

Global Knowledge Economy

Concept: Global Knowledge Economy

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Description The global knowledge economy differs in a number of important ways from the traditional economy. The global knowledge economy emphasizes the use of ideas and technological resources, while a more traditional economy emphasizes the use of physical abilities. The traditional economy relies greatly on the exploitation of cheap labour and raw materials, while the global knowledge economy stresses innovation and education of workers who are able to develop new skills and respond to new challenges. Within the global knowledge economy, the cost of consumer goods is reflected in the investment in research and innovation.

The global knowledge economy is significant for a number of reasons. In order to build a knowledge-based economy, it is essential to restructure and improve the educational system, while updating the economic regime. To compete in such an economic system, developing nations must reduce barriers to trade and create an environment that is market-oriented. This can create a divide between the developing and developed world. Developing nations often do not have the expertise or the educational systems that are needed to succeed in this environment. Additionally, as countries find themselves integrating into the international economy, they must deal with intellectual property laws, e-commerce, and innovation networks. Finland is a prime example of a country that has moved into the global knowledge economy while still retaining many of its traditional sectors. Nokia, Ltd. transformed itself from a paper, tire, and cable company to a high-tech electronic business. In order to accomplish this, Nokia formed strategic alliances with foreign firms and developed work exchange programs to increase the knowledge and skills of its workers.