high growth rates over the past three decades has been based on extensive government intervention and regulation of the economy intended to develop community and business infrastructures.

## THE KEY QUESTIONS

The chapters included in this volume all adopt a different focus in terms of countries, issues and level of analysis. However, in most analyses of work in Asia (Rowley and Benson, 2000; Debrah and Smith, 2001) there are a number of issues that tend to dominate. These surround new patterns of work, new demands for skills and mobility, new forms of exclusion and inequality, and new challenges for policy makers. In this volume similar issues emerge which resulted from the following key research questions.

*1 What are the costs and benefits of globalisation in terms of workforce development and opportunities?* Economies are being transformed and becoming more closely integrated into the international and regional economies. Questions concern whether these changes are leading to more jobs, more transitions from unemployment into jobs, increasing real wages and improved working conditions? Or, are there new forms of inequality and exclusion taking place? Within the region it is clear that many countries embrace foreign investment as one manifestation of internationalisation, yet export and trade zones supporting foreign investment can be enclaves that are removed from the rest of the country. In chapter two Lee and Wood consider what this fundamental question means for the region.

2        *How is the workforce changing in terms of where people work (occupation, industry, location) and what skills they need?* Some chapters in this book consider the classic sectoral transformation of the occupational and industrial characteristics of the workforce from agriculture to manufacturing, and the opportunities and tensions associated with industrial transformation. Also discussed are the massive labour flows within China from rural to metropolitan areas and similar population shifts that are occurring in Thailand and Bangladesh.

3        *Does economic growth bring with it an improvement in access to jobs, job quality and careers, or do the patterns of exclusion and inequality that are present in the labour market remain?* In tandem with economic transformation a number of authors consider whether or not there are more opportunities for careers, job security and quality jobs? Or, does the current industrial transformation require employers to draw upon the region's plentiful and relatively cheap labour supplies and low skilled labour power? Several chapters provide an overview of employment transformation, documenting changes that have occurred in terms of job opportunities, wages and the sectoral location of labour (see Thailand, Bangladesh, Malaysia and the Philippines).

4        *Does economic growth generate opportunities for those previously excluded or segregated – those people living in rural areas, working in the informal sector and women?* In many Asian countries there are informal labour markets that are outside of industrial, labour and taxation regulation, where employment conditions are harsh and incomes are low and irregular. Under these conditions it is important to consider what opportunities exist for women in the newly emerging sectors? This issue is explored in the chapters on Malaysia, Bangladesh, the Philippines and Thailand. The chapter on Indonesia has a particular focus on women as it examines the situation for skilled women workers in the communications sector.

5        *What employment opportunities exist in the “new economy” that are linked to the IT, communications and business services sectors within developing countries?* A massive shift has occurred in the procurement of business services from the richer countries and there are major offshore developments taking place in the call centre and business services sectors, especially with regard to India (Taylor and Bain, 2006; Srivastata and Theodore, 2006). Questions concern whether the jobs and workplaces

in those developing countries replicate those found in advanced countries. For example, in the call centre sector do strict controls and the monitoring of work lead to high labour turnover as is the case in the more developed countries? The chapter on India considers these issues in the context of the business process sectors.

6 *Does growth generate new patterns in intra and inter country labour flows?*

There are traditional flows of surplus labour that occur within the region, for example, from Indonesia, Thailand and the Philippines to Malaysia and Singapore; from Myanmar and Cambodia to Thailand. Bangladesh and the Philippines have also provided surplus labour to other regions, especially the Middle East. It would be wrong to suggest that labour migration involved unskilled labour, as in some countries, such as Thailand, the emigration of skilled labour is an emerging issue that potentially limits development. Indeed, across many countries there continues to be major labour flows from rural to urban areas (see the chapters on Bangladesh and Thailand). In China, traditional controls over internal labour migration have been relaxed and, as a result, there has been a massive shift of labour to the rapidly growing industrialised cities.

7 *Does growth generate new patterns of work and more insecure forms of employment that are associated with new labour use strategies surrounding labour flexibility?* Globalisation is often associated with a neoliberal policy regime, and in many OECD economies flexible labour use patterns and numeric, functional and wage flexibility patterns have emerged (Standing, 1999). These flexible labour patterns include part-time work, casual work, at call work, self employment, home work and contracting. In both Japan and South Korea post industrial transformation has been associated with more irregular and insecure employment arrangements such as dispatch work (Goka and Sato, 2004). The overview chapter by Lee and Wood points to the emerging trend of flexibilisation in employment in Asia and the challenges this poses. The chapters on Singapore, South Korea and Japan all point to the development and emergence of non standard, precarious, forms of employment as a response to international competitive pressures. Furthermore, with this process new forms of exclusion and marginalisation are also emerging.