

THE IMPACT OF MOVING TO KNOWLEDGE BASED ECONOMY IN THE PUBLIC SECTOR

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Abstract:

Global economy underwent profound changes in the last fifteen years, which determined the appearance of a new economy – the knowledge economy. This economy is the result of the knowledge revolution, which gets a greater and greater importance. Knowledge development is also very important in public sector. The knowledge society and its impact in public sector development is a critical area of study. The knowledge economy in public sector requires the utilization of the knowledge in order to improve the transparency, the services delivering to the citizens, for a better communication with the citizens/users/clients and in order to improve the knowing degree of their needs. The transition to the knowledge economy in public sector has to take place in a decentralized, non-bureaucratic, catalytic and permissive environment, orientated to the results. In the same time, the public organizations must become knowledge based organizations, that have the responsibility and the flexibility to achieve the objectives publicly defined. In order to promote efficiently the development in the knowledge economy, the government must facilitate, instead of breaking, the process of economic changes and modernizations, according as this modifications create new opportuneness and raised revenues. This must become as fast, selective and flexible as the economy and the society with which is mostly in contact and it must adopt the political decisions that serve the best the public interest.

Global economy underwent a profound structural change in the last fifteen years. The revolution of information technology has expanded itself way beyond the sector of top technology.

It has shaken even the foundation of the old industrial and occupational hierarchy redefining the rules of entrepreneurship, and competition and create the opportunity for new assets and services on the global market. Briefly, a new economy has appeared – knowledge based economy. However, while the economic reality is changing fundamentally, a great part of public policy frame remains stuck in the past.

This unbalance between the public policy and the economic reality can't be consequently.

On one hand, the decisional politic factors advocate the reduction of customs, the abatement of government role and the elimination of social rules. This thing doesn't sustain the factors that propagate the development in knowledge based economy: technological innovation; electronic trade and digital transformation; superior education and trainings; opened trade and a balance budget. One the other hand, the decisional politic factors sustain growing costs for inverted social programs, channeled unto income redistribution, along with an attention over the control and command regulations in the bureaucratic institutes, ignoring even how entrepreneurship, quick and flexible economy has become.

Moreover, the endurance of the political spectrum towards opened trade, global integration as well as organizational and technological transformation threatens to slow down the economic changes that continue to have a huge potential in obtaining higher standards of life.

Now, along with passing to knowledge economy, it must be promoted a new consensus around a new frame for governmental and public policy. This frame should keep to the unique properties and the logic offered by this economy. These characteristics include an increase of the number of jobs that demands staff with professional knowledge generators of organizational peculiarities, higher levels of dynamics and of business competition, reduced delays between the projection and the production, promptitude in commercializing, better products and a larger variety of the services, constant technological innovation, the apparition of the Internet and the revolution of the information's technology, globalization, the replacement of organizational hierarchical structures with related education organizations, as well as the apparition of the academic spin offs, of the flexible organizations, of the networks of firms and of the clusters.

The result of the knowledge evolution is represented by the new knowledge based economy which distinguishes radically from the anterior types of economy that mankind knew. Essentially, in the private sector knowledge based economy is characterized by the transformation of knowledge in basic material, stock, products – essential factors of production of the economy – and by the economical processes where generation, sale, buying, learning, storage, development, sharing and knowledge protection become prevalent and stipulate decisively the acquisition of profit and the assurance of supporting firms and economy on long term.

The knowledge economy in the public sector requires the utilization of the knowledge in order to improve the transparency, the services delivering to the citizens, for a better communication with the citizens/users/clients and in order to improve the knowing degree of their needs.

The public sector has specific functions, which consist especially in harmonizing and expressing the consensual opinions of the sovereignty's owners; this must fulfill the needs, the demands and the proposals that constitute the object of this consensus. It must prove its transparency in front of control organisms accepted by the sovereignty's owners. Simultaneously, the measures and the standards accepted by it influence profoundly the population's way of living and working. Moreover, the public sector consumes and produces a large amount of knowledge.

