

## IMPACT OF GLOBALISATION ON REGIONAL LABOUR MARKETS AND LIVING STANDARDS AND THE QUALITY OF LIFE OF CITIZENS IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

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### ABSTRACT

**Objective:** This study aims to provide an extensive analysis of the socio-economic consequences of globalisation in the context of labour market dynamics and the population's standard of living.

**Theoretical Framework:** Intensive globalisation leads to a series of consequential changes in socio-economic development processes. Issues such as negative demographic trends, uncontrolled migration, a shortage of qualified personnel, and the need to improve the quality of life have become particularly significant.

**Method:** The research methodology involved the use of general scientific research methods, specifically: the unity of analysis and synthesis, comparison, the method of abstraction.

**Results and Discussion:** Statistical data on unemployment, labour migration, and quality of life indicators over recent years are provided. The main directions of a concept to mitigate the negative consequences of globalisation for the labour market and societal well-being are identified. It is established that the level of socio-economic development of an individual country largely depends on the state of the global economy and the crises within it.

**Research Implications:** It is proven that the intensification of the role of globalisation in societal development requires a comprehensive study of the specifics of the functioning of the system of international socio-economic relations in interaction with national development strategies.

**Originality/Value:** Optimising labour potential should be a priority in the context of active European integration and Ukraine's economic and political instability.

**Keywords:** globalization, socio-economic consequences, the standard of living, population, regions, sustainable development, Sustainable Development Goals (SDGs).

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## 1 INTRODUCTION

The development of the global community has now reached the threshold of creating a unified global geo-economic space. In this process, the leading role is directly attributed to globalisation. The success of the overall consolidation of various components of individual national economies, including social, financial, economic, innovative, political, environmental, and cultural elements, is determined by the level of integration of countries and regions into the globalisation processes of the world economy and social transformation. This differentiation consequently leads to significant disparities in the socio-economic progress of national economies and, accordingly, in the population's quality of life.

In the context of active globalisation, the international labour market represents a new level of labour market development against the backdrop of intensified interaction between different regions and countries. In light of this, the need to study current trends in labour market development within an international context becomes particularly relevant. Unresolved issues include the relationship between globalisation and the position of wage earners in the labour market, the population's standard of living, and the improvement of state regulation of these processes in the face of globalisation's rapidly increasing impact.

## 2 THEORETICAL FRAMEWORK

The socio-economic consequences of globalisation for the labour market and the quality of life are prominent in contemporary scholars' scientific work. Notably, significant attention has been given by researchers such as Filipenko (2016), Kozhyna *et al.* (2022), Byrkovych *et al.* (2023), Meshcheriakov *et al.* (2023), Hubanova *et al.* (2021), Plakhotnik and Pavlenko (2022). Among the



active researchers of labour market dynamics and labour migration in the context of globalisation are Arif *et al.* (2022), Dür *et al.* (2020), Biscop (2022), Beck *et al.* (2024). The works of Dix-Carneiro *et al.* (2023), Donovan *et al.* (2023), Martins (2022), Navarro (2020) are dedicated to examining the dependency of living standards in the geopolitical context on globalisation and integration processes.

Despite significant achievements by scholars in this field, the rapid advance of globalisation and national economies has led to the emergence of new aspects of the impact of globalisation processes. Moreover, modern manifestations of globalisation influence not only the quality of life and labour market trends but also shape a new concept of integrated socio-economic development, which requires further in-depth research.

The study aims to provide an extended analysis of the socio-economic consequences of globalisation in the context of labour market dynamics and living standards and the quality of life of citizens in the context of sustainable development.

### 3 METHODOLOGY

The research methodology involved the use of general scientific research methods, specifically: the unity of analysis and synthesis, which ensured an objective and adequate study of the socio-economic consequences of globalisation, reflecting the unity of opposites about the interconnection of the particular and the general; comparison, which helped identify the qualitative and quantitative characteristics of the phenomena under study, their similarities and differences in spatial and temporal contexts; the method of abstraction, which allowed for an assessment of the potential impact of globalisation processes on the dynamics of living standards and aspects of the formation of the international labour market, as well as for the development of recommendations for the effective use of innovative approaches and tools to mitigate the negative impact of the processes studied and to develop optimisation strategies for prospective socio-economic development.

