# Globalization and Wage Differential in the case of Pakistan

**Chan Bibi**
Women Campus, International Islamic University, Islamabad, Pakistan.

**Adeela Hussain**
National College of Business Administration and Economics, Multan Campus, Pakistan.

**Abstract**
This paper has examined that the relationship of the wage differential and globalization in the case of Pakistan. The wage differential and globalization and rural urban population are the selected variables to check the impact of globalization on the wage differential. The Augmented Dickey Fuller test and unit root test is used for analytical the stationarity of the variables. Autoregressive distributed lag (ARDL) model is used to scrutinizing the co-integration among the variables of the model. The results of the model show that the globalization has a positive or significant relationship with the wage differential, the estimated results show that the rural population is positive or significant results. The urban population creates a negative or significant result of this model. The wage structure over the period of time has calculated.

**Keywords:** wage differential, population, economic globalization
**JEL Codes:** J31, P23

## I. Introduction

Globalization and wage differences are the world-wide phenomena, during the last decades the world has not much globalized, and countries wages are not linked with each other and not comparable, but now the world has become globalized and with the passage of time countries take interest with each other and in this process the labor market in different countries is linked in it and labor wages are the problem of underdeveloped countries. In which the main concern is to the wages of different countries are different in labor markets. Globalization is also the mixture of political and economic and social circumstances in which the they economically take benefits from different countries and also from political motives globalization is the only way to connect people to the other country people this is because of trade with one country to another country due to specialization to get beneficial trade, this all this done by globalization country are globalize due to their international trade where the country is exists in which the ranking of the country according to the globalized the world most globalized countries in the world is Ireland and Netherlands , Belgium and Austria etc. Social economics are also integration of globalization in which the peoples are socially connected with each other this is also the part of globalization in which there is no distance between peoples, this all are possible through globalization. Politically government of one country is also affected by the government of another country in which their changes of the governance also affect the other country governance. Economic globalization is also the integration of the globalization in which the country is related to another country with their economic prospective. In which the main purpose is to get benefits to another country in the shape of investment in the shape of trade. In this way the relationship of globalization and wage differential are interrelated, to this concept globalization are affecting the wage structure of the country according to their economic condition.

The wage structure of Pakistan is not very well, if we analyze the wage differential of Pakistan, then we analyze that the wage rate of Pakistan is very low as compare to the other countries. It is not concerned with the developed or underdeveloped countries, in which the phenomenon of wages is only about its own country in which it is not necessary condition for the country to become developed ones, even under developed country wages is high even though the developed country wages is low, this is another reason behind the wage differential from one country to another country because if a country is full of labor then the wages of this country is low because of its excess supply of labor. If the country has the excess supply of capital, labor in which the wages of this country is high because of this there is no excess supply of labor. In which globalization is a worldwide phenomenon, in which the country is how much development is comparable to that the country is how much globalized. In this paper, we also discuss about the impression of globalization on the wage differential in Pakistan to check the changes in the urban population and rural population due to the change in urban population, wage structure will be high and rural population is causing the low income level this is because of many reasons but mainly it is low education as compared to urban people in this way globalization effects the city's advancement is due to globalization. Cities are much more developed as compared to the village as same as the rural urban population. The impact of globalization on urban population is more as compared to the rural population, because of globalization, cities are globalized as compared to the villages. The high wages of country like Australia, Luxembourg, Belgium, Ireland, France, Netherland and New-Zealand are approximately dollar 10.38 to dollar 10.85, in which they are the countries which has a high wage rate among the labor because of their efficiency of the labor, efficiency of the labor is also the important factor of the wage differential in which those labors are more efficient are their high wage or other not efficient are wages low. This is considered as a skilled or unskilled worker in Pakistan worker are not skilled only some worker is skilled but are other has an unskilled worker in which the main reason is that of lack of education, such as the not know about the new technologies they work only the old technology, in this way worker are not very well know but in developing countries worker are educated about the new technologies.

