

Impact of the recession on innovation and technology growth



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1. Introduction

Entrepreneurs cause Entrepreneurship. Entrepreneurship is a function of the entrepreneur $E + f(e)$.

Entrepreneurship is the interaction of skills related to inner control, planning and goal setting, risk taking, innovation, reality perception, use of feedback, decision making, human relations and independence.

Creating a new enterprise model involves considerable change in virtually everything to do with people's working lives starting with the future model of Entrepreneurship. A model for entrepreneurship that explains in industries employment change by combining technology with innovation demand, it is proposed in this article.

This article explores the way economic cycles influence the relationship between innovation and human relation employment in manufacturing industries.

The article investigates whether the ups and downs of cycles alter the possibility of exploiting innovation, technological opportunities which can affect patterns of job creation. Human resources the employment dynamics have always followed cyclical patterns expansions of production; bring new jobs when recessions lead to job losses (Mastrostefano and Pianta, 2009).

A large macroeconomic literature, has investigated employment dynamics in their relationship to the cyclical patterns of economic growth. Labour economics perspectives; have focused on the role of knowledge wages

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in affecting employment and the economical periods of high cyclical unemployment (Pisarides, 2009, Pianta, M. 2005). Distinctions have been made between the determinants of employment in business cycles and in long-term growth, capital-labour complementarities, and the evolution of labour supply and, more recently, the diversity of labour skills. (Lucchese, M and Pianta, M., 2012) .

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In order to summarize the diversity of industry patterns in innovation and employment over the cycle, it is necessary to take in consideration the well-known Pavitt taxonomy. It provides a relevant conceptualization of the differences in the process of technological change by classifying firms and industries on the basis of their dominant sources of innovation, the forms of appropriation of technology and market structure. In his taxonomy, Pavitt (1984) identifies four groups that describe the level of technological opportunities of each industry:

(a) Science-Based industries include sectors based on advancements in science;

(b) Specialized supplier industries create specific products for users-industries, and these typically include machinery and equipment, with an active role for human capital;

(c) Scale intensive industries include sectors characterized by large economies of scale, high capital intensity and strong relevance of organizational improvements such as motor vehicles;

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(d) Supplier dominated industries include traditional sectors including food, textiles, clothing.

Along the article, the author generally assumed to operate and established the relationship between labour and how innovation can influence the employment as a final solution for economical development.

2. Methodology

The sample was draw for people involved in business activity in Baia Mare city. A total of 250 respondents were contacted. Respondents were surveyed using a forth part structured questionnaire.

Part 1-measured variables using single items such as educational background, type of business activity, type of organization.

Part 2- measured the factors, which were classified into entrepreneurial core, work core, individual and social core relevant for leadership style of the respondent person.

Part 3-measures the profile of leadership, the attitude in different situation of the manager, and identify the type of leader.

Part 4-measure the perception for new development and new orientation into organization, identify some individual suggestions.

The surveyors have been questioned about their business and the opportunity to implemented change management and introduce innovation in their organization. The internal consistency of the measure and the results indicate that the items in measuring the organizations activity dimensions

are reliable. Also the survey make a radiography upon the economic activity of the city Baia Mare and give an answer to economical and employment problems.

3. Results

Traditional industries such as supplier-dominated sectors are characterized by a long-term decline in employment associated with the broader patterns of structural change and demand dynamics. The number of individual business organizations reflects the engine of economy structure especially on small business in a miner region like Baia Mare city, where “old factories” are just a memory for 50’ generation. From the survey dates obtained, I identify that major activity are non productive sector, as a matter of fact the production it is not developed yet in our region, organizations are under the discovering faze of the miracle products which can be produce. The diversity of activities structure is special in the commerce retailer and wholesaler fields and the employers number its low.

This paper offers the opportunity to step outside the normal organization day-to-day experiences and mentally travel a brain road toward people tomorrows—in a world moving toward unimagined futures.

Day-to-day experiences tend to trap people in yesterday. I think it is necessary to count also the rapid technological change, increasing competition because of globalization, and tremendous innovation. At the same time knowledge is constantly making itself obsolete. It’s not possible to invest time in something that’s not on your radar. Some kind of valuable

radar enhancement is needed: *Results, Approach, Deployment, and Assessment, Review.*

Unfortunately there are no answers just alternatives and a constantly receding horizon. Entrepreneurs should establish and maintain an environment within the business to encourage efficiency among employees. Based on the survey, I concluded that not in every organization management the manager leader, understand the managerial competency in the some connotation.

Archibugi (2001), Bogliacino and Pianta (2010) identify Pavitt's groups that describe the level of technological opportunities in industry and the influence of innovation and new technology for future development and harmonization with market customers needs. Taking in consideration the survey results a classification can be easy done, the economical activities can be structure in the category of supplier dominated industries here we include traditional sectors food, textiles, clothing, hand makes products, training and other activities.

Evangelista and Savona (2003) present the same importance of the relation between innovation and skills in services and the direct relation between the necessity of structural change and economic dynamics.

Desire for greater life flexibility, seeking challenges, fulfilling a long-felt desire or escaping from organizational glass ceiling is also among the motivation factors especially for women to start-up their own business (Figure 1).

The diversity in the patterns of employment in the manufacturing sector is documented in this paper also where the dynamics of employment depends of economic cycle. The ups and downs of aggregate demand have been shown to affect changes in production and demand for labour. It is not surprising from the survey dates that the number of women entrepreneur gas increased and growing because of their interests in privatisation, self-employment and business oriented employment. All this facilitated by the growth in various sectors such as general commerce, personal and public services, training and consultancy and other reflect the cycle from market in a continuing fluctuation for an unfavourable miner area.

