



New Challenges of Economic and Business Development – 2012

May 10 - 12, 2012, Riga, University of Latvia

DIRECT USE OF KNOWLEDGE

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Abstract

Human centred approach in economics means, that should be investigated the main needs of each human being and the ways, how to satisfy these needs using economics as a tool. We can use the well recognized classification of human needs, introduced by Abraham Maslow [1]. This classification includes: Physiological needs, Safety needs, Love and belonging, Esteem, Self-actualization. Economics usually deals with Physiological needs and Safety needs. Development of the Knowledge Society should push more interest to other needs.

Science is the way how to create knowledge using money. Innovation is the way how to receive money using knowledge. People are ready to pay money, if they receive satisfaction of their needs. Self-actualization is a very wide group of human needs, which has not investigated in economics. Creation of the conditions, where people will have possibility to receive and to create new knowledge, could be put in the basis the important kind of innovations. This kind of innovations is direct use of the existing (“produced”) knowledge to involve people in the process of the continuous production of new knowledge [2]. The necessary adaption of the knowledge must be fulfilled for such use. Activities of such kind, mixing entertainment and education, already are going on (for example, the TV programme *Discovery*), but the place of such activities in future economics should be much greater. Education and research should be used for the direct satisfaction of the Self-actualization.



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Introduction

Economics is a tool to supply all necessary for human life. Mostly it means supply with products and services for the basic (physiological) needs (food, clothing, accommodation etc.) and safety. Human centered approach in economics means, that should be investigated all main needs of each human being and the ways, how to satisfy all these needs using economics as a tool. We can use the well recognized classification of human needs, introduced by Abraham Maslow [1]. This classification includes: Physiological needs, Safety needs, Love and belonging, Esteem, Self-actualization. Welfare and good quality of life usually deals mainly with Physiological needs and Safety needs. The links between economics and psychology were established by the works of Nobel Prize winner Daniel Kahneman and his colleagues [2]. Public administration still is not using this well investigated psychological approach in economics [3]. For example, the conceptual political documents of the Parliament of Latvia describes as the main aim (as the quality of the life) welfare, safety and sustainability, where the latest is just keeping welfare and safety [4].

Development of the Knowledge Society should push more interest to all human needs. We shall investigate the challenge to go further with the establishing tasks for economics, keeping in mind human development, all different needs, including belonging, esteem and self-actualization [5]. We shall use the ideas proposed by Ken Wilber [6]. An integral approach to personal and social development can give much better understanding of the changes in the economics of the Knowledge Society.

Discussion

People are ready to pay money, if they receive satisfaction of their needs. They agree to pay not only for food and accommodation. Entertainment is already significant part of economics, first of all cinema, theater, mass media and tourism. Hotels and catering (restaurants, cafes, bars etc.) also are more used for the entertainment than only for food and shelter. Contemporary industry and agriculture of the so called developed states (belonging to the golden billion) allows supply of the society with minimal necessary for Physiological needs and Safety needs using some 5 to 10 percent of the available workforce. How to use the remaining part in the best way depends on political and economical decisions. New approach to the production of services must pay more attention to the basic human needs, first of all to Self-actualization. These problems have been established in clear way in the famous book of Francis Fukuyama [7]. The end of industrial economics and management is not the end of history, as was proposed by Francis Fukuyama. The new ways of the interaction between culture and economics show the direction of the development and further changes in the structure of the society, which prevents the predicted by Francis Fukuyama end of the history [6, 8]. The role of the culture has been mentioned already by Francis Fukuyama [9].

To investigate more Safety needs, Love and belonging, Esteem, Self-actualization we should look through the existing definitions of culture and creative industries. Culture usually is understood as very wide field of creative human activities, but for economical analysis more precise and narrower definition could be more useful. According to the original meaning



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(in Latin) culture is the way how to grow the crops, how to use the land (*coltivare*). Continuing this line the culture could be defined as gathering of the effective models of behavior (action), which can give useful for individuals and/or for the society results. Culture is open, self-consistent system of the models of human behavior, continuously developing. Different technologies and methodologies, fixed in any useful way are the main content of the culture according to this definition. Different activities with the aim to find such technologies and methodologies are not the part of culture. Such activities are creative and include science and art. The important results of creative activities are new, more effective technologies and methodologies, but not only. Often used wide definition of culture includes also all creative activities. Such approach is not effective, because it puts together the result, system of the models of behavior, and the process of the creation of such self-consistent system of the models of behavior. Knowledge and wisdom, created by science and art are results which satisfy Love and belonging, Esteem, Self-actualization.

The same is possible to achieve using different means. The stable, self-consistent social structure can exist with different, partly contradictory systems of the models of behavior. Therefore it is possible (and necessary for the effective investigation) to distinguish different cultures. For example, the Christian culture is different from Muslim culture.

