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# GLOBAL TECHNOLOGY ECONOMIC ANALYSIS PARADIGM

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## **Abstract**

*Is true that it is not only the consumers that make the economy prospers? Business and government also play a role in the economy of a country and corporation. "The GLOBAL technology economy is driven perhaps by the example of a consumer-based society and capital driven citizenry," according to the article in the investor guide of 2013. The role of the government is very important in businesses, organizations and consumers alike depending on the decisions made by the government officials spending of the government. Research have indicated that dependencies of government, organizations, businesses and consumers are intertwine or intermediary. It is also found the management of losses especially the "Deadwiegth technology losses losses" which are the losses of losses; examples are when consumers are lost due to pricing or when businesses are not providing excellent standard Computer or technology products and services.*

**Keywords:** Organizations, Government, Businesses, Economy, Computer Products, Supply, Demand, Technologies, Management, Engineering, Computers, Pricing, Services, Risk, Privatization

## **Introduction**

According to the textbook, Fundamentals of Managerial Economics, by Hershey, "The technology economic factors of a country, corporation or organization must be taken into considerations when managers make decisions concerning the well-being or success of the corporation organization" (Hirschey, 2008). These economic factors may have to include cost, available resources, revenues, employment and expenditures; to be considered also are demand and supply of goods and services. Explained further in the text, is that there is a relationship between cost revenue, and this also influence decisions making by managers.

The marginal and incremental relations take part in the process of determining both cost and revenue; managers must always maximize profits (revenue) while minimizing cost (overhead). By definition, marginal analysis gauges the effect of unitary changes - that is the amount of changes in units while incremental analysis on changes among available resources.

It is the managers' job to make decisions according to the economic conditions and available resources of their company environment. Technology decision making paradigm should be part of managerial economist profile. Managers must apply economic theory and methods to all decision-making process. It should be recognized that cost, revenue and profits depend on the

application of economic theory in the workplace. Managers should be well-rounded, skillful, knowledgeable, and have experience in all aspects of economic management to succeed in leading their corporations.

### ***Managerial Economic Technology Analysis***

It is agreed with the fact that spending by consumers sector is the driving force of the GLOBAL technology economy. Without the consumer spending, the economy will be in jeopardy (Chaotic situation). Consumer spending results in economic growth which means an increase in real GDP (Keshav, Shamneesh & Sharma, 2015). An economic growth is increase in aggregate demand and increase in aggregate supply. What we mean by economic growth is the increase national output and national income.

For example, lowering the interest rate will reduce cost of borrowing, and so encourages spending and investments which may lead to higher demand and supply of goods and services. For instance, "the annual economic growth in the United States is about 12 trillion per year and the highest part is created by you and all other consumers in the country" (Walden, 2007). Walden further explained that consumer spending accounts for three quarter of the 12 trillion American's economy created by per year. It could a chaotic situation when people are not spending due to high prices, low income, unemployment, high interest rates and other social and economic factors. The economy depends on the demand of goods and services and the supply of those goods and services by the manufacturers and retailers (Hershey, 2008).

### ***Product and Service Exchange***

When people spend more, the economy tends to be robust; producers are able to dispose or sell off goods; and more services can also be rendered thereby increasing revenues and profits (Keshav, Shamneesh & Pankaj, 2015). High demand of goods and services would certainly realize profits with lower or minimum cost (overhead) attributed to production. Also, high demand of goods and services may call for increase in supply therefore creating a surge in employment rate. Today, unlike eight years ago when US have a recession; the economy was "rampant" and the income was low and nobody could afford anything, the so-called Obama's economic stimuli introduced by President Barrack

Obama and world dignitaries have contributed greatly to the revitalization of the economy. Even though economic stimulus has "pumped" money in the circulation, a country still face another problem which a decrease in the value of our currency may be, and the driving up prices. Nevertheless, the economic stimuli have Dead so far help as incentives to corporations and consumers: the stimuli have allowed consumers to increase demand and made corporations to increase production and create jobs.

"The activities of the consumers, government, organization and businesses are what drive the economy; although for economy to prosper ultimately, government must be stable (Campbell, 2009). While consumers and producers make more decisions that mold the government, management activities have powerful effect on economy. You know that when the danger of recession approach in 2008 in the US, government sought to strengthen the economy by spending heavily itself and cutting taxes, so the consumers would spend more. And since spending and taxes are control by the President and the Congress, the elected officials play a role in directing the economy.