## II. Literature Review

This paper is about the wage structure of Pakistan, which they effect by the globalization or in this way wage distributed among the rural and urban population in which what population share is high among the wage differences, for whom to use different articles or research paper which are related to the wage differences, some selected articles are mentioned in the literature review which are given below Hatch and Larsen (1997) examine international monetary fund. The paper précises research on the joining between globalization and labor markets in the progressive economies, the paper inspects the consequence of globalization on labor market in the advanced economies, concentrating principally on the entitlement that increased economic integration has broadened the gap between the wages of the more expert and less expert workers. The important influence of the 1980 to 1990 is that the technology driven to shift labor demands its shift the less skilled worker to high skilled worker this will result the inequality among countries. Technology is the factor that would increase our production in this process the labor play an important role to increase our production and increase our GDP each one income which will increase the

wages of the labor, but one problem faced by the less skilled worker, which is its inefficiency to the works of that worker which is skilled, this will create the negative effects towards the worker which is less skilled

Lejour and Tang (1999) explain globalization and wage inequality. The study sight sees the possible future influence of globalization on comparative wages, using World Scan. The emphasis is on wage inequality in Japan, Western Europe and the U.S. The paper explains that the wage dissimilarity rises through different details, but trade liberalization is not the only reason behindhand mounting discrimination. Another interesting result is the unlike effect on industrialized countries. Reproductions show that the U.S is smaller subtle to falling trade fences and changes in emerging countries. Trade liberalization has a less impression on wage dissimilarity in the U.S than it Japan and Western Europe. Also, Japan and Western Europe expression higher import prices when exporting and levy sophisticated tariffs when introducing. For these two motives low capable workers in Japan and Western Europe have to terrorize more from globalization than their complements in the United States.

Kamari and Smith (2001) mention that the Influence of trade, technology, migration and globalization on wages. The paper examines the trade, technology changes and colonization and globalization are the four key factors that are linked to wage disparity. Trade is the important factor to increase or decrease wages if the trade will increase then the wages will also increase if the trade will decrease, then the wage will also decrease, immigration is also the phenomena that effects the wages of the labor in which the immigration towards the country, then their labor will increase, automatically it will decrease the wage rate it is because of that the people are travel from one country to another country, so the labor will increase this will decrease the overall wages of the labor because of the excess supply of labor. The most instrument that can be used to facilitate the sorrow of exiled workers is upholding sound fiscal and monetary rules in the U.S. The study allows the U.S. to remain competitive in the global market, and raise the overall living values of all employees, not for those who are extremely educated and expert, by maintaining full employ and low rise. The training can only be consummated through slight administration regulation, letting the free marketplace to reach at equilibrium.

Suryahadi (2001) inspects globalization and Wage Difference in Indonesia; A CGE analysis. The study examined that the trade rule and trade strategy in Indonesia. The classical allows the labor market effects of shudders to trade rules, the capital stock, and knowledge to be observed to the alone as well as together. The results propose that the central factor in moving wage inequality in Indonesia is over-all factor growth. The belongings of globalization on labor markets in advanced countries have grown considerable consideration recently. If globalization and technical change have significant inferences for established countries, then they obviously have important suggestions for developing countries too. The study in the first unit shows that the joint effects of numerous globalization tremors can upsurge wage difference between accomplished and amateurish workers in a way consistent with experimental changes in Indonesia since the mid-1980s.

Oostendorp (2001) explores globalization and femininity wage gap. The study examines that the how globalization affects the gender wage gap, there are several reasons for the femininity wage gap. The result shows that the work-related gender wage gap trend to reduction with cumulative economic development, at smallest in better-off countries, and to a reduction in trade and far-off shortest investment in richer countries, but discoveries the least indication to also reduce the occupational gender wage gap. The study examines that the distributional effects of the globalization are effects both poor and rich countries, the developed countries like America, the female participation is almost equal the male participation but the efficiency of male worker is high as compare to the female worker, then the gender wage gap is increases, or the developing countries the trade is the main sources to become developed, in the process the production site is very important to exports or trading, in way female participation is very low as compare to the man participation so the wages among the male and female are creates the gender wage gap.

Warner (2002) mentions that the International wage determination and globalization. According to this paper he collects the data of wage and salaries 3256 companies of 58 countries, international companies pay high wages as compare to 14 poor countries salaries in which the international companies give high wage in all occupations. Their concern with the wage differences in different countries and is due to the globalization. The study uses two types of regression one is to sector of the countries and second wages by occupation, company. In this paper the results tell us the different companies wage of their posts, such as the petroleum companies gives the high wages or the companies related to financial sector pay high salaries, the GDP per capita is high in those countries in which their

wages high. One insinuation of this result is that wage discrimination within businesses will mechanically be higher the inferior and the additional globalized country.

