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Research Article

FORMATION OF CONCEPTS AND CONCEPTS OF KNOWLEDGE ECONOMY ACTING AS A FACTOR IN THE DEVELOPMENT OF THE REGIONAL ECONOMY

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ABSTRACT

The article reveals the chronology of the emergence and development of a set of terms and hypotheses that reveal the branches of the knowledge economy from the very beginning of the research. The findings of the first and second waves of research into the knowledge economy are presented.

KEYWORDS

Economics of knowledge, two waves of research, Information society, information economy, knowledge management, Network society, Knowledge-based economy.

INTRODUCTION

The use of the term "knowledge economy" began in 1962, meaning a sector of the economy focused on "knowledge production" and was coined by the American economist Fritz Machlup.

The realities of a globalizing world open up new aspects for us to understand this new type of economy. Moreover, knowledge in it is presented as a product, a factor of production, an object or means of distribution, a means of accumulation, a result of activity, etc. The competitiveness of national economies increasingly depends on their ability to produce and use knowledge, since knowledge, education and innovation are the main indicators of economic growth. Many countries have adopted

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policies related to the production of knowledge and its transformation into wealth, stimulating the growth and competitiveness of their economies.

As the results of numerous foreign researchers show, 93% of changes in the path of economic growth in countries are due to dependence on the knowledge factor in the economy.

In sequence, these studies examine a variety of terms used to describe similar concepts associated with:

- the economy of knowledge (Drucker, 1969-1999);
- knowledge industry (Mahlup, 1962-1970);
- information economics (Porat, Rubin, 1977);
- network society (Castells, 1997);
- knowledge management (Nonaka, Takeuchi, 1995; Davenport, 2005).

All proposed terms as a whole constitute the structure of an economy built on knowledge. However, 60 years after F. Machlup's seminal work on the knowledge economy, "Knowledge Production and Dissemination in the United States" [5], we are approaching an understanding of this new type of economy with greater visual practical experience.

THE MAIN FINDINGS AND RESULTS

According to the conclusions of the American scientist B. Godin, the results of KE research can be divided into two periods of research: 1 - work from 1962 to the end of the 1970s by F. Machlup, W. Mansfield, R. Drucker, D. Bell, M. Porat and M. Rubin, and 2 - well-known works from the mid-1990s. to this day I. Nonaka, H. Takeuchi, Von Krogh, T. H. Davenport, L. Prusak and S. E. Volpel, Van Dyck, M. Castells and other researchers. The findings of the second stage of work revived the research of the first stage in accordance with the changes in emphasis in the structure of the knowledge economy.

Analytical work on the study of trends in the component and structural development of the knowledge economy of the countries of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Organization for Economic Cooperation for Development (OECD) also has a certain significance.

Conclusions of the first stage of research into the knowledge economy.

Fritz Machlup, in his work "The Production and Dissemination of Knowledge in the United States," defined knowledge and defined the category of the usefulness of knowledge not only for use in production in creating the knowledge industry, but also in the multidimensional perspective of the development of society. In 1970, he, together with W. Mansfield, proposed the conclusion that it is education that provides an important impetus in organizing a society that relies on information and knowledge to create new jobs and contributes to economic growth, while

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the importance of the knowledge sector is increasing.[4, 7]

Peter Drucker, an Austrian economist, coined the term "knowledge worker" in 1959. Based on the findings of F. Machlup and W. Mansfield, he published his work "The Age of Gap," where the term "knowledge workers who mainly work with their heads and produce ideas, knowledge and information" was first used [4], describing changes in the US economy in the 1930s, when R&D departments were just blossoming in organizations. American sociologist Daniel Bell, in turn, put forward a hypothesis about the "information society" (IS - Information society) and the importance of information and education in the creation of knowledge. [2]

In 1977, Mark Uri Porat and Michael Rubin coined the term "information economy" (IE), identifying that the creation, processing and dissemination of information was rapidly becoming a major economic activity. Moreover, they revealed the acceptability of this definition for all countries of the world, regardless of the level of development. [16].

Conclusions of the second stage of research into the knowledge economy.

I. Nonaki and his colleagues presented knowledge as valuable products produced by knowledge workers. They, based on the philosophical and methodological concept of the British philosopher Michael Polanyi, divided human knowledge into "explicit knowledge and implicit knowledge". Where "explicit knowledge" is coded knowledge that can be transferred. And "tacit knowledge" is acquired only on the basis of experience and is transmitted only indirectly, through analogies.

