Peer Reviewed Referred and
UGC Listed Journal
(Journal No. 47100)

AN INTERNATIONAL MULTIDISCIPLINARY
HALF YEARLY RESEARCH JOURNAL
ISSN 2279 - 0489

VOLUME-VI, ISSUE-II
ENGLISH PART - V / MARATHI
FEBRUARY-JULY – 2018

IMPACT FACTOR / INDEXING
2017 - 4.954
www.sjifactor.com

GENIUS

Improvement

allenge

INNOVATION

Succe

ative

Opportunity

AJANTA
PRAKASHAN

ISSN 2279 - 0489

AN INTERNATIONAL MULTIDISCIPLINARY
HALF YEARLY RESEARCH JOURNAL

GENIUS

Volume - VI Issue - II February - July - 2018

ENGLISH - V / MARATHI

Peer Reviewed Referred and UGC Listed Journal

Journal No. 47100

ज्ञान-विज्ञान विमुक्तये

IMPACT FACTOR / INDEXING

2017 - 4.954

www.sjifactor.com

❖ EDITOR ❖

Assit. Prof. Vinay Shankarrao Hatole

M.Sc (Math's), M.B.A. (Mkt), M.B.A (H.R),
M.Drama (Acting), M.Drama (Prod & Dirt), M.Ed.

❖ PUBLISHED BY ❖

Ajanta Prakashan
Aurangabad. (M.S.)

Volume - VI - Issue - II - February - July - 2018
GENIUS - ISSN - 2279 - 0489 - IMPACT FACTOR - 4.954 (www.sjifactor.com)

CONTENTS OF PART - V

3

Impacts of Globalization on Quality of Life: Developing Countries

Dr. Seema Ukidve
Assist. Professor, Mathematics, Statistic & Computer Department L. S. Raheja College of Arts & Commerce, Santacruze (W).

Abstract

This paper evaluates the impacts of globalization on quality of life, particularly on human development, gender development and human poverty in developing countries. Applying the fixed effects model to the annual panel data of 124 developing countries covering nine years from 1997 it shows that globalization (in terms of its comprehensive indexes and key elements) not only promotes human and gender development, but also significantly reduces human poverty. Not surprisingly, all the three aspects of globalization (economic, social and political) contribute to the overall effects of globalization. In general, the results from the key elements of globalization are consistent with the results from the comprehensive indexes. However, it is also observed that political and social globalization, FDI, and international migration were insignificant to gender-related development. Thus, further research is suggested for appropriate policy recommendations to make these variables significant on promoting gender aspects of development.

Key Words: Globalization, human development, gender development, human poverty, developing countries

Introduction

Due to its ever-accelerating trend, globalization has been one of the most closely observed processes among scholars, policymakers, politicians and even the general public in recent years (Collier and Gunning 2008, 1-2) Consequently, scholars have devoted their efforts to analyzing the impacts of globalization on different aspects of human life and society. Their arguments are, however, highly contested in terms of impact mechanisms and the gainers and losers of globalization. Some are quite critical as they observe the negative effects of

globalization on QOL and society in the form of job elimination, especially in the manufacturing sector.

In contrast, many others observe the positive impact of globalization on QOL. For these "pro-globalists," trade liberalization and increased marketing integration are opportunities to increase productivity and wages, which lead to improved QOL of workers. They claim that the negative impact of globalization, such as the elimination of manufacturing jobs, is highly overstated and the decline of the manufacturing industry is the result of rapid changes in technology rather than globalization.

Globalization

Globalization is a highly contested concept that means different things to different people, raising both positive and negative emotions in different groups and circles. Consequently, development practitioners and scholars mostly refrain from explicitly defining globalization, and rather vaguely interpret it as real cross-border interactions and exchanges. In the literature, globalization is mostly viewed in economic terms. However, we cannot ignore its social and political dimensions, which are usually not considered properly. In fact, cross-national connections are created in the economic, political, cultural, social, and environmental domains.

To define globalization, Dreher followed the explanations of Clark (2000), Norris (2000), and Keohane and Nye (2000:4). He summarized that "globalization is meant to describe the process of creating networks of connections among actors at multi-continental distance, mediated through a variety of flows flows including people, information and ideas, capital and goods. Globalization is conceptualized as a process that erodes national boundaries, integrates national economics, cultures, technologies and governance and produces complex relations of mutual interdependence".

