The Impact of Globalization and Technological Innovations on Unemployment of Low-Skilled Labor Force in EU Countries

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Abstract

Globalization is usually perceived as a process of weakening of national social subsystems isolation (production-economic, socio-cultural and institutional-political). These subsystems are integrated within the process to the global level, resulting in their significant independence growth. The importance and intensity of globalization processes are usually demonstrated on examples of increasing turnovers of the world trade or on examples of increasing volumes of foreign direct investment. However, less attention has been paid to the impact of globalization processes on labor markets - of economically advanced and developing countries as well. This paper is focused on analysis of two processes that are contributing in a significant way to changes in the labor market in EU countries. These processes are globalization and technological innovations, as well as their synergy effect. In this paper, they are presented as factors, which reduce the need for a low-skilled labor force and consequently increase the probability of excluding individuals from participating in labor markets. Globalized economy using advanced technologies does not need no longer unskilled and low-skilled labor force to the extent that they were previously. This fact has a significant impact on labor markets in the European Union. After a brief review of the sources from this area in question, we have formulated a research question. Subsequently, we have defined the target population as well as the form of social risks that this population has to face on European labor markets. Social risks have been developed to the level of empirical indicators. For each identified form of risk, we observed two basic indicators reflecting, on one hand the extent of the risk and, on the other hand its intensity related to the population of low-skilled labor forces under examination. Based on our analysis, we have drawn the appropriate conclusions regarding changes in the concept of the essential pillars of Esping-Andersen’s Triad: Family - Market (Labor) - Social State.

Key Words: Futures markets, volatility, causality dynamics, volatility transmission, emerging markets

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