Little by little, the public powers are using IT systems to operate for almost ten years. In this way they are trying to function in a more efficient and rational way, to facilitate the performance of public services and even to sustain the economic activity. An eloquent example in this respect is represented by the tendency of using electronic documents, sometimes eliminating completely the physical elements (e.g. the intention of the Romanian Department of Finances who wants to eliminate the physical form by using only electronic documents). Although the business world's goals and those of the public administration are not the same, the latter confronts itself at all levels, as enterprises do, with the necessity to modernize their intern structures and to have access to implicit and outspoken knowledge, from the inside as well as from the outside.

If the public sector is not able to entirely use this knowledge in its activity, especially in adopting this decision, the elaboration and the

following out of policies, performing improved and polyvalent services etc., then it will encounter big problems. Certain governments have already started to give more attention to the existing differences between knowledge, on one hand, traditional initiative of electronic administration and information, on the other hand, as well as to modern means of collecting, transmitting and using this information.

The main advantages of passing to knowledge based economy in public sector are:

- binding of the learning process;
- promoting aptness transfer;
- planning improving;
- improving the way of adopting decisions and performing services;
- a bigger responsibility of civil servants;
- increase of efficiency and transparency;
- binding of horizontal cooperation and the transformation of public institutes in a more convincing and attractive organization for clients/users/citizens.

Experience shows that the use of knowledge in public sector raised a lot of problems, determined a series of expectations and greeted a lot of obstacles. In these conditions is important that we take in consideration the following aspects:

- The administration of public sector and that of knowledge should be looked and studied together
- For the elaboration of a knowledge administration plan is all-important to review the different kind of knowledge, as well as the different administrative functions and processes (current administrative tasks, adopting individual decisions and democratic debates).
- Information and knowledge should be consider public resources
- Public organizations tend to not appreciate the knowledge capital they have, forgetting that the work of the civil servants is based on knowledge

- A lot of public organizations no not consider, in general, knowledge as being an important asset in their patrimony

- An adequate financing, as well as making the civil servants responsible are needful elements for an adequate public administration of knowledge

- It has been detected, that the stabile an organization is, the capable it is to take pains in the administration process of knowledge

- Knowledge based economy can't be conceived without technology, especially top technology, that allows knowledge transmission and appraisal of functional virtual markets.

Although the context in which the actual problems enlist is less structured and insecure, the decision makers incline to base themselves on wordless, implicit and intuitive knowledge. In the majority of societies people live and work in an environment in which the causes and effects are insecure. Such an environment has a lot of obscure variable, as well as a permanent demand of knowledge. A faultily transmit of knowledge can only have a negative impact over the welfare of the population. Instead, the intensification of knowledge current is clearly in the general behalf the governments should adopt measures to stimulate the creation and transfer of knowledge in public sector. There should be also need for a series of changes, as the bureaucracy monopolizes and centralizes knowledge, with the tendency of concentrating them in the top of the hierarchy, instead of assuring a broad release of them.

In case of organizational changes, the public powers can appeal to means of communication and information to assure the release and use of knowledge. This is another essential application of electronic administration.

Un important study regarding the diffusion and use of knowledge in public sector enounces a set of fundamental principles which public

powers should adopt or on which it should be based on for the demand and transmission of knowledge, namely:

- Accepting that the people are the one that hold the knowledge;
- Admitting that the use of knowledge is a process with its own dynamic and it's not kept under any directive
- Creating an organizational framework, i.e. common public spaces (physical or virtual) bounded in time and space, in which people could get off the old habits and change their way of thinking.
- Using knowledge for unravel problems of public interest.

The effective use of knowledge in public sector can influence in different ways the manner in which public powers act. For this knowledge to have a useful contribution to the elaboration and following out of policies it must be made an appeal to multidisciplinary and involved governance mechanisms that overlay more vast knowledge fields.

However, although the use of knowledge based economy has a positive influence in the development and efficiency of public sector, the possibilities offered by it are sensible reduced in case its application is not followed by adequate reforms in public sector and by an adherence to consonant governance principles.

As knowledge joins a well defined context all efforts that aim knowledge use and diffusion in a adequate and rational manner implies largely taking in consideration the problems of decentralization – another important aspect of reform through which it pursues assurance of a well administration of public services.