Margit and Acharya (2002) mention globalization and wage inequality. The study examines to deliver some simple theoretic construction that can certainly produce these results and thus connect the gap amid the philosophy and the realism. The expanded trade, decoration of the South with a hidden complementarity between inexpert-labor concentrated agricultural exports and talent-intensive manufacturing transfers, segmented labor shops and survival of a great non-traded segment, all contribute to such wage- dissimilarity. The second experimental conclusion that has once over uncomfortable the normal trade philosophy is the flared wage-gap between accomplished and inexpert workers in the South anywhere exportable are characteristically fairly exhaustive in unskilled workers. The education of a few hypothetical simulations within the realm of over-all equilibrium agenda that detention the altering nature of the North-South trade relatives and mechanical structures of trade and making patterns that discriminate the South after the North.

Milena and Braun (2003) analysis that the visions of an Energetic Trade ideal with Heterogeneous Firms. The training studies that the employee can transfer between sector is critical for the belongings of trade liberalization, high skilled worker cannot move easily to other firms as compare to the low skilled worker because that the high skilled worker cannot convert all his efficiency to other firms. There are two scenarios of the human capitals, firstly the amount of the high accomplished worker and the quantity of low expert worker are immovable. There is no option for the less skilled workers to participate their human investment in the high skilled employee.

Chiquiar (2004) mentions the globalization, provincial wage distinction and the Stolper-Samuelson proposition indication from Mexico, by means of separate-level data on individual features and wages and national-level data on skill, foreign straight investment, worldwide relocation and other location-specific structures. The study observes what issues resolute the deviations in Mexico's regional wage differentials between 1992 and 2002. The consequences, propose that globalization has a significant spatial measurement that is frequently deserted in old-style trade models. Lastly highlight that the chief policy insinuation of these results is not that less industrialized countries must avoid cumulative their relations with the worldwide budget. The training does not advise that the advances from skill are not confident; it only proposes they are unevenly dispersed across regions. A republic inaugural up to trade would relate mechanisms that may reinforce, the relations among the most insulated regions of the republic and the universal economy and, concluded this opportunity, spread out geologically the improvements from globalization.

Tavakoli and Grenier (2004) examine globalization and wage inequality. The education Canada and the U.S in footings of the development of the comparative wages of manufacture and non-production labors in the industrial sector between 1972 and 2004. The consequences show that the salary ratio is pretentious by alike financial globalization variables in each country. Amongst other variables, the income gap is additional pretentious by the combination variable in Canada. The influence of colonization on the remuneration gap is short in both states. The financial globalization displays positive consequence of the income gap in together Canada and the U.S. The technical change and importations from emerging countries have broadened the wage gap in both nations. Also, the worker supply variables such the decline of union control, the alteration in a numeral of invention workers, and the revolution in migration ratio have negative consequence of the place of unskilled workers in respectively nation.

Bastes and Strum (2006) mention that the wage differentiation and product differentiation. The study examines that the imperial research using firm level data for both developed or developing countries. The investment in the import innovation, product, the empirical impact of trade liberalization to the rewards of the skilled or un- skilled workers. The study uses the model of oligopoly in general equilibrium to emphasize this competition among the two countries. In the partial equilibrium for the firm to competitive product or to the foreign rival goods, manufacturing that best for its level because of using different technologies or new techniques, then the share of labor is increasing or increase the demand for skilled workers, and in this way the globalization can create the inequality among wages. Goldberg and Picnic (2007) state distributional belongings of globalization in Emergent Countries, the writer discus about the properties of globalization on income dispersal of evolving countries, the study measuring the globalization and inequality. In the developing countries, there is no technology available to the worker human are more utilized as compared with the developed countries, moreover, in developed countries the worker has less work gets high wage as compared to the developing countries in which labor works a lot and his wages will be low. Globalization has effects of the distribution of wages in the developing countries due to the technical changes in the

firms or an industry. The survey concludes that the existing evidence of measures of inequality, such as the skill premium or the wage inequality the broader concept of inequality is general human well-being or focus on consumption.