### ***Management of Deadweight Technology Losses***

In a layman term Deadweight losses are problems encounter from our inefficiencies: sufferings from not being confidence or from low performance. Deadweight losses in economics are known as excess burden on allocative inefficiency, that is they are losses of economics. Deadweight losses are losses of economic efficiency that can occur when equilibrium for good or service is not pareto optimal; by pareto optimal we mean resource allocation where it is impossible to make anyone individual better off without making at least one individual worse off (Luthans, 2007). Nevertheless, Deadweight loss is the inefficiency created in the market typically due to demand and global issues that have negative impact on a society. Deadweight loss can include actions that prevent the market from achieving an equilibrium clearing condition and these include taxes subsidies and bidding price clearing where supply equal demand (Hershey, 2008). The most common reason for Deadweight loss is government actions – such as taxes or supply control and pricing control.

Deadweight loss can generally be referenced as loss of scrollable to either consumers, producers or both. Technically, Deadweight loss may be defined as the waste resulting from economic inefficiency of

any kind, be it through poor designed regulation or antiquated production technique (Luthans, 2007). Deadweight losses are also losses by subsidies to corporations. A subsidy shifts either the demand or the supply curve to the right depending upon whether the buyer or seller receives the subsidy. If it is the buyer receiving the subsidy, the demand curve shifts right, leading to an increase in the quantity demanded and equilibrium price. If it is the seller who receives the subsidy, the supply curve shifts to the right and quantity demanded will increase, while the equilibrium price decreases (Feldstein, 2006). Another thing is who bears the sales tax burden? - It is straightforward to determine who pays the tax. However, it is a difficult issue to assess who bears the tax burden. The answer is significant for designing tax policy at the state level and this is particularly true when assessing the equity of potential changes in the sales tax base; many changes are explicitly motivated by equity concerns which suggests the need to evaluate incidence (Feldstein, 2006).

When there is Deadweight loss, consumers lose confidence and not happy; productions or supplies are also affected of the effects on cost. Pricing may also be affected. For example the auto industry in the US suffered a Deadweight loss because of low confidence due to recalls that occur over the past years. When there is a Deadweight loss price will normally increase thereby enabling demand to fall.

The major factors that determine who will bear the burden of a tax or incidence tax depend on income, taxes and pricing. Both the producers and consumers are the ones that bear the burden of a tax or incidence tax. Tax authorities require the buyer or seller to be legally responsible for payment of the tax. We should know that tax incidence is the way in which the burden of a tax is shared among the market participants (Hershey, 2008). Taxes will constitute a greater burden for whichever party has more inelastic curve. For instance, if supply is inelastic and demand is elastic, then the burden will be greater on producers. For example, suppose a state government imposes a tax upon milk producers of \$1 per gallon and the original price of milk was \$2 per gallon. After the imposition of the tax the supply curve of milk will shift up and to the left signifying a reduction in supply. Let's say consumers pay \$2.60 per gallon that means seller would receive \$1.60 after paying the tax of \$1. Also, this means that sixty cent of the tax is actually paid

by the consumers while forty cent is paid by the milk producers. It is true that government has policies and measures to encourage new firm to join the perfect market to reduce monopoly effect. This also increase competition among firms because new firm is entering the market. That means more Computer Products in the market may give rise to higher price. Economic theory identifies many situations where a government could correct failure and improve economic efficiency (Luthans, 2007). Potential market failure such as market power and imperfect information do not appear to create large efficiency losses to U.S economy; However, market failure arising from externalities such as air and water pollution, hazardous wastes, and traffic congestion do impose significant social cost that government policy could reduce efficiently (Bradst, 2011). Government policy to correct market failures may be characterized by two major flaws: Firstly, government policy has created economic inefficiencies where significant market failures do not appear to exist, such as with antitrust laws and economic regulations that has raised firms' costs and generated economic rents for various interest groups at expense of consumer welfare. Secondly, in situations where market failures do exist, government policy has either achieved expensive successes by correcting these failures in a way that sacrifices substantial net benefits or in some way has reduced social welfare. Government policy has wasted resources with its application of command-and-control policies to correct externalities, especially in health, safety and environmental policy. For example, more efficient Global of Superfund could reduce the health risks from global wastes for more residents at lower cost. In some situations, government failure arises because government intervention is unnecessary - that is market can adequately address their possible failure; consequently, government intervention may prove to be counterproductive because market failure policies are flawed or poorly implemented and because policymakers are subject to political forces that enable certain interest groups to benefit at the expense of the public (Winston, 2006).

