

Interrelationship between Innovation, Productivity, Growth, and Unemployment: Systematic Literature Review

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Abstract

This study aims to review the literature on the interrelationship between innovation, productivity, growth, and unemployment. Innovation is widely recognized as a key driver of productivity growth, and a substantial body of literature has examined the relationship between these two phenomena. Scientific literature generally accepts that technology and research and development activities positively impact productivity growth. Goldin, Koutroumpis, Lafond, and Winkler (2024) state that labor productivity growth is a key driver of long-term output per capita growth. Okun's law states that there is an inverse relationship between unemployment and output. This relationship is explained by the idea that when GDP declines due to a downturn in economic activity, more people lose their jobs, leading to an increase in unemployment. Understanding the interrelationship between innovation, productivity, growth, and unemployment allows for more accurate economic forecasts and targeted policies and business strategies. This understanding increases a country's well-being and reduces disruptions, especially during periods of rapid technological change.

Keywords

Growth, innovation, productivity, unemployment.