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## **Changing Face of Human Resources in the context of Globalisation**

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### **Abstract**

Globalisation has brought out multiple changes in the existing human resources in the developing countries like India. The period of globalisation is characterised by opening up of markets, in large measure, to foreign direct investment consequent upon the lowering of investment barriers in practically all countries; by the liberalization of trade, and by the deregulation of financial markets in consequence of which governments increasingly have little control over the flow of capital across borders. All this implies the dominance of the market system. Liberalisation policies stressed the need for initiating market favoured approach by making the existing labour legislations conducive to market growth. The competition generated by globalization and rapid technological changes accompanied by shorter product life have, while destroying countless jobs in the organised sector compelling the workers to enter into unorganised and informal sector. Post globalisation period has also witnessed rapid influx of women into the workforce (feminisation of work). In the name of flexible working conditions, employers are resorting to excess working hours and reduced welfare amenities for the labour. Considering the above, the paper seeks to examine the impact of globalisation on existing human resources in general and women in particular and presents an overview of changing face of workforce in India.

**Keywords:** Globalisation, Human Resources, Organised Sector, Unorganised Sector.

### **Introduction**

Globalisation has now emerged as an unprecedented process of integration whereby markets and production systems spread beyond national boundaries, ushering in far-reaching and complex patterns of socio-economic change. To many, it marks the dawn of a new era, an era of critical transformation, presaging the end of history/geography in a new global village. (Hoffman 2002: 105). Globalisation can be more easily perceived, however, as a multifaceted process in which the world is becoming more and more connected and communication is becoming instantaneous so that the local milieu comes under the influence of events occurring hundreds of miles away (Adam 2002: 6).

In a period of marketisation, labour is disempowered on several dimensions: the numerical decline of the organised workforce; weakening trade unions; and, frequently, the politically right-ward turn of social democratic parties which shift to neo-liberal, market oriented policies. In such a context, there is a political vacuum in terms of agencies, which would advocate and struggle for labour rights. (Roychowdhury, Supriya 2004).

The impact of market oriented approach is seen in terms of increasing pace casualisation/informalisation of labour force. Subcontracting, ancillarisation and employment of non-regular work forces have become the order of the day. The lower the wages, the greater the profits. Jobs are created only in narrow fields such as information, communications, entertainment, telecommunications and informal sectors involving low technology. Organised sector workers and employees are being subjected to one blow after another.

The economic reforms have initiated the significant implications for the country's labour force in general and women in particular. The implications of the policies of globalisation is not even, but disproportionately affected various sectors and sections of the society. The policies of liberalization have been a move towards a more flexible structure of the labour market, i.e. towards *informalisation* and decentralization of employment. This has increased the use of part-time, temporary and contract labourers in industries affecting job security and labour morale. These changes in labour practices have been accompanied by *casualisation* and *feminization* of employment. The phenomenon of globalisation is manifested in the

substantial increase in privatisation, down sizing of human resources, flexibility of labour legislations, reduction in allocation etc.

### **Privatization**

Globalisation has paved a way towards promoting individuals and firms to voluntary transactions with residents of other countries. This has given an opportunity for foreign direct investment in various sectors. Using privatization as a lever, FDI (Foreign Direct Investment) is being invited in a big way into all strategic sectors. As in other countries, this has led to massive retrenchment. The sectors like telecommunications, insurance, banking and civil aviation, which had been largely under state ownership and control, are at the verge of influence by investment by foreign capital. Workers and employees in these sectors are experiencing attacks like increased workloads, downsizing and hostile work culture.

### **Downsizing**

Private and public sector enterprises, as well as government departments at central and state levels, have been undergoing these processes since the early 1990s. They are resorting to the strategy of downsizing the labour force in response to global changes. "Voluntary Retirement Schemes" has been introduced to retrench the human resources. The fear of loss of job has created a panic response from the labour force accepting the VRS as the only alternative for their survival. This has happened in the context of textile industry in India, which has downsized large junk of labour force from their source of livelihood. The reasons for such initiatives were due to several reasons i.e. the textile industries could not equip themselves with the requisite technological upgradation, lack training of the human resources in order to cope up with the contemporary competition from the international market.

