

GLOBALIZATION AND THE IMPACT OF NEW TECHNOLOGIES ON THE ECONOMY AND THE LABOR MARKET

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Abstract

The theme focuses on the impact of globalization and new technologies in the process of creating communities to support social entrepreneurs, social justice, social innovation, and the dynamically changing labor market. Outlines trends and opportunities offered by new technologies to support sustainable job creation, workplace integration, training, and mentoring. Globalization is seen as a process whose influence extends to providing effective solutions to various social problems, namely the risk of unemployment, securing jobs, and inclusion in the common labor market. In the context of globalization, the prospects for the development of the social economy are also taken into account not only as an opportunity to provide employment for the most vulnerable members of society (the socially excluded), but also as trends, policies, and a way of social cohesion, reducing inequalities, creating a competitive social market economy that promotes social justice and protection. Technologies today are tools that can be defined as influential in terms of efficiency and expectations and as a necessity, as seen in the context of the COVID-19 pandemic, where the economy has directed the positive energy of many people to offer solutions to overcome social problems.

Keywords: globalization, technology, COVID-19 pandemic, social economy, social innovation, labor market

JEL Codes: A13, O35, F63, F66

Introduction

The social dimension of globalization is considered through interrelationships between countries and different organizations. That involves a process of creating opportunities and challenges for economic entities. The effect of the COVID-19 pandemic has been a major shock to the global and European economy (Brussels, 2020). This shock, albeit temporary, shook the economy, but looking at the scale of the crisis certainly led to a faster change in business models, work methods, the need for new skills, and upskilling

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of human resources. Businesses have found new opportunities and technological solutions to support individuals and the labor market.

The effect of the COVID-19 crisis will most likely continue to change corporate thinking so that companies focus on their home markets (including the labor market).

That does not mean that globalization will disappear, but rather the processes of transformation will be strengthened, which requires the dynamization of labor market processes as well. Today's economy is going through one of its biggest crises, which will also significantly affect employment.

In the period before the current crises, including the effect of COVID-19 pandemic, there was a drive towards full employment (EUR-Lex, 2010). That in part led to the economy's vulnerability, even creating unproductive occupations. Today, more than ever, workers must reorganize very quickly to work remotely. That requires a much faster adaptation of the workforce, improving not only skills but also increasing the quality of work. The process naturally requires investments, through which not only the jobs will be preserved, but also a new way of management, which guarantees the sustainability of employment.

Challenges, solidarity and the labor market

Cohesion policy is the European Union's strategy to promote and support the "overall harmonious development" of its member states and regions (Cohesion policy 2014-2020). The EU Cohesion Policy will continue to invest in all regions of the Union, supporting the three categories (less developed regions, regions in transition, and more developed regions). For the next long-term EU budget 2021-2027, the Commission proposes to modernize cohesion policy, the EU's main investment policy, as one of the most concrete expressions of solidarity in the Union. Five main objectives will stimulate EU investment in 2021-2027, and the envisaged simplification measures in the cohesion policy for this period are 80 (80 Cohesion Policy simplification measures for the period 2021—2027).

The process of globalization is considered in the context of the impact on the economy, the social sphere, technology, policies, cultural convergence, and relationships, which leads to changes not only in the labor market but also in the educational environment that provides the necessary qualification of human resources. There is a growing tendency to implement new technological solutions in this process.

In the short term, these tools would help to expand the possibilities of offering online courses to support the acquisition of the necessary knowledge and skills not only by young people but also by older workers. That will also support the process of knowledge transfer, training, and lifelong learning opportunities.

Good practices focus on:

- The needs of organizations (business entities) for new knowledge and skills of employees.
- Training opportunities for workers of all ages.
- Using methods and approaches to maintain high motivation for learning among workers of all ages.

The main difficulties for the inclusion in the training of persons from different groups (including vulnerable) in the labor market can be summarized as follows:

- lack of motivation in various spheres of life: personal, emotional, social, etc.;
- do not have enough or have lost skills and habits due to being out of work for a long time or encounter difficulties in starting one.

The dynamics of changes in today's open labor market are also a consequence of globalization, but this contributes to the faster development of new types of tools to maintain the qualifications needed by individuals.

Naturally, no sphere or sector will remain unaffected by the changes, and the structure that will require the fastest transformation is education.

