

Knowledge spillovers and future jobs

In the future, jobs will be created by those bold enough to transform new ideas and knowledge into innovations

Keywords: innovation, entrepreneurship, competitiveness, globalization

ELEVATOR PITCH

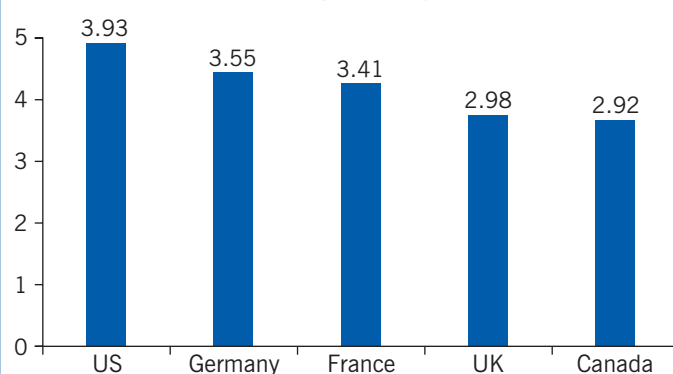
Globalization brings both good and bad job news. The bad news is that jobs will be outsourced from high-cost developed countries into lower-cost locations as soon as the associated economic activity becomes mechanized and predictable. The good news is that globalization creates opportunities that can be realized by people bold enough to transform new ideas and knowledge into innovations. In that way, entrepreneurs will play a vital role in creating the jobs of the future by transforming ideas and knowledge into new products and services, which will be the competitive advantage of the advanced economies.

KEY FINDINGS

Pros

- ⊕ Innovative activity is the result of investments in new knowledge, such as human capital, research and development (R&D), and creativity.
- ⊕ There are positive correlations between R&D investment and innovation performance and between R&D investment and productivity.
- ⊕ Knowledge investments exploit the opportunities of globalization through their spillover potential, creating innovations geographically close to the source of the new ideas.
- ⊕ Innovation bestows competitive advantage in the globalized economy and has the potential to become an engine of future growth.

R&D investment as a percentage of GDP (2012)



Source: Based on Figure 1.

I Z A
World of Labor

Cons

- ⊖ Investments in new knowledge do not automatically generate innovative activity and new jobs, but require conduits for the spillover of knowledge to innovative activities.
- ⊖ The spillover propensity for investments in knowledge is strongly influenced by contextual factors, such as institutions specific to an industry, region, or country.
- ⊖ Knowledge investments in human capital, creativity, and R&D can be appropriated only to the extent that knowledge spillovers can be exploited to generate innovations, employment, and growth.

AUTHOR'S MAIN MESSAGE

Globalization has challenged the standard of living, competitiveness, and economic performance of developed countries, but it has created opportunities for them as well. Two policy strategies can harness the opportunities. One is to invest in generating ideas and knowledge through R&D, academic research, education, and creativity. The second is to facilitate the spillover of knowledge created through those investments from academia to enterprise, focusing on incentives to promote entrepreneurial startups, technology transfer from universities, and public-private partnerships linking university research to the private sector.