More specifically, Dreher summarized the definition of the KOF index in the following three dimensions, Firstly, "economic globalization," which measured by the long-distance flow of goods, capital and services as well as information and perceptions that accompany market exchanges. Secondly, "social globalization" is defined as the spread of ideas, information, images and people, which is measured by personal contacts, information flows and cultural proximity. Finally, "political globalization" is defined as the level of diffusion of government policies.

Figure 1 Global Trend of Overall Globalization and its Sub-Indexes (1970-2007)

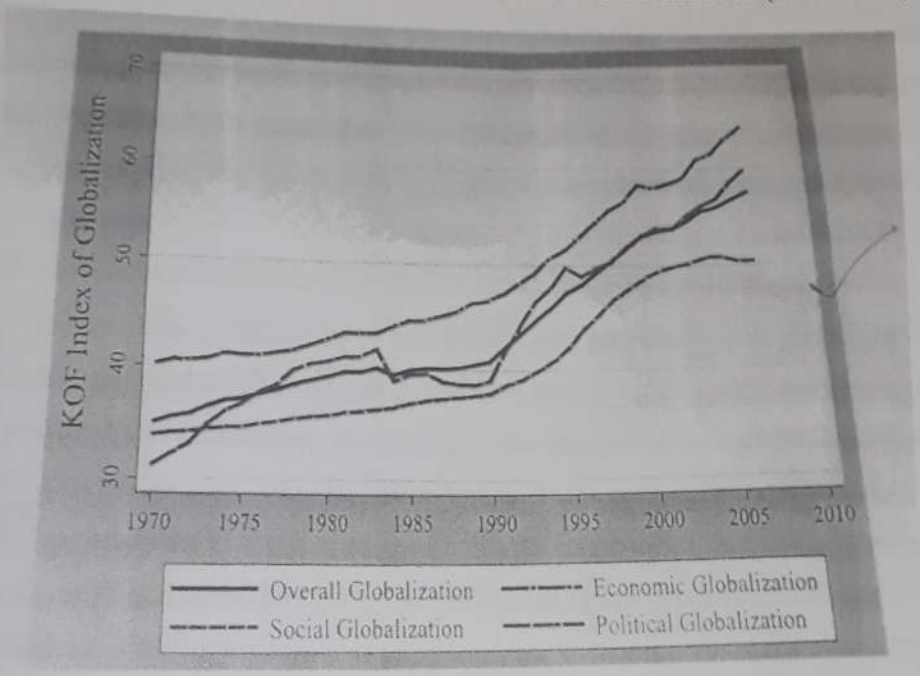
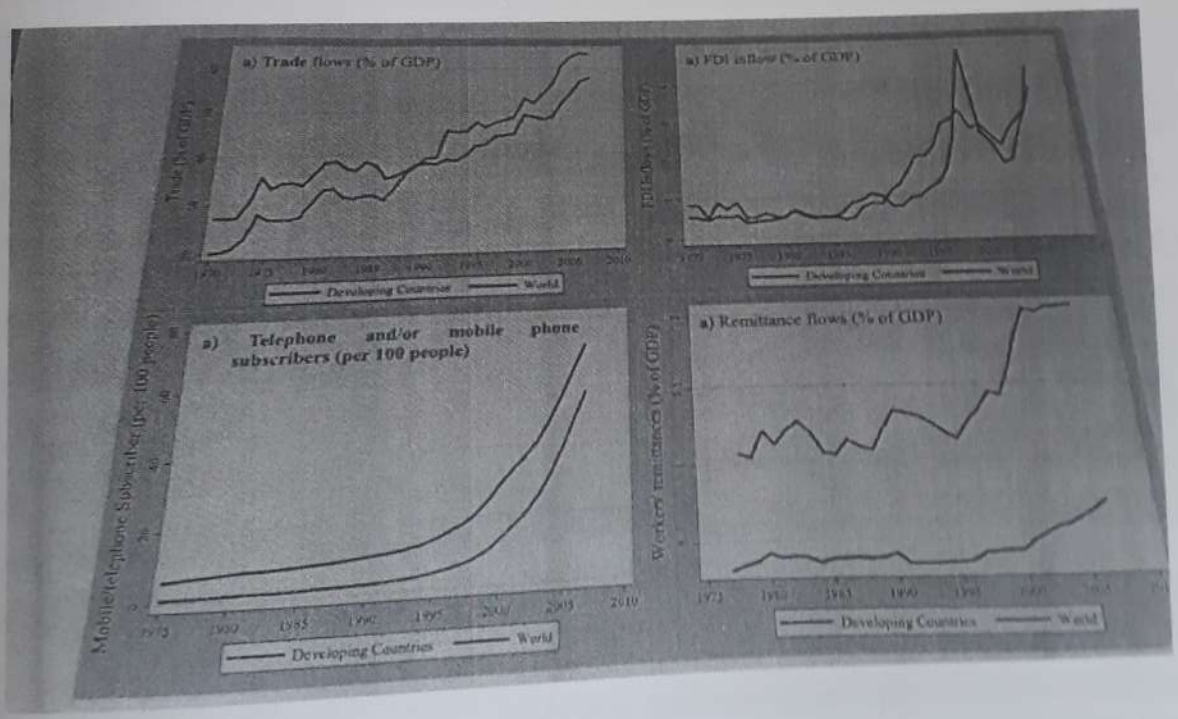