## 4 RESULTS

The essence of globalisation processes generally reflects the objective processes in the modern economy that impact the dynamics of the population's quality of life. In this context, particular interest is directed towards studying the actions of each country or region in response to the objective challenges of globalisation (Plakhotnik & Pavlenko, 2022). Among the positive consequences of the globalisation process, it is important to note:

- The intensification of international labour differentiation and specialisation, which promotes more efficient resource allocation, including financial resources, as well as the expansion of production cooperation;
- The development of free trade on mutually beneficial terms;
- The formation of a competitive environment that motivates further integration of new technologies and their improvement;
- Reduction of production costs and regulation of pricing policies;
- Intensification of international competition and fierce rivalry in the market environment, which contributes to improving the quality of production;
- Increase in labour productivity as a result of the rationalisation of production at a global level, implementation of innovative technologies and practices;
- Synergisation of financial resource potential through the use of a variety of economic instruments by investors in an expanded market;
- Providing a foundation for solving global societal problems (socio-economic, environmental, resource-related) through the interaction of integrated communities, their explicit coordination and consolidation (Arif *et al.*, 2022; Dür *et al.*, 2020; Biscop, 2022; Beck *et al.*, 2024).

Given that the advantages of globalisation are characterised by uneven distribution in a geopolitical context, the negative consequences of globalisation processes are primarily determined by the position and role of a particular state in the global geo-economic space (Filipeko, 2016; Kozhyna *et*

*al.*, 2022). Among the main potentially negative consequences of globalisation, it is necessary to focus on:

- The uneven differentiation of the advantages of the globalisation process in the context of the sectoral division of the national economy;
- The potential for complete deindustrialisation of the economy;
- The likelihood of partial or complete destabilisation of the financial sphere and instability at the regional or global level.

The international labour market is prioritised in forming the modern system of global economic interconnections. It is positioned as the definition of the system of relations between individual countries regarding the coordination of supply and demand for global labour resources, social protection, conditions for forming the workforce, and decent remuneration (International Labor Organization, 2024). Overall, these relationships have developed due to the unresolved issue of the uneven distribution of labour across regions of the world and the differentiation of its reproduction processes at the national level (Dix-Carneiro *et al.*, 2023; Donovan *et al.*, 2023).

The globalisation of production processes and the intensification of their interdependence are leading to an increasing separation and closed nature of national markets. Consequently, the formation of systematic or permanent labour flows is becoming characteristic. In addition to the traditional international market for goods and services, a cross-border labour market is now actively developing. This market represents a complex of national markets and forms a unique system of interconnections in the labour sector (Martins, 2022).

It is evident that in the context of globalisation, local economic fluctuations and crises in one country can have regional and even global consequences, including in the labour market. The most vulnerable to these effects are less developed countries, unstable and dependent on the global market's conditions, which are positioned as producers of labour-intensive products and suppliers of raw materials. The processes of globalisation generate a range of additional problems for such countries: increasing socio-economic stratification, impoverishment of the majority of the population, intensification of dependence on the global economic system, and high unemployment levels,

all of which hinder further progress (Arif *et al.*, 2022; Dür *et al.*, 2020; Biscop, 2022; Beck *et al.*, 2024).

At the same time, the most significant benefits from globalisation processes are characteristic of developed countries, particularly in the industrial sector. Such players in the international market can minimise production costs, relocate environmentally harmful and labour-intensive production processes to developing countries, and focus on developing sought-after innovative products (Navarro, 2020). However, even for developed countries, specific risks and challenges of globalisation can arise, which may lead to or intensify unemployment, provoke financial instability, and reduce the population's standard of living. Potential negative consequences include increased unemployment due to implementing innovative technologies and the risk of poverty in various forms (Plakhotnik & Pavlenko, 2022). Intensive globalisation and socio-economic integration lead to reduced jobs in the manufacturing sector, sectoral transformation, social tension, and a destructive impact on labour mobility.