The productive sector doesn't exist anymore because of technological adaptation and missing innovation, which is the future provocation for our market. The organization must deal with the practical impact of unpleasant change, but more importantly, must labour under the weight of employees who have given up, have no faith in the system or in the ability of leaders to turn the organization around.

Leadership before, during and after change implementation is the golden key to getting through the swamp. Out of 250 respondents, majority of them are aged educated that's the motive of involvement in his own business (26% baccalaureate and 57% academic studies) as a solution of adaptation on actual market. Management refers to the ways of the personnel in charge of directing the organization, which in this instance is an entrepreneur. In the context of demand shortage, an increase of the quality and variety of goods cannot be associated with value added growth, while productivity growth and a higher competitiveness can be obtained through lower
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employment. Figure 2 plots the change of the manager mentality groups as the first evidence of the diversity in the relationship between innovation and employment during the economic cycle and their organization new orientation on market.

Blackburn and Pelloni (2004) combines the lessons from the macroeconomic analysis of business cycles with an attention to the nature of technology and the patterns of structural change in manufacturing industry.

A model that explains industries employment change by combining technology and demand is proposed also in this article. High technology sectors, especially science-based industries, are affected by the ups and downs of the economy, although they traditionally devote more resources to innovation and new products.

As time goes from industrial revolution to the information revolution confirm by Freeman and Louca (2001) innovation perspectives is the best solution for increasing the employment and reoriented the entire management economy.

The part 4 of survey measures the perception for new development and new orientation into organization and identifies some individual manager suggestions. The target of survey was to capture the human resources attitude in front of new orientation for organization perspective. The new generation encourages the implementation of new trends from the market and push the manager and staff organization to be open for new changes.

They suggested some ways to be followed in future: organized training and inform the staff 76%, implement a total controlling knowledge process to

avoid the appearance of different mistakes 45%, a new orientation for organization, management change and a mentality change in a good direction 41.5%.

An open innovation seems to be the best solution for the youngest organizations. Management realizes that the only education organization aware of the need for change and provide a means by which change and development can be achieved.

This situation show that the enterprise performance depends on the level of personnel incentive and are some imbalances in the operating activity of the company, because the share of staff costs in value added is higher than it should be.

We can complete the f (e), with the others factors which are variable and dynamic along the economical cycle, technological and cost competitiveness strategies have a contrasting effect on employment, employment growth emerges in product innovation oriented sectors, while new processes generally result employment losses.

The missing factors present in fact the real situation not only from our region but it is necessary to take in count the global situation.

Boglacino and Pianta (2009) present also this particularly view relevant in the context of the economical crises that has hit most of organizations in the shadow of the financial crisis of 2008 and of the European debt crisis of 2011.

Does innovation stimulate employment? To that question answer Harrison Jaumendreu, Mairesse and Petres (2008), Greeman and Guellec (2000), that technological innovation and employment reallocation is a solution.

Barbuta Misu (2012) reflect about the inverse relation between staff costs rate and probability of bankruptcy, we can argue that is an unusual situation that the share of staff costs in added value to be high to the enterprises with no risk of bankruptcy, especially because the high value of personnel expenses diminishing the profit.

During industry growth, as well as productivity increases appeared to be supported by both new products and new processes as both technological and cost competitiveness may lead to output or efficiency improvements.

3. Conclusion

This article has shown that recessions disrupt the mechanisms of innovation-based growth and push firms toward a technological trajectory based on labour-saving new processes that increase efficiency but destroy jobs.

Results show that, new products, exports and wage growth affect employment change, while new processes contribute to restructuring and job losses. Along with jobs, competences, skills and production capacity are lost during recessions, with the risk of setting the engine of growth on a lower path of development. Employment has always been affected by business cycles and the economic literature has long explored the macroeconomic and demand determinants of this relationship.

The originality of article perspective is that in investigations by innovation and economical management cycle, the conclusion shows that employment outcomes are affected by the nature of technological change.

Since 48% entrepreneurs are focus on retailer activity and services, and only 24% it is involved in productivity activity, a new orientation it is necessary to encourage the economical growth of the city.

This article investigates whether the ups and downs of cycles alter the possibility of exploiting technological opportunities and affecting patterns of job creation. Technological competitiveness is expected to have a positive effect employment but it could play a minor role in a downswing because of the lack of demand. The impact of a technological innovation will generally depend not only on its inventors, but also on the creativity of the eventual users of the new technology. A clear difference emerges between new products that support job creation in times of growth, and new processes that are instrumental in job destruction in times of recession.

These differences in the nature of innovation are visible in the diversity of industries, characterized either by a dominance of product-oriented efforts at technological competitiveness.

The article conclusion is to argue and sustain the relationship between specific innovative strategies and their employment when new products may open up new markets and offer new jobs, when new processes may come to dominate technological change, leading to restructuring and job losses.

The Matrix factors for entrepreneurship leadership profile examines the personal background, stage of career, early life experiences and growth environment, indirect benefits, opportunities in the carrier prospect and the impact of market conditions. Specifically, the 4R are: research, relationship, reputation and recognition, each R category is discussed in light of the contemporary economical situation on Romanian market.

The benefits of the 4R are explored and present the real situation on economical and management production like a problem or a false fake? From research work perspective various attempts were undertaken to identify factors that support the growth of economy and comprehensive list of factors are identified and put in evidence the object of this study.