Methodology for evaluating technological innovations impact on unemployment

Akvile Karaliute
Vytautas Magnus University,Lithuania
akvile.ka@gmail.com

Abstract:

The global economy has been moving forward due to new technologies more than two centuries. Each new technological wave has a positive effect on economic growth, productivity and opportunities for new business types. The researchers in many ways define the impact of innovations on labor market parameters: (un)employment, labor demand, wages, etc. One approach (Say 2009; Schumpeter 2017) suggests that technological progress leads to process and product innovation (it means, it leads to job creation). According to others (Wood 2004; Feldmann 2013), technological change can increase unemployment. Technological innovation and its impact on labor market is a topic of great interest because it reveals the tendencies and the problems labor market encounters due to technological change. There are relatively very few research on the impact of technological innovations on labor market parameters at macro level. Reviewing research concerning particularly the issues of unemployment, the variables that influence unemployment and that have to be controlled in a model while examining technological innovation impact on unemployment must be distinguished. Methodology is based on dynamic panel data regression model and two-step generalized method of moments (GMM) to estimate it.

Keywords: Unemployment, innovations

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