### **Flexibilities into labour legislations**

As a corollary of industrial restructuring, the labour legislations have passed through strategic revision. To sight a few, the Industrial Disputes Act is being modified to allow closures, layoffs and retrenchments in industrial units employing up to 1000 workers without the government's permission. This is tantamount to giving the employers the right to hire and fire at will in units covering 90 per cent of the industrial work force. The Trade Unions Act 1926 has been amended to change, among other things, the minimum statutory requirement for registration of trade unions. This has paved the way to dismantle the collective bargaining process, right to form associations etc. The scope of collective bargaining is very significant in the context of ensuring the basic rights of the workers. In the absence of the same, the workers run the risk of not availing their basic rights and vulnerable to exploitation from the employers.

### **Reduction in Allocation**

With the advent of sweeping of boundaries, the role of State has occupied back seat and being gradually withdrawing from its core responsibility to ensure basic education, health and social security. It is seen from the fact that social expenditures are the first to be hit, and the poor are the victims. Ideally, in a real democratic setup, it is the citizens who decide the boundaries of the State and the State in turn decide the boundaries of the Market. However, the contemporary market oriented phenomenon, the Market is influencing the boundaries of the State and the State is controlling the Citizens. During the decade after economic liberalisation, most of the state governments in their budget have reduced the share of investment and allocation to the rural sector. The distress signals resulting from the "invisible" impact of adjustment policies can be acute, especially in the area of health and reproduction. SAPs have had indirect bearing on women. In a way, this structural changes has worsened the conditions in which women have to perform their family and community tasks.

### **Employment in the Organised Sector**

The organised sector is defined as all public sector establishments and all private non-agricultural establishments employing ten or more workers. The loss of jobs in organised sector employment consequent to economic liberalisation has been marked

as a global trend. In India, decline of employment in the organised sector may be due to reasons which predate liberalisation, but liberalisation has created an enabling environment for cutting down regular, salaried jobs through VRS, contractual employment, subcontracting, outsourcing and so on.

### **Employment in the Unorganised Sector**

The national commission on labour in India (1969) incorporated the following types of labour in purview of the unorganised sector- contract labour, quarry labour, domestic labour, construction labour, agriculture labour, bonded labour, casual labour, workers from small scale industries, handloom and power loom workers, *beedi* and cigar workers, sweepers and scavengers, workers from tanneries, tribal labour, employees in shops and commercial establishments and other unprotected workers. The planning commission further included landless labourers, small and marginal farmers, share croppers, rural artisans, forest labour, fisherman and self employed persons. (Majit, 2000:1)

The unorganised sector accounts for 395 million or 86 per cent of a total employment of 457 million, in agricultural (253 million) and non-agricultural sectors as on January 2005. In addition, an estimated 28 million informal workers in the organised sector, bringing the total number of unorganised or informal workers to 423 million. The net increase in the level of employment in the organised sector from 397 million in 1999-2000 to 457 million in 2004-05 was also entirely accounted for by an increase in the number of informal workers in the organised sector by 8.6 million (from 20.5 million to 29.1 million). The entire universe of informal workers then constitutes more than 92 per cent of the work force. (NCEUS, 2007).

It is clear from the above that there is major demographic change in the work force of our country in terms of major shift of the workforce from the organised sector to the unorganised sector. This has given rise to major changes in the composition of the workforce i.e. nature of the workforce has changed, new entrants are seen (women are the major component of the unorganised sector).

### **Expansion of Informal/Unorganised Sector**

The informal sector consists of economic units that produce legal goods and services but in operations that are not registered or regulated by fiscal, labour, health, and tax laws. Thus, the primary difference between informal and formal workers is that the latter are protected and held accountable by state legislation while the former are not (Portes, Castells, and Benton 1989). Informal workers include the self-employed (such as street vendors or trash pickers), employees in informal enterprises, and casual labour or contractors who work for formal enterprises through subcontractors.

