

Correlation between globalization and employment in rural communities of less developing countries case study: Rural communities of Shirvan County (Northern Khorasan, Iran)

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ABSTRACT

During the past decades, Globalization has been linked to neoliberalism in the economic sphere, but neoliberal reform, as a result of transition to a model of expanding market, has not been promising. This article aims to study the correlation between globalization and employment in rural communities of Shirvan county. The research method used in this research is causal - ex-post facto, correlational type. The data collection tools used in this research is survey. The statistical population is legal guardians of families, aged 50 or more in 8 sample villages which has been chosen between 154 villages with utilizing multi staged sampling methods. In this research the change in rural employment has been studied in correlation with globalization. The data analysis result in nonparametric chi-square χ^2 test showed the calculated "p" in the test contains the significance level of $\alpha = 05/0$, hence on this level, H_0 is failed which means there is a correlation between globalization and decrease in rural employment opportunities.

Key words: Globalization, Less Developing Countries, Rural Communities, Employment.

Introduction

During the past decades, Globalization has been linked to neoliberalism in the economic territory (Aguiar and Herod, 2006) and it praises the merits of liberalization, competition and minimum interference of government in economy (Mittelman, 2004). A group of economists in conformity with the governments, multi-national companies, international entrepreneurs, International Monetary Fund (IMF), World Bank (WB), and the World Trade Organization (WTO), claim that globalization is necessity of our time (Bhaduri, 2008). They emphasize on the advantages of globalization and believe that it will

result in more employment and increasing the living standards (Weiden, 2003). They believe that unobstructed markets automatically create jobs for all the job seekers (Shaikh, 2004) but the truth is that neoliberal globalization leads to systematic unemployment (Pollin, 2002). Statistics show that high development in developing and populous countries has not contributed to increase of employment and its output has been decrease in employment and increase in unemployment. Employment decline in agriculture has been more conspicuous and in rural areas, self-employment opportunities are about to be destroyed (Bhadur, Ibid, 2008) and due to lack of tolerance in competition, saving it is not possible.

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During the past decades more than 800 million people from the rural areas have emigrated to the cities and this process is still ongoing (Vargas and Lanly, 2007). In fact economic freedom has caused unemployment in the regions that are supported by the government and through commercial obstacles (Dadgar and Nadiri, 2006). Current employment indexes in rural communities show that liberalization has had a negative effect on rural employment in agricultural and non-agricultural sections (Pham, 2006) and neoliberal reform, as an example of transmission to market development, has not been promising. A review on conducted research on "correlation between globalization and employment in rural communities in developing countries" we see that Planithurai and Ramesh (2011) show that while the majority of the population in India in the rural areas make a living through agriculture, multinational corporations have occupied tens of villages and more than ten thousand hectares of their agricultural lands in two stages by establishing their own agricultural lands. This resulted in unemployment of many farmers and losing their lands, and this process is still ongoing (Planithurai and Ramesh, 2011). Long and Woods' research [similar to India] shows that 1.71 million hectare of agricultural territory has been destroyed between 1996-2005 and the rural population in east coast of China has decreased from 306 million to 219 million in the same period of time. This process has caused the unemployment and emigration of 100 million people (Long and Woods, 2001). Perez's research on employment in rural communities of Chile shows that after economic freedom in 1993 and development of exporting agriculture in rural areas, 15 percent of rural people have left their lands and lost their jobs (Perez *et al.*, 2008). Pham's research in Vietnam (Pham's, 2006) shows that 1 percent decrease in tariffs has resulted in loss of 94000 jobs in traditional agriculture activities and loss of more than 100,000 jobs in non-agricultural fields (Pham, *Ibid*). Bacchetta and Jansen's research in Mozambique shows that as a result of nuts trade freedom, 8500 workers have lost their job in peanut production (Bacchetta and Jansen, 2003). Wincze's research shows that privatization in Romania's agriculture industry has resulted in half a million (568383) farmers in villages losing their job (Wincze and Kerekes, 2005). In majority of researches, including Weltmeyer and Petras's (Weltmeyer and Petras, 2008) in Brazil, Paraguay, El Salvador and Bolivia, Gulcubuk's (Gulcubuk, 2010)

in Turkey, Comok (comok, 2008) in Nigeria, Abbott Wozniak and Sobkowiak (wozniak and sobkowiak, 2012) in Poland, Hony (hony, 2007) in Taiwan, Khor and Raman (Khor and Raman, 2006) in Philippines, neoliberal policies has affected the economy through different channels and decreased job opportunities in less developed countries and has had similar results. Former research in developing countries shows that the main decrease in employment occurs for self-employed poor people (Lee, 2005) because from the 3 billion people residing in the rural areas of such countries, more than two third of them live in small farm, and these farms are less than 2 hectares (Hazel, 2007). Hence, the study of rural communities becomes an important issue as an important part of the population of developing countries, affected by neoliberal strategy. The aim of this article is revealing the consequences of neoliberalism and its correlation to rural communities in Shirvan county (Northern Khorasan). In this research, changes in rural employment are studied in correlation with globalization.