Onaran (2009) states, the international review of applied economics, Wage Part, Globalization and disaster; the situation of the engineering industry in Korea, Mexico and Turkey. The study examines the currency crisis among these three countries, Mexico, Korea and turkey that may lead to labor wage share of the business industry in Mexico, Korea and Turkey in the age of globalization. Three countries are trade liberalization both national or internationally. The contribution of the GDP in value added is 26.4 percent in Korea, and 18.1 percent in Mexico and 20.2 percent in Turkey. In the crisis of the industrial industry, which create the unemployment which will decrease the amount of person employed and increase the quantity of the wage earner which mean fewer people are in working they receive higher wages. The post Keynesian conflicting claims model, Johansen tests, which show the association between the wage shares or import and export ratio might be an extended term relative. The study concludes that the globalization is affecting the wage share in three emerging countries in their manufacturing industry and currency crisis. The study shows that the globalization has not been talented to bring his potentials to the workers. The different types of polices responsible for the problem faces by the labor like FDI and NAFTA, create a negative aspect of the countries.

Haskell et al., (2012) explain globalization and U.S wages: adapting typical theory to clarify how globalization strength clarifies the new drifts. The education demonstrations that how globalization strength clarifies the new trends in income. Three key assumptions about the fresh tendencies in U.S. real and qualified profits. First, to time there is slight in indication that globalization finished the standard network of universal trade in belongings, intermediates, and facilities have been rising discrimination among more-skilled goods, Second, there is at slightest expressive indications that globalizing less-skilled employees. The normal trade devices, perhaps have not completed this, the grouping of the superior tradability of amenities and superior market sizes specifically. Third, our examination huts new bright on the sobering detail of universal real-income failures of the big mainstream of on the Americans in the past period. These real-income decays may be share of the similar globalization and invention forces determining reappearance to superstar and to investment.

Helpman (2016) examine the globalization has remained answerable for increasing dissimilarity in rich and poor countries. The study shows that there is a connection between globalization and wage difference. The paper works on the worldwide trade, college wage finest and inequity and remaining inequality, the inequalities among nation are the factor that affects the wages of the workers due to their efficiencies. A main deduction from my examination of the works is that the predominant opinion that globalization is principally accountable for the great increase in the discrimination of labor recompense has no foundation in the sign. Yes, globalization compressed the wages of dissimilar types of labors to different gradations, and yes, it donated to an upsurge in the earnings of skillful relative to unskilled employees through numerous channels.

### III. Theoretical Model
The economic model allows us to hypothesis economic models which support to recognize the economic performance of a specific as well as the civilization as a whole. The economic classics give an actual image of the economy, but below some concepts and expectations. In social knowledges, and without these concepts, it is impossible to amount any sensations. The undeveloped impartial behind the edifice of a financial model is to examine and forecast. The forecasting power, the providing data, the practicality, the use of assumptions and the generalization choose the rationality of an economic model. This learning is going to explore the impression of globalization on rural population and urban population and wage differential in Pakistan. Lejour and tang (1999) provide the theoretical background of globalization and wage inequality and also determines the wage differential determinants. Ensuing these procedures most of the hypothetical works has deliberate the factors of the wage differential. Kamari and smith (2001), Hacche and Larsen (1997), Suryahandi (2001), warner (2002), Margit and Acharya (2002), Milena and Braun (2003) Chiquiar (2004). Goldberg and Pavcnik (2007), Staeheli et al., (2007), Ali (2015) and Ali (2018). Subsequently the procedures of overhead studies, the model of this study became as;

Wt = (UPt, RPt, GlOBALt)        (1)
W = wage differences
UP = urban population
RP = rural population

t= time period
GLOBAL = globalization

## IV. Econometric Methodology

Typically, time series statistics have non-stationarity problematic and the projected reversion consequences of this number became spurious for rule proposition. All co-integrated approaches also demand the stationarity of the variables. This study comprises with the different econometric method or used different test to show our results is stationary or significant, detail of time series data that it comprises a unit root problematic and reversion results of this data are spurious. For the answer of unit root tricky, this study practices Augmented Dickey-Fuller (DF) in (1979) unit root test, the calculated results of the Augmented dickey fuller test (ADF) in (1981) test are presented in this paper. Oostendorp (2001), Tavakoli and Grenier (2004), Bastes and Strum (2006), Onaram (2009), Haskell et al., (2012), Helpman (2016).