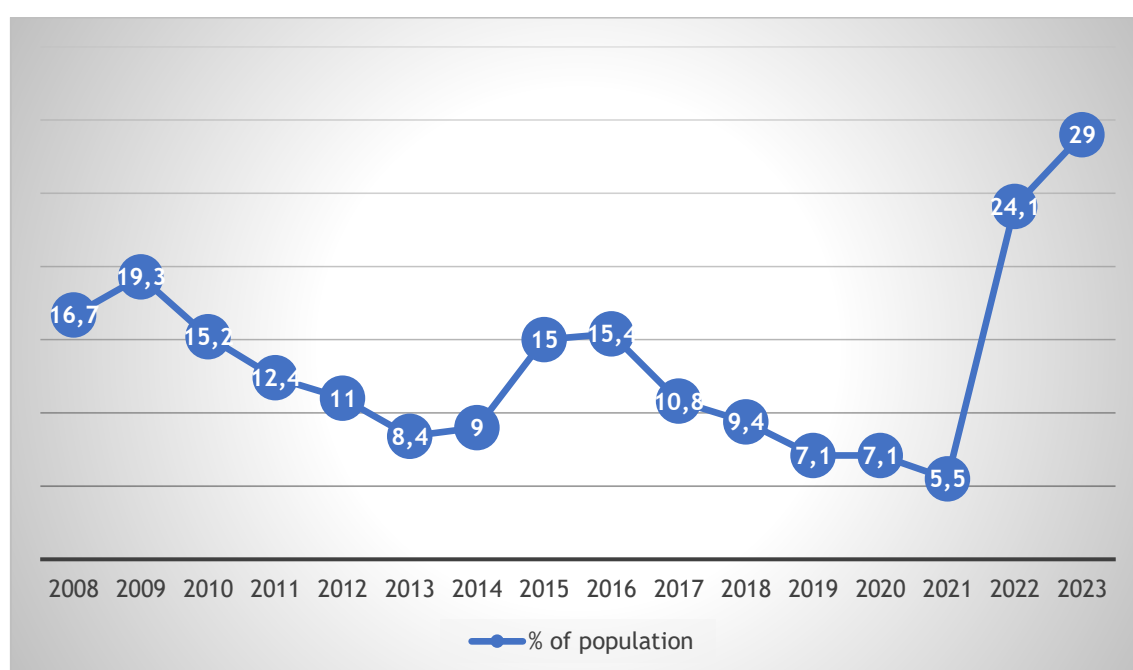
At the same time, it is essential to note the dualistic nature of globalisation's impact on poverty levels. For example, according to a World Bank report (Shalal, 2024), since 2020, the number of Ukrainians living below the poverty line has increased by almost 1.8 million, accounting for 29% of the state's population (Figure 1). The primary reason is the full-scale invasion by the Russian Federation. The World Bank considers poverty a situation where the population lives on less than \$5.50 daily. However, without the support of international partners, especially the United States, which became possible due to the accumulation of resources specifically adapted for unplanned social spending, the number of poor Ukrainians would be three million higher. Thus, globalisation can stabilise the population's living standards in crisis situations due to substantial international support (Filipenko, 2016; Kozhyna *et al.*, 2022).

Losing employment is the primary factor contributing to the increasing number of people living below the poverty line. According to the International Labour Organisation (2024), there are over 200 million unemployed people globally. The worst situation is in South Africa, whose unemployment rate is 32.6%. Other countries with the highest unemployment rates include Angola at

29.6%, Djibouti at 27.9%, Botswana at 25.4%, Eswatini at 24.4%, the Republic of the Congo at 21.8%, Gabon at 21.5%, Palestine at 24.7%, and Jordan at 22.3%. Ukraine rounds out the top 10 countries with the highest unemployment rates. The lowest unemployment rate is recorded in Qatar, at 0.1%. There has been a noticeable trend in the average global unemployment rate over recent years, undoubtedly linked to globalisation's intensification (Figure 2).

