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## Correlation of Economical Growth & Technological Improvement

In relation to the Dan Wang's article, I wish to develop the author's claim that Europe has not successfully entered the digital age by providing some of the possible reasons. Governments in Europe are big, spending roughly 10% of GDP more than its peers (Raiser and Gill 2012). Accordingly to the Scully Curve, a government's spending reduces economic growth bringing diminishing returns once it reaches a certain size (Di Matteo, 2016). And as we read in Wang's blog, low growth leads to stagnation and knowledge decay.

There is a direct correlation of long-term growth and technological improvement. Economies that do not innovate are unable to take advantage of world's innovation spill overs. R&D investment in Europe is less than in the US and East Asia, as European companies grow by improving existing processes. Young innovators are not receiving as much support from Europe as their older, less-innovation intensive counterparts. Governments need to reconsider their spending and try to make the best out of bad situation.

Let's focus on the aging population sector forcing governments to carefully plan their fiscal policies. If we followed Sweden's example, Sweden provides incentives to increase the number of people staying in employment throughout their working lives. A person who considers retiring at the age of 63 will receive 12% less pension pay than a 65 year old. If the person waits until they are 69 they will receive a 30% higher pension than that of a 63 year old (Dickson, 2014). More older workers results in higher levels of process knowledge transfer. Unfortunately managers view older workers as inflexible, uncreative liabilities and do not see their potential (Stam, 2009).

As Wang writes in his blog, process knowledge is hard to measure. Reducing headcount, very often by offering incentivised voluntary redundancies, is a type of decision that brings tangible results in terms of cost reduction. My husband worked for a big, Irish telecommunication company that for the past number of years offered a series of voluntary redundancies. Very often, people who were offered voluntary redundancies, were employed again as contractors in order to fill the knowledge gap. My husband received voluntary redundancy and on his exit he suggested that leavers should write a document detailing their acquired knowledge, but management rejected the idea. Currently, the company is facing problems with it's networks. Acquiring process knowledge has its roots spreading across different sectors that once in motion creates a domino effect that spreads from government's policies through sociological issues to individual companies.

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