

Calm View On Knowledge Economy

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ABSTRACT

With the development of modern science and technology, knowledge economy, a new economic form, advances the transformation of the world economy revolutionarily. These years, however, people in diverse fields take an overheated and excessively optimistic attitude towards knowledge economy. We should deal with this issue with soberness and objectiveness for further understanding. The analysis of many data indicates that China hasn't fully got into modern industrial economy, to say nothing of "to have already entered the age of knowledge economy". At present, China ought to concentrate on the introduction and the exploitation of pragmatic techniques rather than seeking "high-tech" blindly.

On the other hand, the rise of knowledge economy severely defies the conventional economic and management theories. According to the analysis of production process, knowledge economy brings about the challenge to the former system of "capital employs labor", and puts forward the assumption of "labor employs capital". Actually, the underlying transition is the change in the system of ownership and the pattern of distribution. The movement of some developed countries' economy shows that knowledge economy also has an impact on macro-economic theory. The age of knowledge economy features rapid change and sharp challenge, where conventional models of operation and management gradually become unsuitable for the drastic change. Under the circumstances, enterprises are in strong and urgent need of a new mode of management in the new age. The learning organization based on the learning organization theory is a "highly flexible, compressed and learning" one and a creative one that keeps learning and transcending itself. During the transition to knowledge economy, the learning organization will become one of the most effective theories to guide the construction of a new organizational and management model.

Welcome the era of knowledge economy

With the development of science and technology, knowledge economy, a new concept, has been promoting the development of the world economy. Significant changes and tendencies have appeared in some developed countries in the past few decades. For instance, the dramatic leap in Information Technology represented by microelectronics, computer science, software, network and communication leads to thorough changes in human life. Some traditional industries like automobile, steel, machine building are

being reformed by new technology. The concept of Knowledge Economy is the conclusion stemmed from the long-time research of these phenomena.

I. A calm view on Knowledge Economy

In recent years, some researchers in related fields are blindly optimistic and underestimate the gap between the status quo in China and the ideal society of Knowledge Economy. Furthermore they understand Knowledge Economy unilaterally, even incorrectly. At present, there are some viewpoints as follows:

Knowledge Economy will replace Industrial Economy soon.

China has been in the stage of Knowledge Economy.

Knowledge Economy means only Hi-Tech development.

Knowledge Economy can smooth the fluctuation of the economic growth.

Issues above should be analyzed calmly and objectively. In fact, this terminology is not very popular even in the United States, where the Knowledge Economy is considered well developing. Most researchers there only agree on the point that there is close relationship between knowledge and economic development.

1. As to China, its economy has been developed a lot in the past two decades opening-up. The country is entering a new stage of development. But such development still relies on the investment of capital and labor, which is not the developing style required by Knowledge Economy. And something such as knowledge innovation, Hi-Tech development which has already had impact on the world economy, has not been the main strength for China economic growth. Therefore China has not entered the era of Knowledge Economy yet.

2. A wrong point of view should be neglected that knowledge economy simply means Hi-Tech. Actually, Knowledge Economy requires the enhancement of knowledge in all industries, which is more important to developing country like China. So the most important thing this country should do is to introduce and develop not only Hi-Tech but also practical technology. As Japan and Korea, China had better adopt mature practical technology from other developed countries and take advantage of native labor of low cost to develop traditional industries.

3. In order to accelerate the process of industrialization, China needs more engineers. The development of Hi-Tech should be considered on the basis of raising the level of knowledge in all industries. Due to the high risk in developing Hi-Tech, its decision should be made carefully. Or it is likely to result in failure.

It is inclined to mention IT when discussing Knowledge Economy since IT industry has a leading position in almost all advanced countries, while it is a one-sided point. Emphasis should be focused on how to improving the efficiency of other industries through IT, rather than on the IT industry itself.

4. As to the issue that Knowledge Economy can smooth the fluctuation of economic growth, it requires more study instead of hasty conclusion. At present, there is no general and reasonable explanation, no matter theoretically or practically.

II. The challenge to traditional economic theory from knowledge economy

OECD defines Knowledge Economy as "the economy based on the production, distribution and application of knowledge". Therefore the fundamental characteristic of Knowledge Economy is that knowledge becomes the key element.

Under Knowledge Economy, there are some problems in "capital employs labor". Capitalist can obtain all produced by employees, from products to patents, but they can not get employee's knowledge and technology mastered through work. It is not obvious in Industry Economy. But in Knowledge Economy, human resource becomes the most important in manufacturing process, so the issue above should be noticed.

On the other hand, in Industry Economy, the value of human resource is only reflected by salary, which isn't involved in the distribution of surplus value. But in Knowledge Economy, human resource can bring large amounts of value to a company and become the essential for its growth. Therefore, human resource as a kind of capital, should have the right to enjoy surplus value.

The most important is, contrasted by the abundance in capital in Knowledge Economy, the human resource containing much knowledge and high tech is scarce. This makes "labor employs capital" possible.

Actually, change is taking place and traditional style of distribution as "capital employs labor" is confronting challenge.

To sum up, changes in ownership and distribution system are the most significant challenge to traditional economic theory from Knowledge Economy.

III. The challenge to traditional management theory from Knowledge Economy

1. It is known that traditional management style features work division and strict control. The inflexible hierarchy system prevents organizations from meeting the requirement of modern competition. Therefore now many organizations are pursuing a new management style for sustenance.

In Knowledge Economy, quick response is quite essential for the survival of organizations. So the shrink of middle layer and the formation of platy-structure are the focuses of business reform. Such a new style benefits from the development of IT, since information and knowledge can be shared easily among people in an informationized organization via computer and network.

2. In recent years, many enterprises are convinced that only constant learning and innovating can lead to successive competitive advantage. It is said that the only successive competitive advantage is to have the capacity of learning more quickly than

his competitors. The theory of Learning Organization is the guideline to form such an organization.

According to the theory, Learning Organization is a kind of organizations with high flexibility and flat-structure which can constantly self-learn and self-transcend.

3. In order to construct learning organization, "Five Disciplines" should be carried out. They are Systems Thinking, Shared Mental Model, Shared Vision, Team Learning and Working, and Personal Mastery. Personal Mastery refers to effective self-study, which is a fundamental discipline. Team Learning and Working refers to group study through dialogue and discussion and building "group-intelligence". Shared Vision indicates that a company should integrate all employees' goals into a common one. Mental Model refers to constant innovation by improving one's mental model. System Thinking, the core of the five, is a dynamic way of thinking which analyzes an organization's internal and external feedback, nonlinear feature and time delay.

4. Since 1980s, some enterprises in western countries have been entering a new stage of re-organization, re-form and re-design. Generally speaking, traditional management theories are hard to help organizations to achieve more success. New era needs new management theory. The establishment of Learning Organization is an innovation in management theory. Currently a lot of excellent large companies have set up the team of Learning Organization. There is no doubt that the theory of Learning Organization will become one of the most effective theories in building new organizations and contribute more to the development of the whole society.

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