**Figure 1**

*Number of Ukrainians Living Below the Poverty Line in the context of sustainable development*

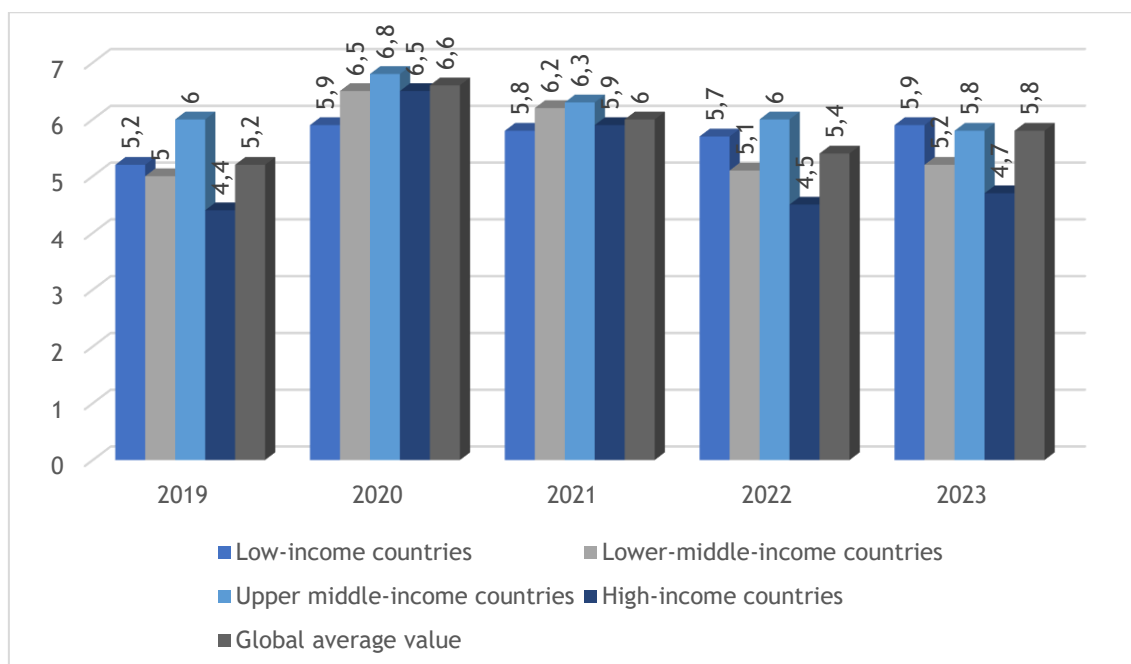


Source: compiled by the author based on (Shalal, 2024; World Bank, 2024)



**Figure 2**

*Global Unemployment Rate According to Official Data of National Governments in 2019-2023 in the context of sustainable development*



Source: compiled by the author based on (United Nations, 2023)

When analysing Figure 2, it is worth noting that low-income countries suffer the most from active globalisation processes in the context of rising unemployment. The figure represents the labour crisis caused by the pandemic in 2020. At the same time, the pre-crisis global average unemployment rate has not yet been restored, and one of the reasons for this is precisely the processes of globalisation.