The shrinking of the organised sector has been accompanied by the expansion of the informal sector. In principle, the large amalgam of men and women who eke out a living unprotected by a regular salary, and job security, constitute the informal sector. This includes, then, the large and amorphous category called the self employed, daily wage labourers, as also those who are salaried employees but do not have job security, wage revisions and other benefits.

The availability of large numbers of workers, who are unable to find regular, permanent employment has fuelled the increasing use of contract/casual labour in industrial activity. (Roy Chowdhury 2002). This is the clear indication of increasing casualisation and feminisation of labour.

### **‘Feminisation of labour’**

Theories on ‘New International Division of Labour (NIDL)’ and ‘feminisation of the labour force’ reflected real changes occurring globally. MNCs shifted large chunks of their more labour-intensive processes – electronic and automobile assembly, for example – to third world countries, and the majority of new workers were women. According to ILO statistics, global employment almost doubled between 1965 and 1995, the bulk of the expansion being in the developing countries and more than half the new recruits women. (Hensman Rohini, 2004)

As stated above, liberalization policies have led to a reduction in the rate of growth of employment in the organized sector. However, the growth in female employment has occurred mainly in casual work. After the advent of economic reforms,

labour market has become more and more flexible. In order to achieve cost effectiveness in the highly competitive markets, producers are resorting to casualisation and feminization of the workforce. Employers take undue advantage of the poverty and insecurity of the casual or contract female labour who are subjected to various kinds of discriminations. In many cases they are denied even government legislated social security standards. Thus though employment opportunities for women are increasing in the wake of economic reforms, majority of them are casual, low paid and insecure jobs. These developments have considerable negative impact on the health and welfare of women (George, 1999: 737). This trend of increasing women labour in the unorganised sector is growing with the casualisation of labour, and the increasing number of employments coming into the home-based sector.

Overall, women workers in unorganized manufacturing sector suffer under highly insecure and vulnerable working conditions. There are no social security measures to provide risk coverage and ensure maintenance of basic living standards in times of crises such as unemployment or health issues. There are no laws to ensure they work under suitable working conditions and are not subject to any health hazards. There is no fixity of working hours, no compliance to minimum wages and in most cases these are governed by local factors. The insecurity, lack of safety, occupational hazards and incidence of exploitation is even more in the case of migrant labourers and forced labour. This is because of lack of organization and unionization among the group, which is mainly on account of poor literacy and awareness levels and high levels of poverty prevalent among the groups. There is also very little legal protection available leading to further marginalise women.

### **Casualisation of Labour force**

*Casualisation* is an offshoot of globalisation, causing increased employment opportunities for some of the workforce and loss of jobs for others. On the whole, casualisation displaces the better-paid, more protected workers and increases insecure and low-paid employment. The numbers of employment opportunities created by casualisation certainly are more, but they are also in worse conditions. On the whole, men lose jobs and women gain them. The largest employment change was in the industrial subcontracting sector. Many big companies, including multinational corporations have evolved a vendor system of subcontracting for their production. Depending on the nature of work, some of these vendors either employ women workers in large numbers or give out work to home-based workers mostly through contractors.

Established companies give out-work to small units in the organised/unorganised sector which in turn outsource some simple operations to home-based workers. The company often mediates with these units/workers through contractors who get the production work done and delivers the output to the company (*Examples*: Finishing and quality control, assembling, sorting, packaging and labelling).

Subcontracting of work given out to home-based workers has been found to be widespread in the unorganised manufacturing sector and seems to have expanded phenomenally over the past decade. For example the garment industry has created employment opportunities for women. A large percentage of the new employment generated is sub-contractual, home-based work. The workers are paid on a piece rate basis. Today, more than 90% of workers in the garment sector are considered 'informal' or 'unorganised' workers (NCAER, 2004). The problems of informal sector workers go beyond low wages to insecurity of jobs, long and unregulated hours of work, absence of accident and other insurance and so on.