Figure 2 Comparative Trends of key Elements of Globalization between DCs and the world (1970-2007)



Data and Methodology

Most empirical analyses use cross-country data at a certain point in time (Rodrik 1988). Although this is useful to find difference between countries, such studies fail to observe changes

in structural features and their correlates over time. These studies are also limited by fewer numbers of observations, which lead to weak results. Thus, this study builds a panel of 124 Dcs, covering nine years of annual data of globalization and human development from 1997 to 2005. The selected countries are listed in Appendix 1. Data from 1997 onward is used because there is no HPI data available for years prior to 1997.

The Model

Throughout this paper, the fixed effect (FE) estimation model is used to analyze the data.The FE model explores the relationship between predictor and outcome variable within an entity (country, person, company, etc.). When using the FE model, it is assumed that something within the individual may impact the predictor or outcome variables, so this needs to be controlled for. Another important assumption of the FE model is that time-invariant characteristics. Each entity is different, therefore the entity's error team and the constant (which captures individual characteristics) should not be correlated with the others. If the error terms are correlated, then FE is not suitable since inferences may not be correct and that relationship needs to be modeled (probably by using random-effects). The Hausmantest indicates that the dataset good fit the FE model. The model is described as follows.

Result

First, the study uses the key elements of globalization as major explanatory variables. Then, it uses the KOF indexes to capture the overall effects of globalization. Table 1 shows the impacts of the major elements of globalization on the HDO. Column I reports the results without the interaction terms, whereas Column 2 reports the results of regression including all the interaction terms. The effects of trade and access to ICT were found to significantly increase human development at the 1% level in both the columns. These result are consistent with much of the existing literature, theoretical as well as empirical, which argues that trade helps overall socio-economic development by increasing employment, productivity, government revenue, educational access and standards, among other things, all which lead to the overall improvement of human development (Seker, 2009; Bernard et al., 2007). Similarly, UNDP (2001) claims that using ICT in a development strategy allows Dcs to achieve a wider diffusion of benefits, which ultimately leads to a broad-based economic growth.

Overall, it is argued that globalization, in terms of the KOF index, is statistically significant not only in increasing human development and gender development, but also in reducing human poverty. Even for the segregated index of globalization (i.e. economic, social and political globalization), the result are generally robust. The result are consistent with the analysis using some of the key elements of globalization instead of globalization indexes at the beginning of this section, which further strengthen the reliability of the mode used in this study. Thus, the dataset used and model applied in this study is valid and appropriate.

Conclusion

In the context of disputing arguments among scholars, the empirical result of this study reveal that globalization enhances QOL by promoting human and gender-related development and significantly reducing human poverty. Not only the key elements of globalization, but the KOF indexes are highly significant regarding all three dependent variables of QOL (i.e. HDI, GDI and HPI – 1) and have been shown to be quite robust in the FE regression model. Not surprisingly, all of the aspects of globalization (economic, social and political) contribute to the overall effects. Indeed, these three factors of globalization comprise a tripod of global integration and move along together rather than separately. Furthermore, the selected key elements of globalization were also found to significantly and positively affect the QOL indicators.

