



## Macroeconomics Determinants of Innovation

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One of the most important factor affecting economic growth is technological innovation. Therefore, we have to focus in order to find out the determinants of the innovations. The rate of economic growth depends on the rate of innovation growth. The factors affecting innovation can be analysed both microeconomic and macroeconomic levels. Microeconomic analysis captures the production of the innovations in individual and firm level. Macroeconomic analysis involves the effects of the macroeconomic variables on the production of innovations.

We analyse the determinants of production of the innovations in macroeconomic level by considering the macroeconomic, institutional variables, such as GDP, the expenditures of research and development, patent laws, human capital, education, information and communication technologies, liberalization, market structure and competition level, government policies on innovation for the high-income OECD countries for the period 1990-2006 by applying panel time series econometric techniques, such as panel cointegration, panel causality, panel VAR, panel impulse-response and panel variance decomposition techniques. The most important factors affecting the production of innovation are chosen by applying these techniques. Therefore the efficient economic policies can be designed appropriately to support the production of innovation.

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