

## REVIEWS

This paper outlines the differences between the “New Economy”, the “Knowledge Economy” and “Knowledge Management”. The authors thoroughly analyze the transition from one economy to the other and make a clear distinction among each of them. The authors emphasize the evolving nature of societies and the consequences of these changes from both technological and economic perspectives. The book serves as a guide for many dimensions of both current and future social structures. The authors center their thesis on the crucial need for what they call the knowledge paradigm. They warn that any substitution or neglect of knowledge may ultimately lead to delays in a society’s development, be it socially, economically, and scientifically. Knowledge is given an important designation at the start of this worthwhile manuscript. Innovations in technology are attributed to economic and social advances.

The author calls these innovations “knowledge revolutions”. They are: innovations in information technology, such as but not limited to computer network and telecommunication systems, employment structure. They assert that the labor force has become more focused in the private sector, leading to not only dominant production of goods, but also dominant production services. The introduction of the internet allows everyone easy access to an enormous number of markets and practically unlimited space for information, which is one of the attributes for the more general concept developed by the authors of knowledge. The new economy that is outlined in the first part of the book is also based on knowledge. It implies the existence of a modern flexible organization that reacts swiftly to changes in its surroundings. Entities that are able to adopt changes and continuously specialize will thrive in the long term. Some characteristics integral to the new economy are focusing on knowledge, having technological infrastructure in organization, continually reviewing the practices of their diversified businesses, and readily embracing changes. The authors describe the transition of the former economy to the knowledge economy by convincingly arguing that information has to be the most important resource, and information communication technology has to be the infrastructure of any modern business.

The knowledge economy is characterized by an imperative necessity of its maximal forcing and widest application, at all levels and all segments of a society. Incorporating this principle will lead to a greater increase in competitive advantages under conditions of constant change and increased uncertainty, due to their flexible structure which nature and maintain their ability to adapt. This in turn will spur social and economic developments, allowing countries to climb the growth ladder. Knowledge Keystone to Modern Economy provides unique insight on the unpredictable world of economics and society. The distinction between the economies of old and the new knowledge economies are made clear in this manuscript. The book systematically details the steps economies have taken to thrive in societies where changes are inevitable. Most importantly, the authors redefine what is considered to be knowledge. This new perspective is applicable in eco-

conomic, social and scientific settings, which truly make the book a useful tool for students, researchers and policy makers alike.

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Authors sent me for review text of the monograph "Knowledge - Keystone of the Modern Economy" with volume 300 pages, format 153 x 208 mm, font Arial, Pt 10. with boxes font Arial Narrow, Pt 9, which consists of the next parts: Contents, Preface, Part I: The New Economy (1. The Knowledge Society; 2. Paradigmatic of New Economy; 3. Old and New Economy; and 4. The Network Economy); Part 2: The Knowledge Economy (1. Paradigmatism of the Knowledge Economy; 2. Concept of Social Capital; and 3. Concept of Intellectual Capital); Part 3: The Knowledge Management (1. Concept of Knowledge Management; 2. Models of Knowledge Management; 3. The Knowledge Application; and 4. Innovation of the Knowledge Process); Summary; References; and Index. There are 20 boxes, 48 figures, 24 box figures, 23 tables, and 3 box tables in the monograph. The text is modern, written with high level of still, and balanced, with quality technical preparation. I know the authors of this monograph "Knowledge - Keystone of the Modern Economy" first of all the Professor Veselin Draskovic, for many years. They are very nice specialists in the modern economy and very nice scientists in the sphere of institutional economic theory. Professor Veselin Draskovic with coauthors explained their wide experience in preparing the good magazine "Montenegro Journal of Economics", and organizing the international conferences in Montenegro (in Kotor) for the preparing the materials for this new monograph.

This new monograph "Knowledge - Keystone of the Modern Economy" is devoted to the problem of knowledge application in economics. Here one may see many spheres of application and authors analyzed this spheres: new economy, society of knowledge and network economy. Also the monograph "Knowledge Keystone of the Modern Economy" was divided on several perspective sections. Growing role and importance of knowledge. The necessity of constant learning, the importance of knowledge, the connection between economy of knowledge and knowledge management, and other items discussed in the book. To my mind this monograph titled "Knowledge Keystone of the Modern Economy" will be the good handbook and scientific investigation for the scientist who lake part in the knowledge economy researches. With above listed characteristics, this monograph is the significant scientific text, and I propose it with great pleasure for publishing to the publisher SPH - Scientific Publishing Hub Celje - Osijek - Czestochowa - Kotor.