The polarisation of the global community in terms of socio-economic development has both supporters and opponents. Regarding Ukraine, it is essential to highlight the significant impact of global instability on internal socio-economic dynamics, as the world economy is in a post-COVID recession, with signs of depression, instability, and uncertainty about the future. The global economy has slowed its pace of development, characterised by a downturn in 2023 and a moderate recovery in 2024. The residual impact of factors caused by the pandemic is combined with inflation, supply chain shocks, and the energy crisis caused by the Russian-Ukrainian war. Consequently, such processes are directly reflected in the destructive phenomena in the labour market and the overall decline in the population's standard of living. The quality

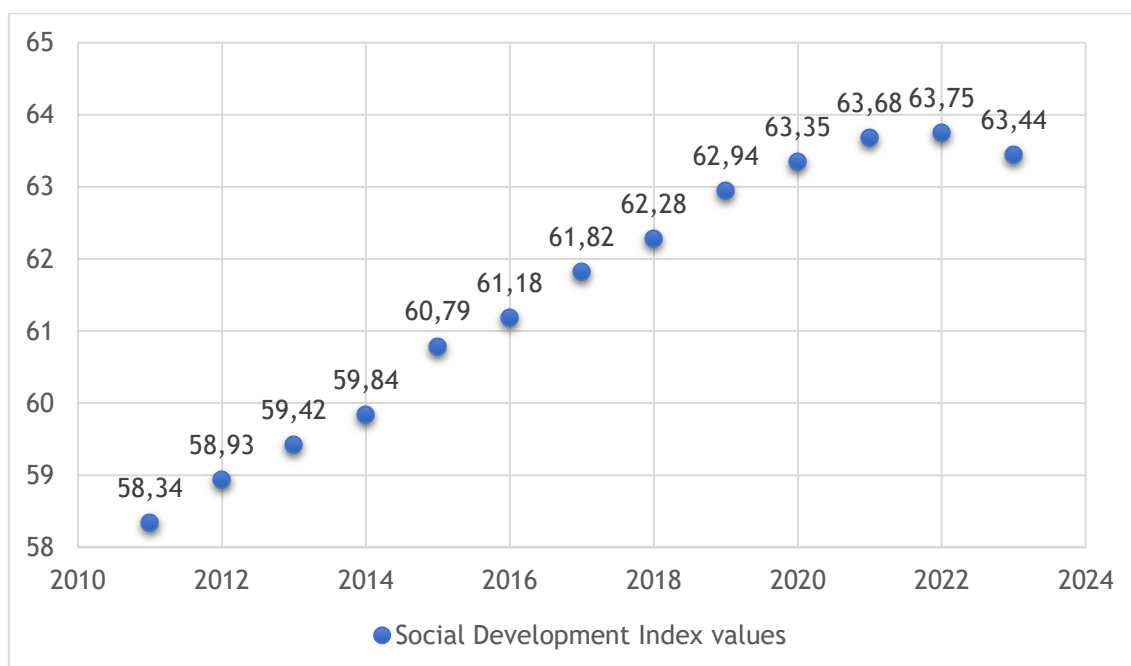


of life of the global community is typically measured by the Social Progress Index, developed by the American non-governmental organisation Social Progress Imperative. The dynamics of the Index are shown in Figure 3.

The Social Development Index is generally determined to identify priority issues. At the same time, each country should develop the managerial and regulatory aspects of socio-economic development individually, considering the global aspects of societal progress. In the context of globalisation, the fight against unemployment in developing countries should be implemented through the synergy of passive and active labour market optimisation programmes and the development of non-market methods to intensify demand for labour resources.

**Figure 3**

*Dynamics of the Social Development Index in 2010-2023 in the context of sustainable development*



Source: compiled by the author based on (Social Progress Imperative, 2023)

For the practical realisation of accumulated socio-economic potential under conditions of globalisation and to improve the standard of living and employment in the global community, it is necessary to actively promote stability, transparency, and openness of economic relations between states (Tkach & Bilokur, 2022). Among them are the integration of a general concept

to support an open economic strategy, which excludes the provision of unfair competitive advantages; the development of effective measures to reduce the potential risk of financial crises in individual countries; and the provision of international support to the least developed countries to enhance their ability to compete in the global economic environment (Plakhotnik & Pavlenko, 2022; Saienko *et al.*, 2020).

