

*Section: Economics and management of the national economy*

**Buhaieva Mariia**

*PhD in Economics (Candidate of Economic Sciences), Associate Professor*

*Central Ukrainian National Technical University*

*Kropyvnytskyi, Ukraine*

## **THE IMPLEMENTATION OF THE CONCEPT OF KNOWLEDGE ECONOMY INTO THE PRACTICE OF SOCIAL DEVELOPMENT**

The accumulation, dissemination and transmission of knowledge from generation to generation in all eras of world history have determined the development of human civilization. In recent decades, knowledge and intellectual resources have become crucial in the social and economic development of society. This is due to the digital and information-communication revolution and the emergence of a new knowledge economy.

Thus, the emergence of a new economy - the knowledge economy, based mainly on knowledge and intellect, is characterized by rapid growth of knowledge and goods, reducing their life cycle, intellectualization of technology, which in turn provides a multiple increase in productivity, the emergence of a large market segment of intellectual products and services (patents, licenses, transactions, consulting), the rapid pace of updating knowledge and the need for their constant replenishment.

The understanding the growing role of human resources, organizational management and information technology in the functioning of global companies has been the main reason that since the second half of the 90s, specialists in various fields of science began to actively research and discuss knowledge economics and knowledge management. Many companies for building effective strategies, have begun to create scientific laboratories for knowledge management systems and even research institutes, like it was at IBM.

It has been a little over twenty years since renowned expert K. Wiig initiated a series of scientific publications on knowledge management [3]. Ever since, large-scale research and publications about this issue have begun, containing theoretical and applied developments. Today, research is conducted around the world, including in Ukrainian scientific circles. Every day there is more and more information about the proposed projects and software systems in knowledge management, in the creation of corporate systems of effective knowledge management, conceptualization of the knowledge economy in the practice of social development.

Most researchers of the problem of intellectual resources note that knowledge is inseparable from man. Knowledge can be realized by the owner (a person can explain the logic of their thoughts and decisions), and may not be realized (a person acts rationally, effectively, but can not to explain why he acts in this way). Thus, knowledge is a mixture of conscious and unconscious in human decisions, actions and behavior.

We consider it necessary to provide the definition of the term "knowledge" given in the European Guide in Knowledge Management [1]: A combination of data and information, to which is added expert opinion, skills, and experience, resulting in a valuable asset that aids decision making.

In organizational terms, knowledge is generally thought of as being know-how, applied information, information with judgment, or the capacity for effective action.

Also, intellectual property, intellectual resources are defined in recent decades as the most important driving force of the new economy, the economy of the "third wave" by the essential definition of E. Toffler [2]. In his metaphorical picture of the "three waves" of human economic development, the "first wave" includes societies with an agrarian economy, the "second wave" includes societies with an industrial economy, and finally the "third wave" of societies with an economy based on extended reproduction of knowledge.

Most countries in the world, including the highly developed ones, are still within the "second wave". And only a few countries - the leaders of the world economy - are on the rise of the "third wave", in the transition from an industrial economy to a knowledge-based economy.

The knowledge economy refers to the resource economic theory, which is the most modern, as part of other economic concepts.

We can note that in modern science, the term "knowledge economy" is used to denote the type of economy along with similar concepts, some of which we have already used in our study: innovative economy, high-tech civilization, knowledge society, information society.

The most common terms in modern economic terminology used in the context of the theory of economic development are: knowledge economy, new economy, post-industrial economy and information economy. All these terms were introduced into scientific circulation in the second half of the 1970s, with the exception of the concept of "new economy", which was widely used in earlier stages. Note that in the mid-1990s, the term "post-industrial economy" became obsolete and the frequency of its use stabilized. In turn, in the early 2000s, the concept of "knowledge economy" is compared in number of references with the concept of "information economy", and the metaphor of "new economy" in the mid-2000s is the peak of popularity and, conversely, the use of the term "economy" knowledge ". Based on the evolutionary approach, we can conclude that the knowledge economy arises as a direct result of the evolution of post-industrial and information economy. But, coming to replace them, this category is largely based on relevant institutions and technologies, retaining them as accumulated during the development of previous foundations of future changes.

The general transition to the knowledge economy at all levels of management requires the justification and implementation of a systemic institutional policy. First of all, an appropriate system of institutions is needed to

create, disseminate and effectively use knowledge as an asset in the modern knowledge-based economy. At the same time, mechanisms are clearly needed to constantly develop institutions, stabilize and regulate the environment of the new economy. Institutes are the complex endogenous factor in the development of the knowledge economy at the national and regional levels, as well as at the level of individual companies.

Today in the Ukrainian practice of management in all economic entities, there are a significant number of institutional problems in implementing the model of knowledge economy, namely:

- in the field of knowledge generation: the lag of the level of remuneration of workers of science and education from the average in economics; deformation of the motivational component in the labor of the teaching staff; insufficient funding of state research institutions and organizations and lag behind developed countries in terms of grant support for research; preservation of the language barrier and underdevelopment of international research projects; low prestige and image of natural-scientific directions of preparation of bachelors and masters;
- in the field of commercialization: lack of infrastructure for venture financing and innovation transfer; low level of legal literacy of researchers and inventors on the protection and transfer of intellectual property rights, underdeveloped competencies of business planning, marketing and industrial design; the predominance of part-cycle research work, the product of which is only an experimental sample; inconsistency of interests and asymmetry of information of subjects of scientific and investment sphere;
- in the field of implementation: inertia of low demand for innovative developments from big business and inefficiency of tax instruments to stimulate it; uncertainty of the legal status of innovatively active enterprises and their insufficient support; fierce competition in the markets for high-

tech products and the ineffectiveness of marketing policy for knowledge-intensive business at the national and regional levels of government.

These barriers are more related to the micro level - the level of functioning of individual enterprises and companies trying to introduce in their innovation and investment activities the effective use of the knowledge economy, to introduce its concept in their development strategies and promote knowledge as a competitive advantage at all levels.

The important factor that slowing down the process of development of the knowledge economy at the national level is the lack of systemic and consistent policy, which manifests itself in the following forms:

- vagueness of terminology and blurred strategic directions: in the adopted strategic documents;
- stochastic change of priority institutional forms of development of national and regional innovation systems;
- the prevalence of "technocratic" ideology.

The strategic task of comprehensive innovative modernization of the economy of modern Ukraine highlights the problem of determining the priorities and benchmarks of long-term strategy of socio-economic development, which will primarily be based on the model of "knowledge economy". In conditions of complete modernization, the ideology of the transition to a knowledge economy can become an integrator of the interests of all stakeholders - business, society and the state.

Today in Ukraine there is a gradual formation of the institutional structure and infrastructure of the new technological system, which is the basis for the development of the knowledge economy in the medium term. The key point is that such transformations are already visible in the phases of origin and formation, and will have a continuation on the entire trajectory of its development, which requires the state to conduct a systematic, flexible and interactive institutional policy.

## **References**

1. Notes on European Guide to Good Practice in Knowledge Management. Part 1: Knowledge Management Framework. URL: <http://arielsheen.com/wp-content/uploads/2019/10/CEN-CWA14924-01-2004-Mar.pdf>
2. Toffler A. (1980). The Third Wave. HarperCollins Publishers.
3. Wiig K. (1993). Knowledge management foundations: thinking about thinking. How people and organizations create, represent and use knowledge. Arlington: Schema Press, 471 p.