References

- Arnal, Elena and Alex Hjzen. 2008. "The Imapct of Foregin Direct Investment on Wages and Working Conditions. "Paris: OECD Social, Employment and Migration Working Papers no. 68.
- Bardhan, Pranab. 2006. "Globalization and Rural Poverty. "World Development 34, no. 8: 1393 – 1404.
- Bernard, Andrew B,J. Baradford Jensen, Stephen J. Redding and Peter K. Schott. 2007. "Firms in International Trade. "Journal of Economic Perspectives 21, no. 3: 105-30.
- Clark, William C. 2000. "Environmental Globalization."In Goverance in a Globalizing World, eds. Joseph S. Nye and John D. Donahue. Washington, D.C.: Brookings Institution Press: 86-108.
- Collier, Paul and Willem Gunning (eds.). 2008. Globalization and Povrty Vol. I. Cheltenham: Edward Elgar Publishing Inc.

Table 1 Human Development and Four Major Elements of Globalization Dependent variable: Human Development Index (HDI)

Explanatory Variables	[1]	[2]
GDP per capita	0.02(0.01)	0.04***(0.01)
Population Growth	-0.01(0.01)	-0.01(0.01)
Trade (%of GDP)	0.06***(0.01)	0.05***(0.02)
FDI Inflow (%of GDP)	0.00(0.00)	0.02***(0.01)
Log of ICT	0.02***(0.01)	0.02***(0.00)
Log of Remittances	0.00(0.00)	0.003(0.003)
LMC Dummy X Trade	--	0.03(0.03)
UMC Dummy X Trade	--	0.06*(0.03)
LMC Dummy X FDI	--	-0.03***(0.01)
UMC Dummy X FDI	--	-0.03***(0.01)
LMC Dummy X ICT	--	0.004(0.01)
UMC Dummy X ICT	--	-0.001(0.01)
LMC Dummy X Remittances	--	0.003(0.01)
UMC Dummy X Remittances	--	-0.01**(0.01)
Constant	-0.93(0.08)	-1.13***(0.09)
R – Square (Number of Observations)	0.28(913)	0.27(913)

Table 2 Human Development and Globalization Dependent variable: Human Development Index (HDI)

Explanatory Variables	[1.a]	[1.b]	[2.a]	[2.b]
GDP per capita	0.04***(0.01)	0.04***(0.01)	0.04***(0.01)	0.04***(0.01)
Population Growth	-0.01**(0.01)	-0.01**(0.01)	-0.01**(0.01)	-0.01*(0.01)
Overall globalization (G)	0.18***(0.02)	0.16***(0.03)	--	--
Economic G	--	--	0.07***(0.02)	0.10***(0.03)
Social G	--	--	0.06***(0.02)	0.03*(0.02)
Political G	--	--	0.08***(0.02)	0.03*(0.02)
	--		--	0.04*(0.02)
LMC x Overall G	--	0.06(0.04)	--	--
UMC x Overall G	--	0.01(0.07)	--	--
LMC x Economic G	--	--	--	-0.08*(0.04)
UMC x Economic G	--	--	--	0.03(0.06)
LMC x Social G	--	--	--	0.1**(0.04)
UMC x Social G	--	--	--	0.07(0.08)
LMC x Political G	--	--	--	0.04(0.03)
UMC x Political G	--	--	--	-0.03(0.05)
Constant	1.51***(0.08)	-1.52***(0.09)	-	1.61***(0.10)
R-Square (No.of obs.)	0.16(987)	0.16(987)	1.45***(0.11)	0.21(791)
			0.20(791)	

- Dolloer, David. 2005. "Globalization, Poverty, and Inequality since 1980." The World Bank Research Observer 20, no.2: 145-175.
- Doller, David and AartKraay. 2004. "Trade, Growth, and Poverty." The Economic Journal 114, no. 493: 22-49.
- Doyal, Lan and Gough. 1991. A Theory of Human Need. London: macmillan.
- Dreher, Axel. 2006. Does Globalization After Groth? "Empirical Evidence from a new Index."Applied Economics 38, no. 10: 1091-1110.
- Firebaugh, Glenn and Brain Goesling. 2004. "According for the recent decline in global income inequality." American Jouranl of Sociology 110: 283-312.
- Goldin, lan and Ken Reinert. 2007. Globalization for Development: trade, Finance, Aid Migration and Policy. Washington DC, The World Bank and Palgrave Macmillan.
- Greenway, Devid, Wyn Morgan, and Peter Wright. 1999. "Export composition and growth." Jouranl of international Trade & Economic Development 8, no 1: 41-54.