

Implementing globalization on the transition to knowledge economy in the labor market (A brief look on the Israeli Market)

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Abstract: Many economies in the world are undergoing changes as a result of the shocks caused by globalization in the local labor force. These changes must answer orderly government, and as **the national mechanism** will "wake up" Earlier, this country less affected in the rapid globalization which taking place all over the world. This article presents the advantages and disadvantages of this, and gives a **brief picture** about the state of Israel.

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Introduction

The twenty-first century is characterized by an increasing rise in the pace of technological development and globalization, a phenomenon that has been dubbed the "shock of the future". Indeed, centuries-old socio-economic changes have attacked the modern world in just a few months. The labor market also underwent extreme changes within a few years. The relationship between the worker and the workplace, the types of jobs and the changing expectations of family and livelihood integration are just some of the factors that help him define the latest job market. In the old world of work, a good place to work was where you could start entering the job market, grow up and grow old with it, with wages usually rising over the years. In that world it was customary to acquire a profession for life, knowing that professional training and continuing education would be provided by the employer (Borrus, Zysman, 2009).

Today, an average worker in the United States undergoes about 12 positions before the age of 50, when the income is volatile, rising and falling over the years. About 40% of employment in Israel is at high risk for computerization in the next two decades. Rapid technological changes quickly mask old professions and open new employment channels at the same pace (Yang, 2013). Today, the responsibility to remain relevant and market compatible primarily applies to the employee. In the old labor market, he worked well and had specific skills that suited the profession in which he worked. Today, we look at employee skills in the T model. A good employee should specialize and deepen his knowledge in the specific field, but also send arms to knowledge, acquaintance and teamwork with different fields.

Traditional industry: characteristics

As the world of industry look at the changes promoted by globalization, its impact on the labor force and its effects on the global and local economies increases. Traditional industry has undergone many changes, and is slowly disappearing. In its place since the 1990s, a knowledge industry based on other assets has emerged, apart from machinery, raw materials, large vehicles, and material products. Like many socio-economic influences, here too there are positive influences and negative influences. Most of the effects result in social processes that affect the employment situation, the quality of human capital, and the promotion of up-to-date industries. According to Browning & Singelmann, (Browning H, Singelmann, 2007) the most importance in analyzes the effects of globalization on the labor market in the world, lies in the fact that earnings from labor represent the main source of income for the great majority of the borrowers of developing nations and especially of the poor groups of workers, who lack ownership of any other material assets.

The positive impacts are:

- I. Positive impacts can occur as a result of the increased capacity of developing countries to create new opportunities for work and production following the alignment of price distortions with respect to both labor and capital.
- II. The globalization industry has both direct and indirect effects on employment creation in the recipient countries. This depends on the size and type of investment, the type of technology adopted and the ability of the host country to master the imported technology and adapt it to its needs.
- III. The globalization also has indirect effects on employment through the vertical links to the ICT companies, and there may also be spillover effects of ICT on local science, technology, education and training.

The negative impacts are:

- I. The negative effects occur as a result of large-scale technological developments that accompanies this phenomenon, which will reduce the demand on unskilled labor Even direct foreign investment does not care for cheap workers but only for highly skilled workers.
- II. The traditional nature of "work" may disappear due the rapid advances in technology, while at the same time creating new and innovative occupations in favor of the highly specialized professions.
- III. In increase in hidden employment, a lack of new job openings, and a deterioration of real wage rates are the consequences of globalization in most developing economies, which were unable to adapt the new technologies.
- IV. More over if the labor clause, will be enforced through the WTO, this will have a negative impact on economic growth and employment in many developing countries, where child labor exists and where working conditions are miserable.
- V. Most trade liberalization benefits will be received by the manufacturing-producing countries, while the smallest share will be going to the agricultural-producing countries (developing countries).

VI. In addition, policies of structural adjustment such as privatization imply an increase in unemployment since privatization is normally agreed by a reduction in the demand for labor.