## V. Empirical results and discussion

The descriptive figures are used for overviewing the sequential possessions of the data. This study studied that impact of globalization on wage structure of Pakistan over the period 1980 to 2007, wage, rural and urban population and globalization are the variables. The results of descriptive figures are accessible in table-1. The estimation results show that the wage, urban population and globalization are the negatively skewed while the rural population are the absolutely skewed. The consequences expose that kurtosis has a optimistic value for all designated variables. The values of skewness and kurtosis are insignificant and are dissimilar from zero, so the null hypothesis of no normality is disallowed. Conferring to the Jarque-Bera projected standards, all variables have finite covariance and zero mean. This also approves that the data of selected variables are generally distributed.

**Table-1 Descriptive statistics**

|             | WAGE     | LRP      | LUP      | GLOBAL    |
|-------------|----------|----------|----------|-----------|
| Mean        | 14.97549 | 18.15080 | 17.41046 | 3.608335  |
| Median      | 15.20109 | 18.17616 | 17.43012 | 3.622307  |
| Maximum     | 15.94586 | 18.40646 | 17.85196 | 3.946411  |
| Minimum     | 13.46016 | 17.84372 | 16.90253 | 3.286115  |
| Std.Dev     | 0.781061 | 0.174292 | 0.286625 | 0.244171  |
| Skewness    | -0.68900 | 0.259792 | 0.169282 | -0.022878 |
| Kurtosis    | 2.282128 | 1.848459 | 1.846747 | 1.490873  |
| Jarque-bora | 2.816597 | 1.662514 | 1.685386 | 2.659484  |
| Probability | 0.244589 | 0.435502 | 0.430549 | 0.264546  |
| Observations| 28       | 28       | 28       | 28        |

The consequences of correlation between variables are offered in a relationship of a matrix. The table-2 demonstrates the consequences of the projected correlation matrix. The results show that the wage has significant and positive relationship with the urban population and globalization, but the rural population are not significant but positive estimates. This is the positive correlation with the urban population. The results show that the urban population is a significant correlation with the wage, and the globalization is the also positive or significant correlation with the wage. The results of the rural population are not a significant correlation with the wage. The general consequences of correction matrix give a distinctive portrait so it's stimulating to find the effect of globalization on the wage structure of Pakistan. So, this education actually donates to particular literature.

**Table-2 Pairwise correlation**

|       |          |          |        |  |
|-------|----------|----------|--------|--|
| LWAGE | 1.0000   |          |        |  |
| LRP   | 0.298021 | 1.0000   |        |  |
|       | 1.497295 |          |        |  |
|       | 0.1479   |          |        |  |
| LUP   | 0.271448 | 0.999276 | 1.0000 |  |
|       | 1.352604 | 126.1423 |        |  |
|       | 0.1893   | 0.00000  |        |  |

| LGLOBAL | 0.254337 | 0.968040 | 0.973188 | 1.0000 |
| | 1.261232 | 18.51143 | 20.29124 | |
| | 0.2199 | 0.0000 | 0.00000 | |
| Variables | LWAGE | LRP | LUP | LGLOBAL |

Regularly time series data has non-stationarity difficulties, and the projected regression consequences of this data converted spurious for rule submission. All co-integrated approaches also request the stationarity of the variables. The different econometric method or used different test show our result is stationary or significant, detail of time series data that it comprises unit root difficulties and reversion results of this data are spurious. For the response of unit root problem, this revision uses Augmented Dickey-Fuller (ADF) unit root test, the premeditated results of ADF test are accessible in this paper.