Materials and Methods

The research method employed here is causal –ex post facto of correlational type. Survey, completed in rural areas, is the data collection tool. The questions are designed in a way to compare the rural employment situation in two periods of time as subjects: the first 8 years after Iran's revolution (1987-1979) and the next period after that (1988 – 2013), a period which started with mediating formal policies. The validity of the survey was chosen by utilizing experienced professors and eventually 10 closed questions were chosen as the theory test. For the final review, the retest method was used in two stages and each time with 30 surveys, which correlation results between the two stages had the certainty rate of 95%. For sampling the villages between rural communities of Shirvan county, area sampling, cluster sampling, class sampling and simple random sampling methods were used. The whole villages, with relation to the mentioned stages and regard to demographic classification, were divided to mountain and plain clusters and between 154 villages, 8 villages have been chosen randomly as samples. Statistical population of legal guardians aged 50 or above is located in all the families of the sampled villages. The sample size is defined based on the statistical chart of Krejcie and Morgan (krejcie

and Morgan, 1970), 342 people were chosen and interviewed. To achieve research goals, index of employment (a dependent variable) and its conditions in globalization (an independent variable) were tested in the sampled villages. SPSS software was used for data analysis and with regards to the nature of the questions in the survey; Non-parametric (chi-square) test was used to study the correlation between globalization and the variables subjects.

Research Findings

In study of the subjects, between the 342 studied subjects, 341 subjects were men (99.7%) and 1% of subjects were women (0.3%). The age of 169 subjects (49.41%) was between 50 – 60 years old and 173 subjects were more than 60 years old (50.58%). Between the participants 293 subjects were farmers (85.7%), 46 subjects were workers (13.5%) and 1 subject was a driver (0.3%) and 1 subject owned a grocery store (0.3%). From the educational perspective, 194 subjects were illiterate (56.72%), 116 had elementary education (33.91%), 17 subjects could read and write (4.97%), 10 subjects had an associate’s degree (2.92%), 4 subjects had a diploma (1.16%), and only 1 subject had a bachelor’s degree (0.29%). The descriptive data for testing the employment theory shows that between 342 people, 6 had the condition of rural employment in the current era compared to the early years after the revolution, 27 persons believed there has been no change since, and 309 people believed that the situation is worse now.

Results after the analysis of the survey in non-parametric Chi-square test for employment theory (Table 2) showed the calculated p in the test is less than the significant level of $\alpha=0.05$, hence, on this

Table 1. Frequency distribution and evaluation of subjects regarding the employment status after globalization

Number of People	Employment
6	Better
27	Not Changed
309	Worse

Table 2. Statistic result of χ^2 test

Asump Significant	Df	Test
0.000	2	Chi-Square

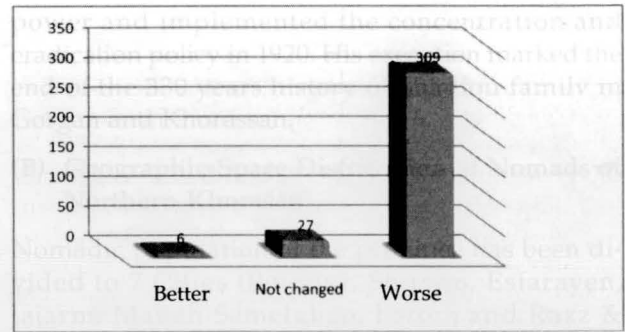


Fig. 1. Frequency distribution and evaluation of subjects regarding the employment status after globalization

level, H_0 is failed and this shows that globalization has caused decrease in rural employment.

Conclusion

The results of this study show that development policies of the recent decades which were based on structural adjustment strategies like freedom, privatization, unification of exchange rate, reduction of tariffs and cancellation of some advanced supportive policies have been effective in the increase of unemployment in agricultural and industrial sections of rural areas and vulnerable classes in rural community of Shirvan county. In confirmation of these results, some conducted studies in Iran show that the employed people’s share of agriculture since the beginning of the revolution in 1976 has been approximately 34%. This share has decreased to 29% in 1987 and in 1997 to 24/04 % (Shakouri, 2011). Moreover, with the implementation of liberalizing trade and challenge of competition with cheap products produced in other countries, handicrafts and rural handmade carpets, which were considered the important sources of employment in rural communities and the subject of study, has been limited with presence of powerful competitors. Some study results in this field show that Iran’s carpet export in 1995 has been 2/2 billion dollars but after this year the export of this merchandise has never reached this point (Nasiri Moghadam, 2009). Hence, it is necessary to take the structural differences, technological gap and organizational coordinates that could make this employment viable in a competitive environment into consideration.

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