
Editorial: Knowledge based development and the emerging world order

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As discussed in detail by Van Doren in his 1992 book, *A History of Knowledge: Past, Present and Future*, throughout the history knowledge has always been a vital resource for creating and sustaining a strong economy, society and culture. On that very point on 1949, President of USA, Harry S. Truman, in his inaugural address spoke about the distribution of knowledge as an *imponderable resource* more powerful than money in assisting people to overcome *miserable, misery and despair*. Fifty years later, in 1997, the World Bank convoked a conference in Toronto on 'Knowledge for development in the information age' that called for "a partnership of public and private organizations to mobilize knowledge capital to achieve sustainable and equitable growth" [World Bank (1998), p.248].

Today, knowledge diminishes the significance of material factors resulting in a new era dominated by knowledge. Particularly in this era of knowledge economy, knowledge-related activities, including creativity as a tacit knowledge form, have become central for creating employment and wealth and sustaining economic growth. The knowledge economy – which has been about 400 years in the making since the age of enlightenment – creates, distributes and uses knowledge to generate value and gives rise to "a network society, where the opportunity and capability to access and join knowledge, and learning intensive relations determine the socio-economic position of individuals and firms" [Clarke (2001), p.189].

In the emerging new world order, the major novel characteristic of the knowledge economy is the need to manage intangible assets that, in contrast to material resources, do not depreciate through use but rather become more valuable the more they are used. To become a high achiever in such economy, during the last decade, major international organisations and donors – such as the European Commission (2000), the United Nations Organization (2001) and the Organization for Economic Co-operation and Development (2001) – adopted knowledge management frameworks in their strategic directions regarding global development, clearly indicate that a new link has been created between knowledge management and knowledge-based development (KBD).

In this framework, the inauguration of this new journal, *The International Journal of Knowledge-Based Development*, dedicated to KBD is not an isolated event nowadays. A number of concurrent transformations such as the wider terms of social and political change in post-capitalist societies, the growing dissatisfaction with gross domestic product as an aggregate indicator of economic health, the increasing attention to intellectual capital at both firm and national levels, the definite urbanisation of regions and countries, the leading role of knowledge in development and the consolidation of a

multi-polar and diversified globalised culture are drivers for KBD. This is the context within which this new journal comes to life.

Complexity and diversity are therefore two concurrent tracks for the understanding and innovation of KBD. Complexity is engaged insofar as a systems perspective is required to deal with knowledge based phenomena. Diversity is involved in the multidisciplinary, multiregional coverage involving quantitative and qualitative methods as well as researchers and practitioners' perspectives.

A major editorial criterion for this journal will be this integrated and multi-level approach to KBD. We believe this is fundamental to demarcate KBD as a distinctive field of study and practice. From a social evolution perspective, it might be precisely at the current transition from matter-based to knowledge-based societies when human experience is qualitatively leveraged and with it the realm of possibilities for social organisation. The fundamental realisation behind this perspective consists in the qualitative difference between the natural principles describing the behaviour of objects and the natural principles describing the behaviour of ideas and emotions. While it is now generally accepted that knowledge is a leveraging factor of economic growth and that it has some special properties such as partial excludability, non-rivalry and increasing returns, we are still far from understanding the nature and harnessing the potential of knowledge-based value dynamics.

Thus, physical reality contains a universe of possibilities that determines the nature of physical-based value creation. Economic theory, accountancy systems, management practices and policy making have been up to now, by far, dominated by the immediacy of physical realities. Only insofar as these limits continue to be challenged by realisations from outside and contradictions from within established practices, alternative paradigms may emerge. The increasing recognition of behavioural realities and the acceptance of their natural weight in all human affairs have opened the door of formal economics, management and politics to knowledge-based events.

When studying KBD, we need not be restricted to subjects such as competitiveness, education, science, technology, intellectual property and innovation. This is tempting particularly with regard to received categories such as science parks, industry clusters, technopoles, business incubators and accelerators, technology transfer centres, innovation regions, digital cities, knowledge cities and so forth. Important as these are, each has a distinctive meaning and applies to well-demarcated realities. These were all in use by the 1980s, before the concept of KBD took off at the turn of the century. If KBD could be reduced to any of these or even to the sum of all of these, then it would prove redundant.

The need to capture and codify the systemic unity of all value created by human societies, motivates the search for an integrated understanding and management of human value systems. Therefore, KBD has to be founded on an economic perspective that allows the recording, visualisation, dimensioning and management of total human activity value. That shall include forms of knowledge capital such as urban and regional identity, intelligence, cohesion, attractiveness and so on.

The challenges and opportunities of new knowledge-based social contracts begin to draw organisation and innovation alternatives in the current world map of ideas and emotions. Knowledge citizenship, distributed work and learning, value networks, competencies and technology brokerage, expertise markets, talent auctions, etc. illustrate this potential. Distinctive knowledge dynamics such as ubiquity, virtuality and

dematerialisation reconfigure the boundaries of the economically possible as well as the terms of the social contract.

The young field of KBD is at a crossroads. It may continue to sustain the received transitional view where knowledge is considered as a resource or capability particularly suited to leverage economic growth in a way that may eventually bring social prosperity. This view is instrumental, incremental and focused on the growth of the monetary base. Alternatively, it can become an instrument for balanced, equitable and sustainable development. Such perspective involves, basically, an acknowledgment that the concepts and tools devised to explain, account and manage the material-based value processes underlying the industrial economy are not sufficient to deal with the symbolic-based value processes underlying the knowledge society. A straightforward implication of this realisation is that a new axiological, epistemological and political platform may be required to build the foundations for KBD. Such platform should enable us to map, account and manage not just the economic impact of knowledge factors, but the universe of social value dimensions as a complete and consistent system.

To sum up, a transitional KBD perspective may be rendered useless if it is not clearly distinct from the technology and innovation categories often reduced to. Left to this level, KBD would become a redundant neologism. On the other hand, a radical approach to KBD is necessary to differentiate a contribution to the explanation and management of distinctive knowledge-based value creation and distribution processes. Such approach becomes critical as the economic paradigm on which the world financial establishment is in urgent need of a major redesign and the environmental and social impacts of unsustainable ways of living are approaching the point of no return.

On this front, there is a lot of challenging and pioneering work for both authors and readers of this journal that can contribute to the amelioration of our societies. We hope that this inaugural issue will become a starting point for innovative work and dialogue between practitioners and academics dealing with various KBD issues that inform policy making for KBD of our cities and societies.

In this very first issue of the journal which consists of eight excellent papers, we are particularly grateful to the contributors from our journal's international editorial and advisory boards, compiled with the great enthusiasm by our Editorial Coordinator, Dr Kostas Ergazakis. We would like to express our sincere thanks to the publisher, to all members of the current advisory and editorial review boards and the global KBD community.

The journey of *The International Journal of Knowledge-Based Development* has just begun with a big anticipation of making a positive impact, with the support of its broader community, on the emerging world order and the future development of our cities and societies.

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