The labour market regulates the supply and demand for labour and is an influential economic mechanism that requires preventive protection from the negative consequences of global transformations. A characteristic feature of the modern international labour market is that the demand for labour is mainly met by national and foreign capital. As a result, in several countries (Asian countries, Western Europe, Africa, the Mexico-U.S. border area), a phenomenon of transnational labour force has emerged, characterised by high mobility. At the same time, in the United States, one of the significant factors stimulating the inflow of foreign private investment is the availability of highly skilled workers in a wide range of specialisations, without whom modern high-tech production and the development of innovations are impossible.

It is also worth considering that globalisation is likely to intensify in the future, and therefore, each state must harness opportunities to capitalise on the advantages and address related challenges.

## 5 DISCUSSION

Contemporary scientific research, as Das and Hilgenstock (2022), Raychev *et al.* (2021), confirms that one indicator of economic resilience and the successful implementation of the concept of sustainable development is the standard of living of the population and the dynamics of the international labour market. Researchers analyse the effects of globalisation and innovation on the labour market in developed and developing countries, ranging from cautious optimism to complete uncertainty in certain aspects.

As convincingly demonstrated by the conclusions of studies by Huber *et al.* (2022) in the context of globalisation, the processes of integration and digital optimisation of economic processes become particularly significant. The

authors study financialisation, social inequality, and the institutional foundation of labour market formation. Further, researchers Dorn and Zweimüller (2021) have identified challenges arising from actively integrating fundamentally different cultural systems within the economic environment while studying European migration and labour market integration. Additionally, Tilly *et al.* (2022) analyse government policies on unemployment, employee empowerment, and labour market dynamics.

Some contemporary authors, as Goldberg and Reed (2023), Chen *et al.* (2021), have conducted a series of studies on the socio-economic consequences of globalisation, forming forecasts of the deglobalisation of the global community and analysing the effects of the pandemic in the context of globalisation and integration. At the same time, the findings of Wade (2020) suggest that the current phase of societal progress requires a rethinking of approaches to the issues of poverty and inequality and their place within integrated globalisation strategies, which should assimilate management and business efforts in the aspects of innovation to ensure global progress. Efforts should be directed towards addressing urgent issues of job creation, reducing informal employment, increasing labour productivity, youth employment, and gender equality. Policymakers, employers, workers, and civil society organisations must work together to ensure a sustainable and inclusive recovery, including investments in education and vocational training, strengthening social protection systems, and promoting decent work (Quang *et al.*, 2024; Paul *et al.*, 2024).

Despite significant scientific interest in the subject, the issue of modelling contemporary globalisation trends and their impact on society's socio-economic development remains under-researched. Prospective studies should contribute to the creation of new opportunities for economic resilience, the stabilisation of the international division of labour, the fight against poverty and poor working conditions, and higher motivation for integration into the global community.

## 6 CONCLUSION

The dynamics of the international labour market and the population's standard of living are characterised by socio-economic causality, which is determined by the development of national labour markets and labour resources, as well as the processes of distribution and redistribution of these resources. Issues such as negative demographic trends, uncontrolled migration, a shortage of skilled personnel, and the need to improve the quality of life are becoming increasingly significant. Intense globalisation and socio-economic integration reduce the number of jobs in the manufacturing sector, the sectoral transformation of the latter, cause social tension, and have a destructive impact on labour mobility.

The analysis of statistical data on unemployment dynamics, labour migration, and quality of life over recent years allows us to identify the main directions of a concept to mitigate the negative consequences of globalisation for the labour market and societal well-being. These include the integration of general rules to support an open economic policy that excludes the provision of unfair competitive advantages, providing international support to the least developed countries to enhance their ability to compete in the global economic environment, and developing effective measures to reduce the potential risk of financial crises in individual countries.

The labour market should be studied in relation to other forms of international economic relations. This will allow for the identification of points of convergence and ways to reduce the impact of globalisation's negative phenomena. Migration policy should be based on intergovernmental agreements.

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