

Globalisation, Productivity Growth and Employment: A Cross Country Analysis

Ratan Kumar Ghosal
University Of Calcutta

Paper Abstract: This paper rigorously examines the nature of the effects of the total factor productivity, globalization and the relative position of the sample countries, on the level and growth of per capita real GDP and also on the per capita real GDP per unit of employment by considering the role of exogenous components like the financial development, human capital etc as instrumental variables by using the dynamic panel data (dpd) with GMM method. It also examines the cross country differentials in the growth of TFP and the contribution of globalization, the relative position of the countries in relation to the GTF, the weighted R&D on the same by considering the same set of exogenous component weighted by relative TFP and by using the same technique. Further, it also explores the contributions of the endogenous variables coupled with that of the exogenous factors on the cross country variations in the growth of total employment. We find that the globalization, TFP and the relative positions of the countries which are instrumented by the exogenous factors make economically and statistically significant contribution to the level and growth of PCGDP and PCGDPPE. In case TFP growth also the relative position of the countries in relation to the GTFP, globalization and weighted RD are found to be the crucial explanatory factors in explaining the cross country variations and the weighted exogenous factors play positive role to this end. Almost similar results are found in analyzing the cross country variations in growth of total employment. All the results are robust. So for catching up the GPF and GTF the laggard countries should not only emphasize on the innovation and imitation of the modern technology but it must be complimented by greater emphasis on the financial development and the development of their human capital so as to improve their relative positions.