The qualification of employed persons is a factor that predetermines the chances of finding/keeping a job. In many cases, the risk of social exclusion is precisely due to insufficient competencies, including permanent unemployment. Another problem in the labor market and in the field of human resources is low mobility and the seasonal factor of employment in some professions.

According to various analyzes and studies of the labor force, the average age of those employed in the economy is growing. Because of the difficulties faced by persons over 54 in finding work, they are also defined as a risk group. Unemployed persons of this age group hardly get a chance to find a new job again. Part of the employers often considers the "age" criterion, considering these persons more difficult to adapt to the dynamics of the changing work environment. Their job applications are much more often rejected at the pre-selection stage. This fact is too discouraging for individuals and further increases their risk of social isolation. The mechanisms provided by the social economy provide an opportunity for this group of persons. In social enterprises, older employees are capital that brings valuable experience. That marks the beginning of a new social dialogue, which outlines prospects for the labor market to meet the new challenges. This trend will reinforce the effect of other processes to restructure our familiar economic and business model into a collaborative economy.

Technologies, labor market and innovations

The Digital Economy and Society Index (DESI) reports that EU member states are improving their performance in digital competitiveness (European Commission, 2022).

The labor market is changing, which makes it necessary to adapt much faster for all workers to master digital skills according to the requirements and jobs. It is expected that by 2025, the employment and professional development of workers will be even more diverse than it is now.

The expected changes will also affect emerging new forms of solidarity, social commitment, and employment, which will increasingly rely on new technologies. Digital divides will require formulating policies that contribute to overcoming labor market problems. The competencies that will be needed (including management) will increasingly expand in the direction of implementing innovations. The technologies will find an increasingly wide application for entering/retaining the market.

Innovation is increasingly essential for the European economy, not only because of the results for economic and regional cohesion but also because it has the potential to put people first. Positioned in different business niches, entrepreneurs can use the expanding opportunities to simultaneously implement technological and non-technological (including social) innovations, thus contributing to compensating the skill gaps of different groups of persons in the labor market. Opportunities for courses and training that contribute to creating sustainable jobs are expanding.

The Center for Social Innovation at Stanford University (Stanford GSB) defines social innovation as: *"The process of developing and implementing effective solutions to challenging and often systemic social and environmental problems in support of social progress."*

Ministry of labor and social policy (MLSP), the Employment Agency, examines the concept of "social innovation" in the context of Regulation 1304/2013 of the European Parliament and of the Council of December 17, 2013 (EUR-Lex, 2013), according to which it is the development and implementation of new ideas (products, services, and models) in order to meet social needs and create new social relations or collaborations.

The innovation agency Innovation Starter Box (Innovation Starter), paraphrases the European Commission's definition of social innovation and define it as the development of ideas, services, and models that better address social problems and involve collaboration between the private and public sectors to improve the environment. Through social innovation, solutions to various problems can be found that are effective and efficient, and sustainable over time. The concept of social innovation focuses on ideas and solutions that create social value.

Applying innovations in the training of young entrepreneurs is also a possible way to balance theoretical training and practice. That will contribute to the following:

- Strengthening the processes of exchanging ideas and values (mentoring models)
- Strengthening the processes of communication and integration instead of the one-way transmission and re-transmission of data and knowledge.
- Change in relations - what is learned in theory is successfully applied in practice.

Today, economic entities find ways to improve their performance, applying good practices and increasingly better and successful solutions. That includes creating new tools to support the process. In the digital age, innovation and technological progress are natural features of developed economies, and they are necessary to maintain and improve sustainable competitiveness in the age of globalization. The EU's digital strategy will lead to more opportunities for people through a new generation of technology. Digital technologies are changing people's lives. The aim of the EU's digital strategy is for this transformation to benefit people and businesses while helping to achieve the goal of a climate-neutral Europe by 2050 (The European Commission's priorities 2019-2024).

Conclusion

In essence, globalization is the exchange of ideas, economic integration, markets, movement of goods and people. Viewed in the context of speed in the transfer of data and information, outsourcing (transfer of activities), digitization and the entry of streaming services, globalization leads to the development of the environment. Global processes will increasingly require a rethinking of many of the traditional tools and policies (including business environment, competitiveness, and training), thus future shocks in the economy and the labor market will be much more quickly mastered.

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