**Table-3 Augmented Dickey-fuller test**

| Augmented Dickey –fuller test At level | | |
| --- | --- | --- |
| Variables | t-statistics | Prob |
| LGLOBAL | -0.01517 | 0,9491 |
| LRP | -6.03929 | 0.0001 |
| LUP | -1.13119 | 0.6861 |
| LWAGE | -1.17155 | 0.6715 |
| Augmented Dickey –fuller test At first difference | | |
| Variables | t-statistic | Prob |
| LGLOBAL | -5.55199 | 0.0001 |
| LRP | -2.87716 | 0.0678 |
| LUP | -4.02931 | 0.0051 |
| LWAGE | 5.571171 | 0.0001 |

The impression of globalization and wage differential in rural, urban population in Pakistan over the era of 1980 to 2007, for co-integration analysis ARDL bound challenging technique is used. The results of the ARDL bound testing technique are given in the table-4. The considered consequences show that the F-statistic is superior than the critical bound, this means that there is co-integration when the wage is dependent variable and rural population and urban population and globalization are the independent variables. The designed consequences display that F-statistic is larger than the critical bound, this means that there is co-integration.

**Table-4 ARDL bound test**

| Null hypothesis no long-run relationships exist | | |
| --- | --- | --- |
| t-statistic | Value | K |
| f-statistic | 4.274829 | 3 |
| | | |
| Critical value bounds | | |
| significance | 10 bound | 11 bound |
| 10percent | 2.72 | 3.77 |
| 5percent | 3.23 | 4.35 |
| 2.5percent | 3.69 | 4.89 |

The assessed long run results are reported in table-5. This study usage the wage as dependent variables, whereas, the globalization and rural population and urban population and globalization are independent variables.

**Table-5 Long Run results**
**Dependent variables –LWAGE**

| Regressor | Coefficient | Standard Error | t-statistic(prob) |
|-----------|-------------|----------------|-------------------|
| LUP | -63.7067 | 11.705023 | -5.4426(.000) |
| LRP | 89.6214 | 16.291321 | 5.5011(.000) |
| LGLOBAL | 5.58882 | 2.141868 | 2.6093(.017) |
| C | -526.014 | 100.7367 | -5.2216(.000) |

The coefficient of urban population shows that the Wages have negative and significant connection among the urban population and wage rate. The results show that the 1 percent change decrease in urban population causes (-63.7067) percent change decrease in the wage rate. The coefficient of rural population shows that wages are positive and significant association among the rural population and wage rate, the results shows that the 1 percent change increase in rural population causes (89.6214) percent change increase in the wage rate. While the coefficient of globalization is the positive and significant relationship increase in globalization causes (5.58882) percent change increase in the wage rate. The overall long run consequences of the model display that rural population and globalization are the positive or major impact on wages, and urban population is the negative and major impact on determining the wages in Pakistan.
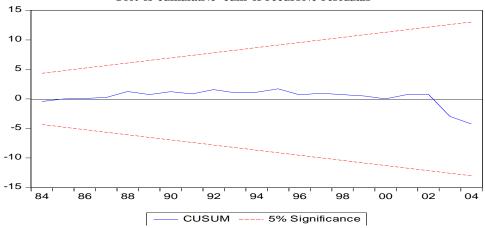
**Table-6 Short run results**

| Variables | coefficient | Std.error | t-statistic | Prob |
|-----------|-------------|-----------|-------------|------|
| D(LUP) | -61.0004 | 15.126068 | -4.032805 | 0.0007 |
| D(LRP) | 85.8144 | 20.754540 | 4.134731 | 0.0006 |
| D(LGLOBAL) | 5.35141 | 2.527907 | 2.116935 | 0.0477 |
| coinEq(-1) | -0.9575 | 0.253791 | -3.772873 | 0.0013 |

The coinEq(-1) will be negative and significant.

The stability of long run and short run parameter of the model is of great importance and measuring stability Helpman (2016) proposed the cumulative cum (CUSUM) in figure-1. The plot of CUSUM is within the line and significant at 5 percent. This insures the stability in the long run and short run coefficient.