### ***Supply and Demand***

If the government taxation is to deal with a situation of elasticity of supply and demand will affect the Deadweight loss of that tax as follow (Winston, 2006): If buyer have many alternatives to a good with a new tax, they will tend to respond to a

rise in price buying other things and will, therefore, not accept a much higher price. If sellers easily can switch to producing other goods, or if they will respond to even small reduction in payments by going out of business, then they will not accept a much lower price. The incidence of the tax will tend to fall on the side of the market that has the least attractive and therefore lower elasticity (Winston, 2006). Cigarettes are one example where buyers have relatively few options: we would therefore expect the primary burden of cigarette taxes to fall upon the buyers. To better see how elasticity of supply and demand affects tax; consider a 20% tax on a soda. Suppose government decides that the buyer should pay the 20% tax; does this mean that the buyer will be paying 20% more, or will the seller have to share some of the burden? Since higher prices decrease demand regardless of the reason for higher prices, seller will have to share some of the burden. How much of the burden will be determined by the elasticity of supply and demand for the product?

Only if either demand or supply was either completely elastic or inelastic will tax burden fall entirely on either the buyer or the seller (Winston, 2006). Between these 2 extremes, tax incidence varies continuously from a perfectly inelastic supply or perfectly elastic demand, where sellers assume the entire burden of the tax to the perfectly elastic supply or perfectly inelastic demand where buyer bears the entire burden. The tax burden will fall more on the buyer if demand is inelastic or supply is elastic, but will fall more on the seller if demand is elastic or supply is inelastic

### ***Pricing of Computer and technology Products and Services***

It is true that any authority establishing a price that provided a fair price to the providers of the factors of production would distort the market's natural ability to determine prices and output levels. At this stage the market will be very competitive. Fair price may demand to increase depending on the quality of individual product. Producers may have to turn to other marketing strategies to sell their product other than price. Fair pricing will create fierce competition.

In recent times market mechanism had failed and allocated too many or few resources to the consumption of production of some technological goods and services and some of the reasons from

the failure are poor quality of the Computer Products, price gouging and lack of demand or low demand. The cost of resources allotted to production far more outweighs the revenue derived from selling the product. The competitiveness of the market may also be considered as one of the reasons for market failure. Adam Smith was correct that the competitive market would allocate resources to their highest and best. In a competitive market for example highest resource may be allocated to marketing rather than production. The packaging and product labelling may become priorities – more may be spend on these parts. Government intervention into competitive market has changed the efficiency of the market because producers will not have to behave anyhow – price setting is being controlled somehow. When tax break is given to corporations, this enable them to produce more quality Computer Products by buying more raw material, and this would yield to lower pricing and increase in demand. Examples are the tax exemptions and incentives given to car manufactures over the years.

Government cannot provide technological goods and services to the public efficiently as the private sector. This is very controversial because some services can be provided efficiently by the government – this means that it depends on the kind of Computer Products and services. For example the Affordable Technology Health Care Center cannot be managed alone by the government and that is the main reason why private insurance companies are involved. For good and services, it is more profitable and efficient to privatize their production.

### ***Privatization of Computer Technological Products and Services***

First, let's define Privatization: Privatization is the sale of public asset such as a state-owned railroad and water utility to the private sector. Government privatized their assets for several reasons – one is to shed state enterprises that are operating at a loss and drawing the government coffers (Huan, 2007). Another is the hope that private owners will run the enterprise more efficiently, bringing better service that the state could provide.

As it was said previously, it is very controversial, when governments propose privatizing essential services like water delivery and electric power provision into private hands. The worry is that companies may increase the efficiency of the

enterprise, but ignore the social objectives in the bargain, such as cost of the merchandise affordability. The theory of privatization is that private companies are more efficient than government. Theory suggests that public officials – politicians and bureaucrats lack the incentive to run an enterprise efficiently (Huzan, 2007). Also there is no competition or takeover threat as they would in a typical bGlobalness and that the public does not scrutinize performance as shareholders in private company.

In government, public managers often must balance contradictory objectives (Huan, 2007). Efficiency may in the public sector be sacrificed to increase social benefits – such as employment which may translate into political support – for example, the poor state of electricity in India has been attributed to public bailout of bankrupt utilities, political pressure to allow non-payment of bills, and below-cost electricity prices for politically influenced farmer constituencies (Dubach and Rajang, 2002).

Private sector may be better than public sector in that private company will work harder to realize profit whereas public sector is for social returns as oppose to economic returns. The private sector needs macro-economic stability. If government cut spending and create unemployment, then it can fall in aggregate demand and lower output. An economic downturn would discourage private sector and leads to a loss of output in the economy.

