

Globalization, Skill Biased Technological Change and Slow Growth

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Abstract

The Kuznets approach on the strict complementarity of structural and technological changes, the new approach about the direction of technological change biased towards the most intensive use of locally abundant production factors, the new approach about the direction of technological change. The analysis of the stylized facts and empirical evidence demonstrates that the twin globalisation of capital and product markets brought about by the entry of new nations into international markets had profound effects on advanced countries. As a result, skill-biased technological change was introduced, which led to the decline of the manufacturing industry's importance and the emergence of a powerful knowledge-intensive business service sector.

Keywords: Optimum currency areas • Economic resources • Financial crisis

Introduction

The interpretive framework is based on the grafting of the Kuznets approach on the strict complementarity of structural and technological changes, the analysis in a dynamic version, the Kuznets hypothesis about the role of creative reaction as the main determinant of the rate of technological change, and the new approach about the direction of technological change biased towards the most intensive use of locally abundant production. The twin globalisation of product and capital markets brought about by the entry of new labour-abundant countries into international markets had profound effects on advanced countries, resulting in the introduction of skill-biased technological change and the ensuing decline. This is supported by the analysis of the stylized facts and empirical evidence.

Description

The analysis of the stylized facts and empirical evidence demonstrates that the twin globalisation of capital and product markets brought about by the entry of new nations into international markets had profound effects on advanced countries. As a result, skill-biased technological change was introduced, which led to the decline of the manufacturing industry's importance and the emergence of a powerful knowledge-intensive business service sector. The stock of working capital and, consequently, the rates of development of advanced economies were reduced as a result of the new biased direction of technological advancement, which expedited the replacement of both capital and unskilled labour with skilled personnel [1].

The primary long-term driver of economic expansion is productivity. Innovation made possible by technology is the main driver of rising productivity. However, despite the explosive rise of digital technologies, productivity growth

has unexpectedly halted. It has generally been less than half the pace of the previous among advanced economies over the last years. Although technologically advanced companies have seen significant productivity gains, these advances have not had a strong impact on productivity more generally. The outcomes of the new technologies have a history of being winner-take-most. Markets structures have become less competitive, dominant enterprises have increased their market dominance, and business dynamism has decreased [2].

The labour markets are being significantly impacted by technology. Labour demand is migrating away from regular low- to middle-level skills toward higher-level and more advanced analytical, technical, and management abilities as a result of automation and digital advancements. On the supply side, access to complementary skills has delayed, which has impeded the wider dissemination of innovation inside economies. The race against technology has been lost by education and training. The issue of an ageing population affects the majority of major economies. Additionally, several of them are observing a plateauing of population growth in terms of basic educational attainment and labour force participation rates. In order to achieve economic growth, these tendencies place an even larger emphasis on productivity and the technology advancements that support [3].

The Schumpeterian theory states that the primary factor influencing the rate of technological evolution is creative reaction. The Kuznets approach on the strict complementarity of structural and technical changes, the new approach about the direction of technological change slanted towards the most intense use of locally abundant production in a dynamic version of the analysis. The twin globalisation of product and capital markets brought about by the entry of new countries into international markets had profound effects on advanced countries, leading to the introduction of skill-biased technological change with the consequent decline in the role of the manufacturing industry and the emergence of new industries. This is supported by the analysis of the stylized facts and empirical evidence [4].

Additionally, growth has grown less inclusive. In most developed countries, including the United States, income inequality has been increasing. In some of these countries, the growth has been particularly apparent. A fall in the income share of labour and an increase in wage inequality have been attributed to new technologies that favour capital and higher-level skills. They have also been linked to industry structures that are more concentrated and dominating enterprises' substantial economic rents. The distribution of both labour and capital income has gotten worse, with income shifting from workers to capital. Political polarisation and social friction have intensified as a result of rising inequality and escalating job fear.

Even though wealth disparity has increased inside many nations, it has

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decreased between nations as faster-growing emerging economies close the income gap with mature economies. New technological difficulties are presented by this economic convergence. Emerging economies' comparative advantage in production, based on their sizable pools of low skill, low-wage workers, has been the major driver of convergence. With the automation of low-skill jobs, this competitive advantage is fading, necessitating the creation of new growth pathways in line with technological advancement [5].

Conclusion

The organisations and policies that control markets must adapt as technology changes how business is done. To ensure that markets continue to provide open and level playing fields for businesses, maintain vigorous competition, and restrain the development of monopolistic structures, competition regulations should be updated for the digital age. The digital life blood, new regulatory challenges involving data, must be handled. The ability of markets to adapt to shocks and structural changes brought on by digital revolution will be crucial. The technological frontier should continue to be pushed by the innovation ecosystem, which should also encourage broader economic effects from the new developments. In order to encourage a wider dissemination of technologies incorporating new knowledge, research and development systems and patent regimes should be enhanced. This is because the intangible asset of knowledge is becoming an increasingly significant driver of economic success.

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Conflict of Interest

None.

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