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ROLE OF DOMESTIC TECHNOLOGICAL DEVELOPMENT IN INNOVATIONS

Abstract: *The aim of this article is to analyze the development of innovation activities and research as the factors of knowledge-based economy in the Slovak Republic (SR). The phenomena of technological progress are examined on data on exports in the EU countries and in the SR according to technological demands, the structure of innovating enterprises share by technological level, mutual dependence between innovations (measured by number of EPO patents) and economic performance (measured by means of GDP/capita). In this connection, also the contributions of total factor productivity (TFP), capital, labour force, foreign direct investment (FDI) and GERD on the GDP growth rate are analyzed. The author identifies also the basic deficiencies in research and innovations in Slovakia together with a proposal on how to overcome them.*

Keywords: *innovations, technological progress, economic performance, foreign direct investments, R&D expenditures.*

JEL: O 30, O 31, O 32

Introduction

The aim of this article is to point out on the example of the Slovak economy the problem, why the post-socialist countries compete by cheap labour force, and little by a more expensive qualified workforce, though the educational level of the population as well as the technological level of production is rising. Equally the share of innovative enterprises and the share of scientific and engineering staff in the overall number of workforce are ascending. In our article we will try to analyse the reasons, why the qualified workforce is not adequately used for the needs of innovation development and what conditions are to be created in order to overcome this situation and to support development towards the knowledge-based economy.

Present Situation

Slovakia similarly like other post-socialist countries uses mainly the low-priced workforce to remain competitive, although the numbers of university and secondary