The transition to dynamism in the labor market is relevant for employees throughout the career path. Today, when searching for a job, it is desirable to grasp every role as a promoter and add to the basket the abilities that the employee brings with him. It is important not to shy away from opening positions and temporary jobs, nor to be determined by them. Every job should be viewed as part of the training and as a springboard for better, professional or more economic follow-up. For promoting and maintaining relevance in the job market, working with a forward look should stay updated all the time, acquire new tools and thus adapt to the changing reality. He must allocate time and resources in advance to acquire new and relevant knowledge, to advance and develop (Bryson, Daniels, 2010).

A career that crosses time, place and framework

Bryson & Daniels (Eichengreen, Gupta, 2007) says that in the past, most of the work was done through physical presence in a major workplace. Today, more and more employees are employed remotely. In the past, the division into the category was clear: salaried or self-employed, often employed in one main workplace. What defined success at work were promotion and an increase in wages. In the not too distant future, up to 75% of employed persons will work outside the traditional office. Significant percentages of wage earners will also work as freelancers. Success at work will not only include looking at a promotion or a salary, but will also reflect the meaning and enjoyment of work, interest and leisure time.

A brief look at Israel

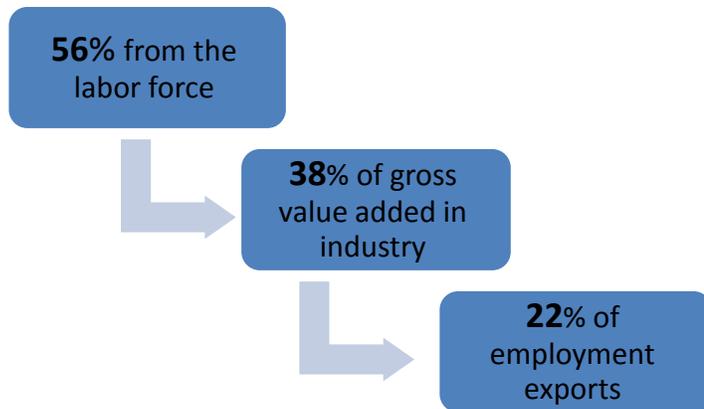
In a technological world of software, applications and smartphones, manufacturing industries are considered by many Old and innovative. Indeed, the data indicate that, like other developed countries, too The manufacturing industry in Israel has been eroding in recent years. True, it can be found within it even advanced, sophisticated and leading enterprises, but the overall picture is bleak. As the data show in the coming years, this industry suffers from a low added value, from exports, which for years have been treading on the spot and the decline in power A quality man. The traditional industries are labor-intensive but low-productivity: Although approximately 56% of the employed in manufacturing are workers of traditional industries, they constitute only 38% of the gross value added in manufacturing, and about 22% of industrial exports (www.economy.gov.il/RnD/InnovationStrategy/Pages/GovernmentSupport.aspx).

In general, labor productivity in Israel is low by international standards and constitutes about 77% of the average fertility rate in the OECD and about 55% of that in the United States. The productivity gaps stem mainly from a low rate of capital investment and a low overall technological development rate. The productivity of the traditional industries in particular is much lower than the average industrial productivity in similar industries in the OECD. While the industries of the upper industries turn to the world participate in the global

competition and increase the volume of exports from year to year, traditional industries export at low volumes and the volume of exports does not increase over time.

As a result of the continued decline in investments in machinery and equipment in manufacturing, the annual rate of investment in these components in Israel over the past decade was 7.4% of the GDP, while the average investment rate in the OECD was 6.5% on average, according to the Bank of Israel. In the labor productivity level between Israel and the OECD There is an increasing trend of closing factories alongside a declining trend in the establishment of new factories, in part due to the economic crisis of 2008-2009 and the increase in the opening of manufacturing plants abroad, sometimes at the expense of production in Israel. Between 2005 and 2013, the number of net establishments in Israel decreased by 534 establishments. The high-tech industry attracts the engineers very strongly. It provides employees with comfortable conditions, high salaries, professional challenges and prestige. Therefore, many college and university graduates prefer to work in high-tech and not in the manufacturing industry. At the same time, vocational-technological education suffers from quantitative and qualitative deterioration, and as a result, the shortage of technicians and practical engineers.