Von Krogh later hypothesized that successful knowledge creation activities are supported by the Nonaka–Takeuchi SECI (Socialization, Externalization, Combination and Internalization) model, an acronym for socialization, externalization, combination, and internalization. The works of I. Nonaka, Takeuchi and Von Krogh serve as the basis for the branch of science "knowledge management" (KM - Knowledge Management) [14]. "Socialization" is the exchange of tacit knowledge. "Externalization" - tacit knowledge is converted into explicit knowledge by giving it a form that is understandable to other people. "Combination" - clearly expressed knowledge takes on even more complex forms, becomes part of an even larger system. "Internalization" – explicit knowledge is accepted by individuals in addition to the tacit knowledge they have. Thus, the authors of the SECI model consider knowledge generation to be a social process.

Expanding on the research data, T.H. Davenport and L. Prusak noted that knowledge workers play a more important role in contributing to business strategy than to management.

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Dutch information sociologist Jan van Dijk introduced the term "network society" (NS - Network society) as "a social formation with an infrastructure of social and media networks, providing its primary mode of organization at all levels (individual, group, public)," arguing that society is in the process of becoming a network society. His colleague Manuel Castells argued that the spread of network logic significantly changes operations and outcomes in the processes of production, experience, power and culture" [3]

UNESCO gives preference to the concept of "knowledge societies" (KS - Knowledge societies). The OECD coined the term "Knowledge-based economies", defining KBE as "an economy that is directly based on the production, distribution and use of knowledge and information", representing the emergence of a "super" economy based on knowledge. [18]

The European Bank for Reconstruction and Development (EBRD), in turn, promotes the concept of the knowledge economy as part of economic development. The key elements here are the Internet of Things (IoT - Internet of Things) or digitalization. And to measure the development of the knowledge economy, the Bank has compiled the EBRD Knowledge Economy Index, covering 46 countries, divided into four main components: long-term knowledge activities: (1) innovation institutions, (2) skills for innovation, (3) innovation system and (4) ICT infrastructure.

For example, in 2019 the EBRD published a knowledge economy index, which assessed 38 countries with which it cooperates. Among the EBRD's regions of operations, Estonia has the highest scores - 6.82 out of 10, Russia - 4.93, Turkey - 4.6, Belarus - 5.21, Kazakhstan - 4.85, Uzbekistan - 3.82 , and the lowest in Turkmenistan – 2.26.

The methods were developed by two international organizations, the OECD and the World Bank. The World Bank uses a method that includes 148 indicators for 148 countries. Based on these methods, The KAM Knowledge Index (KI) and The Knowledge Economy Index (KEI) were created.

Thus, terms were gradually introduced and continue to develop to describe the knowledge economy and society or a variant of such an economy and society: knowledge industry; knowledge economy; post-industrial society; information worker, information society; information industry, information economy; knowledge management; knowledge-based economy; network society; knowledge society.

According to L. Brown (2008), the theoretical basis of the social economy, which includes the knowledge economy, should be considered as follows:

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- is a branch of economics that deals with the relationship between social behavior, human well-being and the economy;

is not a heterodox school of economics (such as classical or neoclassical theories), and it often takes into account subjects outside the scope of orthodox economic theories. [1]

Thus, social economics encourages people and society to use resources to meet human and social needs, including humanity, changes in educational and economic development, and the promotion of thinking and innovation. I. Nasiulasa and N. Marisb join this opinion.[12]

However, it is believed that a critical aspect has been missed by both the first and second waves of knowledge economy research. This is a matter of the health of the country's population: in order to build a strong and progressive economy, there must be a good health care system that needs to be taken care of, not only for knowledge workers, but also for the population as a whole. Investing in health is not only desirable; this is an important priority for most societies. The Covid-19 pandemic has proven this. The effectiveness of healthcare depends heavily not only on the economy, but also on the healthcare systems themselves. The knowledge economy is generally considered to be a social economy.

Researchers Kwee Keong Chung, Patricka W. Leung, P. Aghion, R. Blundell, R. Griffith, P. Howitt and S. Prantl argue that growing interest in the knowledge economy means economists are challenged to move beyond labor and capital as central factors of production.[5]

It follows that the knowledge economy is a branch of the social economy that is associated with social innovation, support in knowledge and technology and the use of new types of production of knowledge products or the use of new markets that transfer them to the sphere of economic innovation. In today's complex, competitive and turbulent environment, the need for product and process innovation is widely recognized, and organizations are required to embrace new technologies and implement timely innovations in anticipation of changes in the market, rather than in response to business decline.

CONCLUSION

Thus, activities should be developed to encourage developing countries to use knowledge, to create and share knowledge among countries to take advantage of the benefits that such economies provide.

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