### **Loss of Existing Employment**

In the era of liberalisation many developing countries are under intense pressure to lower their trade barriers to manufactured and industrial products. The WTO negotiations on non-agricultural market access have implications on the jobs of thousands of workers in infant industries and traditional sectors of employment like textile industries and silk industries in India. These industries could not compete with the foreign markets resulting in loss of employment of thousands of workers without creating any other employments. It is estimated that tens of thousands of weavers have become jobless in weaving centres such as Tamil Nadu and Andhra Pradesh. (Macharla Mohan Rao, 2005)

Another similar example could be of the introduction of large fishing vessels into the Indian waters. This has displaced Indian fishermen from their source of livelihood. These vessels take away the fish that would be collected by Indian fishing vessels, thereby destroying the employment of fishermen and women fish sorters, dryers, vendors and net-makers.

### **Employment Changes Due to Mechanisation and New Technology**

Women are the most affected by the changes due to mechanisation. The employment of manual workers is reduced and is displaced by workers who run the machines. In these cases the total number of jobs is reduced drastically. For example in case of mechanization of farming tasks led to a strong preference for male labour. As a result, the agricultural sector men have taken over from women those activities in which technology has substituted machinery for manual labour. All other labour intensive tasks are still left to women. Therefore, the introduction of tractors, harvesters, insecticides, weedicides, hormone accelerators, high yielding variety seeds and mechanical cotton pickers has meant that tasks traditionally performed by women and on which many women depend for their livelihood have been appropriated. (Sidhu and Singh 2004).

### **Gender based discrimination**

Even in sectors where liberalization has increased employment opportunities for women workers, women are earning a pittance. This is because gender based wage disparities exist across all sectors and all occupations. Women are often seen in the lower categories of the job hierarchy. Discrimination exists not only in terms of wages but also in terms of access to employment. Often women are found concentrated in occupations where the wage rates, as well as working conditions are poor and substandard.

### **Concluding Remarks**

The foregoing analysis reveals that though globalisation is predominantly all about the cross-border integration or connectivity, however it is having several dimensions such as social, economic, cultural, environmental and political. In short, the process of globalisation envisages liberalisation, privatization, minimizing economic regulations, rolling back welfare, reducing expenditures on public goods, favouring free flows of capital leading to sacrifice of sovereignty of the nations. The macro level policies have had a deteriorating effect on the employment of labour force in general and vulnerable sections of the society in particular. Women are being forced to take up jobs that offer very poor wages and little social security, in response to the employers' need for a more flexible labour force. Women's weaker bargaining power, vis-à-vis employers as well as male co-workers, is generally regarded as a prime reason for the employment of women in such large numbers in the unorganised sector. The workers in this sector suffer from lack of protection in terms of job security, wages, working conditions and welfare due to various factors. The problems of women workers in this sector revolve around issues such as unequal wages, lack of maternity benefits and childcare facilities and discrimination at the workplace.

To sum up, it can be argued that the millage of globalisation can be gained only when we tackle the negative effect of globalisation especially on the vulnerable sections of the society. There is a need to strive towards policy changes towards improving the functioning of labour markets and provide adequate social safety nets that cushion the impact on those adversely affected without obstructing the process of adjustment.

Role of state is to facilitate potential employment avenues suiting to diversified human resources of the country. There is a need to identify and promote technologies which increase productivity of the workers, with least negative effect on employment. There is a need to promote skill upgradation measures for the women can be taken up to keep up with the rapid expansion and mechanization specifically in the sphere of technologies in food processing, preservation and quality control which would make work less labour intensive and time consuming and products of high quality. Organising public education and mobilization campaigns by the non-state actors will go a long way in questioning the discriminatory practices employed by the market oriented transnational corporations and complete observance of human rights commitments made by their governments in treaties and declarations in domestic and international courts.

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