Figure 1 The Challenge: Changing the DNA of the manufacturing industry in Israel



Source: Made by the Author from source, www.boi.org.il/he

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The picture is becoming increasingly severe in view of the movement of the clamps - the difficulty of dealing with competition from the east on prices on the one hand, and the competition that rises from the west on quality and sophistication on the other. Therefore, the continuation of the industry as a "business as usual" model is the erosion of the Israeli industry to the point where factories are collapsing due to their inability to cope successfully with market competition. But should we accept this reality and make do with a limited number of leading innovative enterprises in their field, which stand out against the background of most of the

old-fashioned factories that are closing down? While it is likely that outdated factories will continue to close, we estimate that there are sectors and companies in the manufacturing industries that can be transformed, change their DNA and become competitive at the global level. In order to bring about this change, the management paradigm must be changed: to take calculated risks, to invest in the development of technological innovations, and to strive to create new and high-quality value for customers (www.boi.org.il/he).

According to the ministry of economic (www.economy.gov.il) the government has to establishing an innovation mechanism for the **knowledge economy industry** that will replace traditional industry in Israel. More specifically, the objectives of the innovation mechanism are to strengthen research and development in Israeli industry, to increase the economic benefits that industry brings to the Israeli economy, to promote exports, to create jobs and to preserve Israel's place in the forefront of global innovation.

In order to ensure the realization of its mission and objectives, the innovation authority must first and foremost achieve two main objectives:

The first is ensuring Israel's current and future competitiveness and growth engines - although the Israeli high-tech industry is considered to be the most innovative and leading in the world, but it is never robust. Many countries invest considerable resources in cultivating these industries, and even countries that have previously focused only on manufacturing, such as China, join the race and put an emphasis on innovation. Alongside the increasing trend of competitiveness, one can discern trends contributing to the decline in Israel's competitiveness, such as a decline in the rate of government expenditure on R & D, a decline in the volume of activity by Israeli venture capital funds, a decline in the rate of high-tech employees, a decline in the number of students studying science and engineering. Cannot remain silent and in order to ensure the future competitiveness of the economy it must face various challenges.

The second is the leakage of added value from the high-tech industry to the entire economy. The high-tech industry in Israel is considered a prosperous and leading industry with high productivity, international standards, leading innovation fronts and competition with companies around the world. These characteristics usually do not characterize traditional industries, services or the public sector. This raises the question of how we can allow more and more bodies and populations in the State of Israel to benefit from the performance of this industry.

The areas of activity of the innovation authority are:

- ✓ Growth arena - Supporting young and mature companies to advance the process of transforming theoretical knowledge into a finished and useful product, and to become leading companies in their field.
- ✓ The technological infrastructure arena - supports generic R & D that is still far from being implemented in the market and creates a connection between academia and industry, which will yield products based on technological know-how.

- ✓ The Start-Up Arena - Supports entrepreneurs at the beginning of their steps to advance a new technological idea for industrial realization. It also supports technological hothouses - an aid system that provides early start-up companies with a convenient incubator to carry out the research, development and organization needed to turn a technological idea into a business product.
- ✓ The International Division was established in order to assist companies in Israel to strategically connect to suitable companies abroad, thereby improving their competitiveness and their ability to penetrate international markets.
- ✓ Advanced production arena - supports the improvement of competitiveness and productivity in manufacturing industries on the basis of technological innovation.
- ✓ The social-civic arena harnesses technological innovation in Israel in order to cope with social challenges and to improve the level of public services provided to citizens in Israel. It also works to increase the variety and scope of the populations taking part in the innovation industry.

Conclusion

There are many options of implications for globalization. The desired adjustments to the work ethic require creativity at the national level, economic initiatives and investments, mainly for the long term. However, every country, including the State of Israel, is committed to policy change, and especially to understanding that the labor force in the workforce will undergo changes that require early preparation and the work of a government-wide team, all of its ministries and even international cooperation with other countries.

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