

The experienced  
deeper changes is  
also true;



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The rise of new technology has transformed every aspect of our lives. Some of the new technology are so useful that we would not imagine our lives without them. The internet is one of these inventions, the fact that they offer cheapness and urgent passing of information is of great importance. Almost all sectors of the economy have incorporated the internet. In the field of business, internet has established some networks like E-commerce and E-business, which are proving to be very important in the running of the business.

The combination of all this system is what has led to the rise of new economy. New economy and old economy are two concepts used in description of how the economy operates. While old economy can be described as an economy whose infrastructures are based on manufacturing and industrialization, the new economy is characterized with having services and technology.

The two concepts of the economy base their difference on the approach they have in carrying out business operation. However, notable between the two is the fact that the old economy existed before the new economy. Old economy can be traced its roots from the industrial revolution when production of goods was changing from production into small quantities to mass production.

The new economy has enjoyed its rise from evolution of the old technology and the development of skills that formed the bases of new technology (Lowson, 2002). New technology is characterized by recent productivity, inflation, and unemployment gains, which are results of new economy forces,

and include technology, globalization, and increased competitive pressures. There are two interpretations to how the economy operates. Moderate interpretation is one of them; it proposes that these forces contributing to economic gains are doing it in a way that they are consistent with conventional economic theory. New economy extremists on the other hand urge out that something more profound has happened and that the structure of the economy has changed and new set of roles have now been set. The two sets of school of thoughts cannot be refuted since they have truths in them. To start with, the moderate's arguments are evident because the U. S productivity has been revived due to information technology (Siebert, 2002).

Similarly, inflation and unemployment has improved due to due to technology, globalization, and increased competitiveness. The thought that the economy has experienced deeper changes is also true; some are even urging that the Philip curve has been rendered obsolete due to global competition. The moderate thought mostly supported by economist is the one which is carrying much weight since it links technology, globalization, and competition with traditional theories. However, the thought that radical changes have taken place is also true; the problem is that we may not have reached some extremes in technology (Siebert, 2002).

New economy has come up as a result of revolution on the old economy that has been in existence from the industrial revolutions times. The main aspect that are contained in the new economy is having information technology taking control in business world. The resultant of this is what is known as E-business, which has led to different definitions of organization. Complex business networks have been established along with the value chain and

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they are being defined by the ability to get products to the market with the greatest customers with the least cost and at a fast speed. The main components that make up E-business is having an I. T infrastructure for communication, the services and the products that are being put in the market (Burn, 2002). The two types of economy have various distinctions that make them unique from each other. To start with, the old economy a simple formula was what was needed to make a product, where else the new economy embraces use of intangibles like branding to add value to a product.

On the other hand, one would measure the value that he has increased to a product in the old economy, which is not the case in the new economy because the value added is not measurable. The value of the product dependent on the scarcity of the product in question in the Old economy, however, for the new economy this is not the case as the value of the product is dependent on wide uses of the products. Proximity to the users of a product was important in the old economy, which is not the case in the new economy since the market is so diverse and globalized (Pollacco, 2001). There has been changes in existing trends that are being brought about by the new economy. To start with, there has been a shift from manufacturing production and has been replaced by provision of services. Employments in the manufacturing sectors have decreased in the last few years. Counter to this, service industry and tourism industry have increased greater in the last few years.

There has also been improvement in the upgrading of skills as well as gender balancing in regard to labor provision. The illiteracy levels are getting

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eliminated through education and more and more students are getting enrolled in higher institutions (Pollacco, 2001). Another trend has been that there is a major shift from domestic competition to an international one. The issue of globalization has widened the market from the local level to a global one. The policies that the governments are adopting have also change in past decades, the governments used to have the policy of import substitution. The importance of this policy was that it helped out in industrialization, since technology wise we are past that era, abolishing these policies has taken place to embrace a greater market. Protectionism is another policy that is been campaigned against, though some firms are still using them.

Having a globalized market has not only brought about efficiency but also increased the growth domestic product among different markets. Customers are getting a wider market while producers are able to move their products freely. However, it is notable that as much as there are many benefits that are brought about by the new technology, there are other people who are losing (Fitzsimmons 2011). The new economy will come with various implications in the economy. To start with, new economy requires subordination from manufacturing to service oriented mode. Abolishing of the previous structure is needed and incorporation of a new structure of E-business.

New economy has a great support on the profit motive of the organization. However, it assumes that other motives that affect behaviors like religion are put aside and what man seeks to achieve is happiness and satisfaction through material items (Fitzsimmons 2011). New technology has great praise

in capitalist free market in comparison to communist market. New technology has also redefined the role of the military.

Previously, the military in the U. S had the role of maintaining the liberty and protection against attacks, lately this has changed to a scenario where the military is protecting big businesses and are mostly placed in areas where there are United States economic interests (Droke, 2000). There are various question that have come up with introduction of the new economy, among them is how long we are going to supplement physical production to rely on an electric-based economy.

It is therefore necessary to keep in mind the importance of having the products that we use daily still in production as well as having the services in place. Surely, the future is unknown: it is therefore important to put into consideration that a balance needs to be achieved in having both the old and new technology in our lives today.

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