**Figure -1**
**Plot of cumulative cum of recursive residuals**



## VI. Conclusions

The study investigated the influence of globalization on the wage construction of Pakistan over the period of 1980 to 2007, globalization and wage and rural urban population are the socio-economic and demographic variables. Augmented Dickey Fuller unit root test is used for checking the stationarity of the variables. Auto-regressive distributed lag model is used for analyzing the co-integration among the variables of the model. The estimated results if Augmented Dickey Fuller test shows that three variables are the stationary at 1$^{st}$ difference and one is stationary at level. The long run results showed that the globalization and rural population are positive or significant with the wage structure of Pakistan, but the urban population long run is negative but significant relationship with

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the wage structure of Pakistan. Short run projected consequences have similar way of connection as in they have with the long run. It is permitted detail of time series data that it covers unit root problematic and regression consequences of this information are spurious. The estimation of descriptive statistics is presented in it, and the pairwise correlation is presented in it, the intended consequences of ADF test are presented in it, and the calculated results of the ARDL bound test are presented in it, and the calculated results of long run are presented in it, and the results of integrating form are obtainable in it, all this study show that the globalization is the factor to affect the wage structure of population in case of Pakistan. Overall, we conclude that the globalization has become a significant factor of the wage differential in Pakistan. In which the wages are negative or positive related with population in which the urban population has negative coefficient and the rural population are the positive coefficient in which they explain that the on the effects of globalization, there is a positive aspect of the rural population as compared to their wages, their wages become increases, as to the other side urban population is not very many positive aspects. In the rural population there will be beneficial for the poor because of their wages will be increased due to the globalization, this paper is also examined that the globalization is very beneficial for the developing countries like Pakistan, India, Sri Lanka etc. Finally, we conclude that the overall results of over paper are positive or relevant to their topic and the assumption or empirical results shows that the globalization are changing or affects the wage differential or the wage structure of Pakistan.
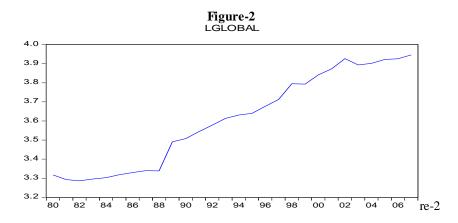
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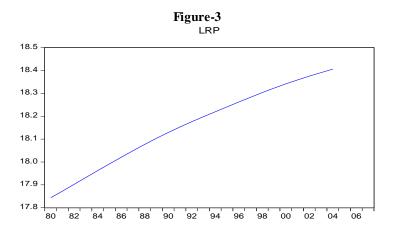
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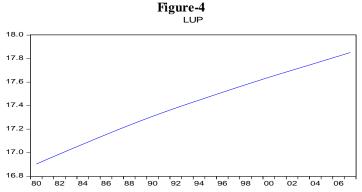
**Appendix**

We draw a graph of LGLOBAL of basic type specifically line and symbol, to check the stationarity of the variables in figure-2, in which this graph show that in 1980 to globalization in Pakistan is to approximately 3.3 and will increase with the passage of time and go to 4.0 in 2007.
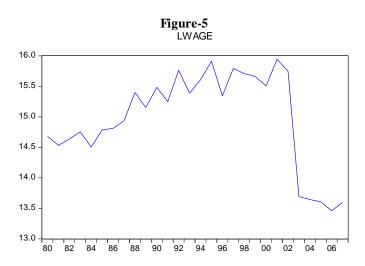
**Figure-2**
LGLOBAL



We draw a graph of LRP of basic type specifically to line and symbol, to check the stationarity of the variables in figure-3, in which the graph show that the in 1980 the rural population of Pakistan is approximately is 17.8 and will increase with the passage of time as in straight line without any trend, and go to 18.4 in 2006 this will show there is increase in population growth rate in Pakistan.

**Figure-3**

LRP



We draw a graph of LUP of basic type specifically to line and symbol, to check the stationarity of the variables in figure-4, in which the graph show that in 1980 the urban population of Pakistan is approximately is about 16.8 and with the passage of time they will become increase and go to the 17.8 with the increase in population rate in urban population in Pakistan.

**Figure-4**

LUP



We draw a graph of LWAGE in basic type to specifically to line and symbol, to check the stationarity of the variable in figure-5, in which in case of Pakistan in 1890 wages will 14.5 and with the passage of time show the they fluctuate but increase with upward trend but 2001 to 2007 they will decreases and lie in 13.5 this shows the bad structure of wages in Pakistan.

**Figure-5**

LWAGE

We draw the graph of all the variables in a group to check the frequency of the variables in figure-6, graph are the basic type specifically to the distribution as the histogram. They are also multiple graph.

**Figure-6**