

## Impact of Innovations on Economy and Human Life

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### Abstract

*Currently, innovation is the main connecting mechanism of all aspects of society. The modern world cannot be imagined without both already familiar and future innovations. The scientific community agrees that innovation has become the main driving force of economic development. Innovation processes have led the world community to a new, higher level of development. Innovation is used in almost all areas, being a topic of discussion at the professional level, incl. at the level of governments, international organizations, etc. The paper describes the necessity of innovation for economy and human life.*

**Keywords:** *innovation, entrepreneurship, technology, creativity, startups, digital transformation, research and development, productivity, globalization, lean, startup, patents, change management, innovation culture, economic growth, automation.*

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### 1. INTRODUCTION

In order to know the impact of innovation on the economy and human life, first of all, it is necessary to know its content and relations with the economy. Innovation – a novelty introduced or being introduced that ensures the improvement of the efficiency of processes and (or) the quality of products required by the market. At the same time, for its implementation, the innovation must respond to current socio-economic and cultural needs. An example of innovation is bringing to the market products (goods and services) with new consumer properties or increasing the efficiency of production of a specific product.

In addition, it is the introduction of a new or significantly improved product (good, service) or process, a new sales method, or a new organizational method in business practices, workplace organization, or in external relations.

In other words, it is not something new or innovative, but the only thing that seriously increases the efficiency of the existing system. Contrary to popular belief, innovation is different from invention.

### 2. THE ESSENCE OF THE TERM INNOVATION

The term "innovation" comes from the Latin novatio "renewal; prefix "to change" and "in the direction of": the literal translation of innovatio is "in the direction of change". The concept of innovation first appeared in scientific research in the 19th century.

The concept of "innovation" took a new life in the early 20th century in the scientific works of the Austrian and American economist J. Schumpeter, as a result of the analysis of "innovative combinations" and changes in the development of economic systems.

Schumpeter was one of the first scholars to introduce the term into scientific use in economics in the 1900s.

J. Schumpeter considered the commercialization of all new combinations based on:

- a) use of new materials and components;
- b) introduction of new processes;
- c) opening new markets;
- d) introduction of new organizational forms.

At the same time, Schumpeter considered innovation to be only invention at the level of technology.

### 3. IMPACT OF INNOVATIONS ON ECONOMY AND HUMAN LIFE

The impact of innovation on the economy and human life is profound and far-reaching. Innovation, defined as introducing something new or changing existing processes, products or services, plays a crucial role in shaping the economic landscape and improving the quality of life. Some of the main aspects of this effect are:

Economic growth:

- **Productivity improvement:** Innovation often increases productivity and efficiency, stimulating economic growth. For example, the Industrial Revolution introduced machines that greatly improved production processes. **Creating new industries and jobs:** Innovations can create entirely new industries that stimulate jobs and economic development. The rise of the Internet and information technology is a clear example of this.

**Automation and efficiency:** Innovation often leads to the automation of repetitive tasks, reducing the time and resources required for production. This efficiency improvement can lead to higher productivity and economic growth. For example, the introduction of conveyor lines during the Industrial Revolution greatly increased production productivity.

**Digital Technologies:** In the modern era, digital technologies, including artificial intelligence and machine learning, are helping to improve productivity in various industries. Automated systems can analyze data faster and more accurately than humans, leading to more informed decisions.

**Technical and knowledge-based industries:** Innovation often creates new industries based on emerging technologies. The information technology (IT) sector, for example, has become the backbone of many economies, creating jobs and stimulating economic growth.

**Innovation Ecosystems:** Innovation drives the growth of entire ecosystems, including startups, research institutes, and venture capital. This interconnected network can spur economic development by creating a fertile ground for the creation and implementation of new ideas.

**Communication and Transportation Innovations:** Communication innovations such as the Internet and telecommunications have greatly reduced barriers to global trade. Improvements in shipping, including containerization and air travel, have made it easier for goods and people to cross borders.

**Supply chain optimization:** Innovations in supply chain management with technologies such as radio frequency identification (RFID) and blockchain have made supply chains more efficient and responsive to global market demands.

**Support for research and development:** Governments often play a crucial role in supporting innovation through policies that encourage research and development. Investments in science, technology and education contribute to a country's ability to innovate and compete globally.

**Regulation to encourage innovation:** Governments also shape economic growth by creating a regulatory environment that encourages innovation. For example, intellectual property laws encourage companies and individuals to invest in the development of new ideas.

**Job Displacement and Creation:** While innovation may result in job displacement in certain industries, it also creates new jobs in emerging industries. Governments and business must manage this transition to ensure a balanced labor market.

**Income inequality:** The benefits of economic growth resulting from innovation are not always shared equally. Addressing the challenges of income inequality requires well-thought-out policies to ensure that the gains from innovation benefit the wider community.

**Access to capital:** FinTech innovations such as crowdfunding platforms and peer-to-peer lending have democratized access to capital. This is beneficial for small and medium enterprises (SMEs) and entrepreneurs and can stimulate economic growth at the grassroots level.

**Efficiency in financial transactions:** Blockchain technology, a key innovation in FinTech, has the potential to simplify financial transactions, reduce fraud and reduce the cost of doing business, contributing to overall economic efficiency.

**Globalization:**

**Connectivity:** Technological innovations, especially in communication and transportation, have facilitated the process of globalization. This interdependence has led to the expansion of markets and increased international trade, influencing global economic structures.

**Quality of life:**

**Innovations in Healthcare:** Advances in medical technology and pharmaceuticals have led to improved health, increased life expectancy, and increased overall well-being.

**Technological Convenience:** Innovations in consumer technology such as smartphones and the Internet of Things (IoT) have transformed everyday life, making tasks more accessible and convenient.

**Education:**

**E-Learning:** Innovations in educational technology have created e-learning platforms to make learning more accessible and flexible. It has the potential to bridge educational gaps and empower learners globally.

**Environmental impact:**

**Sustainable Innovation:** As environmental challenges mount, innovation focused on sustainability and renewable energy plays a critical role in mitigating the impact of human activity on our planet.

Disruption and Adaptation:

Business models: Innovation often disrupts traditional business models. Companies that fail to adapt may struggle, while those that embrace change may thrive.

Social and cultural impact:

Communication: Social media and other communication innovations have changed the way people interact and share information, influencing cultural trends and societal norms.

Challenges and Ethical Considerations:

Job Displacement: Innovations in automation and artificial intelligence may lead to job displacement, raising questions about the future of work.

Ethical concerns: Innovations such as genetic engineering and artificial intelligence raise ethical dilemmas and lead to debates about responsible development and use.

Government and Politics:

Regulation and Support: Governments play a role in shaping the impact of innovation through regulation, research and development support, and policies that encourage an innovation climate.

#### 4. CONCLUSIONS

In conclusion, it should be said that innovation has a huge impact on the economy and society. It is even impossible to cover the entire breadth of their application. Innovation brings profit. Higher quality products are created and the number of products produced increases. Innovation affects the competitiveness of a person or organization. A real competitive advantage lies in the ability to find new markets, produce new goods, and invent new ways of manufacturing goods. If a company has an innovation that is in demand in the market, then this will be its competitive advantage until new ones are created that have greater advantages. In the long term, without innovative activity, further economic and cultural growth along an intensive path of development is impossible.

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