

Employment Impact of Technologies in the Developing World

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Abstract

This chapter proposes to examine the impact of technological progress on employment in developing countries. Using the World Enterprise Survey data, the focus is laid on the manufacturing sector. On employment, the impact of foreign technology, imported inputs, and foreign ownership are positive. Domestic innovation also results in higher levels of employment. Hence, foreign technology and better quality imported inputs can be beneficial for the firms as new opportunities may come up for expansion in activities though the joint effect turns out to be negative. Furthermore, the skilled labor demand responds positively to technology and input acquisition from abroad while the unskilled labor demand does not rise significantly. Domestic innovation also shows positive effect on skilled labor. Hence, it seems that the dampening effect of new technology on employment in absolute sense seems to be rather exaggerated while the concern may be justified in relative terms or in reference to unskilled labor particularly.

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