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The motto of this valuable, interesting and innovative book is the view of Li Tieying, President of the Academy of Social Sciences of China, "*The soul of knowledge economy is constant striving for innovation, and the source of its power is education. In modern world, the power struggle between states is essentially a competition in the level of knowledge.*" This unbreakable and increasingly more important link between education, knowledge, innovation, and competitive advantage of nations is the subject of the book written by Veselin Draskovic, Radislav Jovovic, Mimo Draskovic, and Borut Jereb called Knowledge - Keystone of the Modern Economy.

After mercantilists have found the source of wealth in trade, the physiocrats in agriculture, classicists in material production, sources of the wealth of nations are now to be looked for in these intangible factors. The authors explain the determinant paradigmatic in the following way: "*We refer to fundamental economic theory that dominates a given time (period) of its development. A paradigm is based on a general idea or concept that finds its concrete expression in a) the initial or original concepts; and b) in the system of fundamental principles, laws, or sufficiently plausible hypotheses.*"

The three parts - the New Economy, the Knowledge Economy, and the Knowledge Management, illuminate the most important factors, their inter-dependence and mutual effects on the overall economic and social development of individual countries. In this book, the authors discuss the growing role of knowledge in creating competitive advantages in the modern conditions of uncertainty that impose the determinants of innovation, sustainability, inclusive institutions, supportive regulatory environment, continuous learning and acquiring new knowledge, investment in knowledge, the dissemination of knowledge, development of the existing and available knowledge as the imperatives.

The main idea of the authors of this book is that the dominant importance of knowledge decidedly determines the development strategies and respective policies at national and corporate levels, and that development of knowledge requires developed and stable institutional conditions. One of the authors of the book explains it in the following manner: "*Each stage had its own development paradigm with the corresponding criteria and values. They changed revolutionary. Each new historic period required (mainly pragmatic) a change in thinking and behavior. Generally, it has reduced down to adapting to civilized norms, achievements and challenges.*" Academic, scientifically based, tolerant and open comprehensive analysis characterizes general theoretical approach and a specific realistic analysis that enables the authors to explain important issues of modern society and economy comprehensively and thoroughly, without apriority and exclusivity. And the axis of knowledge - innovation - institutions - development is precisely that element which makes the distinction between the successful and the unsuccessful. The prosperous and the stagnant, allowing them the much desired climbing the global ladder of social and economic development.

Innovation and openness to new knowledge are embedded in new institutions and social order and have enabled England, unlike Spain, to use the Atlantic trade as an encouragement for the introduction of efficient economic, market, and democratic political institutions, unlike Spain and Portugal, which have not yet used this opportunity, and

which maintain the medieval order of the monopoly and the rule of non-productive elites. These important drivers of social and economic development are also explained by the authors when they write that *“In terms of knowledge economy, an almost unprecedented phenomenon occurred - an open virtualization of economy, its dematerialization and great independence from national borders. Economic, political, civil and social power in the world will no longer be determined merely by the amount of resources that a specific social group and/or nation possesses, its size and economic power. but the knowledge and skills to enrich its wealth and power most efficiently.”* This suggests and supports the key levers of social and economic development of countries. Instead of the Tyranny of Space and Place, the Westphalian notions of national sovereignty, countries and their leaders need to turn towards Prigozin’s and Wallerstein’s survival in the conditions of tolerance, or what Kenichi Ohmae described as Nothing is ‘overseas’ any longer,

In order to become the ‘knowledge society’, it must constantly learn. the authors indicate, pointing to the effect this has on the organization of companies and economy, the nature of institutions. The establishment of network relationships, the growing importance of incentive mechanisms of regulatory bodies which should encourage networking between stakeholders like a spider would create its web. The term New Economy is used in the same meaning as the term ‘economy based on knowledge’ (knowledge economy), and it is, as the authors correctly point out, industry intensive, adjusted to measure, with high fluctuation of products, there are flexible manufacturing systems, a virtual network of organizations, cooperative governance, integration, services are accompanied by products, power distribution/knowledge sharing, generalization of skills and knowledge, the state co-ordination and regulation.

In old economy, the authors conclude, traditional production factors (land, labor and capital) were prevalent as a source of comparative advantage, while in the new economy comparative advantage is based on innovative activity. The new economy is characterized by change, turbulence, diversity, heterogeneity, competitiveness and partnership, flexibility, and incentives. The growing importance of knowledge affects all spheres of social and economic life - how businesses entities, government and social institutions are organized, and how each individual behaves. The authors stress the great importance of the link between knowledge and the paradigmatic attitude of institutions that can provide overall social and economic development in the conditions of constant change. It is my great pleased to propose the publication of this book, which in its nature is a scientific monograph.

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