### ***Risk Management of Situations***

Controllable risks are the risks that are due to the factors that are under direct control of the economy. Most controllable risks are internal risks. Controllable risks may at times not conduct properly; and must face several problems. Since the risks are mostly related to simplicity and change of impropriety, they are easy to control (Griffin, 2014).

There are different types of risks: A good example is Operational Risks that are related to day-to-day operations of a business – such as Financial Risks. Since there are numerous things happening in a business, it may be difficult for managers or directors to keep an eye on everything and manage it on their own – and this where there is a need for risk units. Strategic Risks result directly from operating within a specific time so shift in consumers preferences or emerging technologies that make your product-line obsolete – this is an example of

uncontrollable risk. We may also have Compliance Risks which are risks associated with compliance that are subject to legislative or bureaucratic rule and regulation; or those associated with best practices for investment purposes - these are also uncontrollable. They can include employee protection regulation like those imposed by OSHA and EPA.

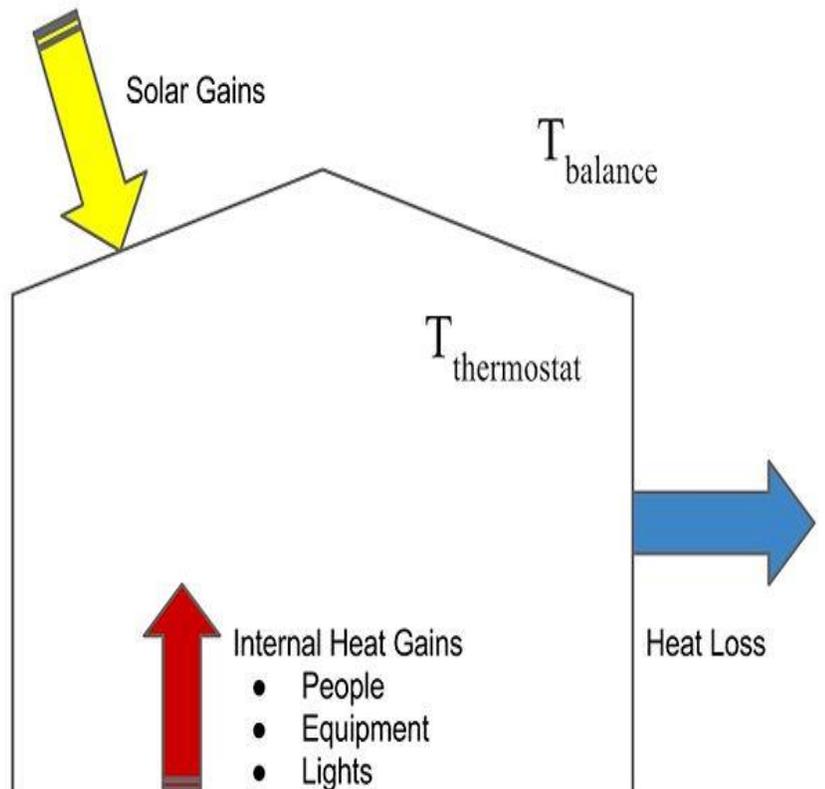
The ways to incorporate risks into decision-making process are to get Senior Management on Board – discuss the risk that the organization faces; how these risks are currently analyzed and how decisions are made to manage identified risks. Other ways are to perform short reviews, is to perform a simple risk analysis, set up a corporate risk register, identify and setup project level risk registers reflecting varying scales of projects and create senior management dashboard (Griffin, 2010)

### ***Executive Summary***

The management of natural infrastructures of economic paradigm is as important as its analysis. If government cut spending and create unemployment, then there will be a fall in aggregate demand and lower output Computer Products and services. An economic downturn would discourage

private sector and leads to a loss of output in the economy.

With the analysis of services and production, economic sanctions may be imposed to suit the “deadweight” losses, the losses of losses in prices



An Economic loss with Solar Systems example

and Computer Products. In actual sense there are three things to consider in the market economy; and these are People, Computer Products, and Consumers. The justification of a good economic rest on its citizenry. Since we must combine both the economic facts obtained through research and facts of life, we will be able to determine the steadiness of an economy.

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Dr. Iwasan D. Kejawa is a Professor at the Miami Dade Colleges and Palm Beach State College. He was Faculty member at Broward College and Palm Beach County Schools District; Before that he was an Instructor at Life Skills Centers of Ohio. He was a Youth Development Professional at Children Place at HomeSafe. He was also a Coordinator at Florida Atlantic University and a Senior Computer Operator at Florida Department of State.

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