Conclusions and recommendations

The public sector must become as fast, selective and flexible as the economy and the society they are connected with. The transition to the knowledge economy should take place in a decentralized, non-bureaucratic,

catalytic, permissive environment, oriented towards results. In some cases, the public organizations must become knowledge based organizations that have the responsibility as well as the necessary flexibility to achieve the objectives publicly defined. In other cases, the public and also the private organizations should be allowed to compete for performing the public services.

In the old economy, bureaucracy consisted in the way the majority of public policy problems were solved. Along with the passage to knowledge based economy the public sector must be orientated towards partnerships and public - private alliances for remaining competitive on the market. Better than to act as a bureaucratic programs' founder and administrator, the public sector must co-invest and collaborate with other organizations - networks of companies, universities, non-profit community organizations, churches, as well as other civic organizations – for reaching the vast range of public political objectives. These organizations have a large number of advantages. Usually they are closer to the client and have a higher capacity to solve the recent problems because they can be more flexible, they own supplementary resources and come across basic pressures for raising the performance.

To head towards knowledge based society, centered on the human capital the public sector should adopt a range of measures that will have a positive impact on the private sector as well:

- the elaboration and the application of a strategy concerning the passage to knowledge based economy;
- the establishment of priorities concerning knowledge use
- the creation and the assurance of the necessary mechanisms which will facilitate the passage to knowledge based economy in the public sector;
- the creation of necessary conditions for the efficient use of knowledge in the public sector and the

encouragement of governmental initiatives concerning the reform in the public sector.

The public administration of knowledge and the impact that this has on the government are important in passing to a knowledge based economy. In these conditions it is necessary to emphasize:

- examining, identifying and putting into practice the political measures that accelerate the passage to a society of knowledge, of practices and also of instruments (institutions, partnerships, diagnostic and learning process) and the competences that contribute to this acceleration;

- examining the public sector's practices which, concerning knowledge, assure the reinforcement of organizations and encourage the creation of new collaboration mechanisms, elaborating, putting into practice multidisciplinary policies as well as decentralizing and participating.

In this way, the government – important actor in the new knowledge based economy – should assure the establishment of a favorable framework that allows the academic environment, civil society, private and public sector to develop knowledge, innovation and technology for obtaining performance. To stimulate innovation and citizens' endowment, the government should invest more in 21st century knowledge infrastructure: the global education, the preparation and the permanent learning, science, technology, technological standards as well as other non-material public goods. These are the essential factors of nowadays' economic progress.

The new economic researches prove that innovation is mostly important to answer social needs, to avoid a following crisis of the social assurances system, for the human health improvement, for resolving the problems concerning global warming. Consequently, the government should be side with the politics that enlarge the

innovation and stimulate a higher productivity and against politics that are to divide a slow development, to protect and to reward special interests on the expense of global economic progress, or to slow down the changing process.

In the new knowledge based economy over two thirds of the economic growth come from technologic innovation. But knowledge economy does not refer only to the expansion of knowledge frontiers; it refers to a more efficient use and implementation of all kind of knowledge in all forms of economic activity. Briefly, the competition of success derives from the capacity of innovation. Moreover, the qualities and the learning process, not only do they lead to an economic growth, but also determine more and more individual opportunities.

In order to promote efficiently the development in knowledge based economy, the government must facilitate, instead of breaking, the process of economic changes and modernizations, according as these modifications create new opportunities and raised revenues. The experience has shown that the great benefits of innovation and changing have clearly overstepped the short term costs associated with disruption. This aspect is variable especially in knowledge based economy, where innovations and change create more job than they eliminate and imply the increasing of productivity and salaries.

Conclusively, many problems appeared through passing to knowledge based economy can not be resolved without the implication of the public sector, but this does not show in the present moment enough availability. To count on the collaboration with the public sector does not mean that this should give up its political responsibilities. We would be dangerously naïve to hope the voluntary efforts of the private sector could transform themselves into a sufficient scale to satisfy the public needs. More

exactly, the public sector needs to co-invest in these efforts and in the continuous and learning stimulator process by sharing the best practice lessons. The most important thing is that the collaboration model demands to

the public sector to reduce the extremely severe bureaucratic controls and instead of it to rely on inducements, sharing information, competition and responsibility for pursuing political objectives.

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