Society with high satisfaction of Love and belonging, Esteem will have high safety. This means, that the best way to enlarge safety is to create better social structure with higher satisfaction of belonging and esteem. Society has created different self regulation mechanisms – traditions, festivals etc., which support morality. Based on the belonging and esteem, the traditional morality supports social structure, social functioning of the society, regulates the behavior and prevents deviations from the accepted as normal, supported by traditions behavior. Law is the necessary minimum of traditions, which has been formalized to guaranty their implementation. Usually law becomes necessary in cases, where exist different contradictory traditions, different rules. The society must accept and fulfill as a law one of the different versions to keep stability.

Social conditions are changing quickly and now social networks in Internet are used more and more to regulate behavior. Informal education, interest education, adult education, different kinds of amateur activity and amateur performance supports social structure. Significant part of the state budget and other sources of financing, including the budgets of the local communities, support different activities under the name of culture [10, 11, 12]. The total amount of financing and number of libraries is decreasing [10, 11], but the interest, for example, attendance of theatres per 1,000 population is increasing [12]. Only part of this financing helps to support and to develop traditions, which are the basis of the morality. Liberal approach allows all kinds of traditions to exist simultaneously, parallel. The so called multi cultural society has been accepted as possible model of behavior, but there is no real support for the creative activities [10]. Public management do not use associations of artists, painters, writers and other so called creative professions as a tool for the changing society, introducing new models of behavior according to the changes in economics. The human needs in the Knowledge Society are not supported by the appropriate political decisions [10]. The increasing amount of the free time of individuals must be properly used to satisfy the human needs [12]. The liberal approach to the public management is not effective [10].



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The possible changes of the social structure, arising due to the increasing productivity of labor has been investigated by Alvin Toffler [13]. He has made conclusion about significant changes of the attitude to labor and structure of management and economics. The missing part is the creation of new structure of aims of economic activities. The research, production of new knowledge and creation of the pieces of art, including theatre, performances, festivals should become the direct aim of human activities. The human needs of the Self-actualization will become the main driving force of the economics instead of the Physiological needs and Safety needs.

Multi cultural society is the source of danger. Using the proposed approach for the culture it is possible to see, that contradictions in the models of behavior, prescribed by different cultures, must be solved. In the case of conflict between different models of behavior, belonging to different cultures, there are several steps, how to solve the problem.

The first step in the case of conflict between different models of behavior is the creation of a new, synthetic, self-consistent model of behavior. Usually the new model is integral, some compromise between existing solutions.

The second step is the implementation of the new solutions. In the case if not all members of the society (citizens of the state) agree with the new solutions, the official support is necessary. The new law (new regulations, bureaucratic rules) must be created and accepted to support the new model of behavior.

The third step is the necessary activities to exclude dangerous for the society alternative models of the behavior, if they continue to exist. This step should be avoided for the normal development. Only if other possibilities to avoid conflict do not give the results, punishment, violence, used by the state, is allowed. For example, use of drugs, acceptable in some Eastern systems of behavior, forbidden in the most part of Western countries and punished by the state.

Society is interested to create not contradictory conditions for the realization of the fundamental human need of the Love and belonging. From the financial point of view it is cheaper to support implementation of the accepted, official culture, accepted models of behavior by proper support of education, including amateur activities, than to use punishment, including police, courts and jail. The financial calculation of both ways is not easy, but this is challenge for the economics in the quickly changing multi cultural society.

A good example of the joint efforts to establish a new model, a new self-consistent system in the European higher education is the Bologna process [13]. Quality assurance mechanisms (internal and external) are an important driving force in the Bologna process.

The most challenging for the new economics are the problems concerning the human needs of the Self-actualization. This problem has been discussed by Merab Mamardashvili [14]. The scientific research is not only the tool for the creation of new technologies, for the improvement of the satisfaction of the basic (physiological) needs (earning money for the food, clothing, accommodation etc.). The scientific research allows also to gain recognition, to have higher esteem. The most important new challenge for the economics is to investigate the scientific research as a source for receiving possibility for the Self-actualization. Self-actualization is a very wide group of human needs, which has not investigated in economics.

The scientific research is closely linked with the innovation. Science is the way how to create knowledge using money. Innovation is the way how to receive money using knowledge. Self-actualization is a very wide group of human needs, which has not



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investigated in economics. Creation of the conditions, where people will have possibility to receive and to create new knowledge, could be put in the basis for the important kind of innovations. The new way for the innovations is the direct use of the existing („produced”) knowledge to involve people in the process of the continuous production of the new knowledge [5]. The necessary adaptation of the knowledge must be fulfilled for such use. Activities of such kind, mixing entertainment and education, already are going on (for example, the TV program *Discovery*), but the place of such activities in future economics should be much greater. Education and research should be used for the direct satisfaction of the Self-actualization. Now the growing interest in the results of the research is used mainly in the traditional way – as the education activities. The possibility to participate in significant research and to receive useful results is more difficult. Two problems must be solved: 1) to learn the specific language of science; 2) to have possibility to participate in the interactive communication. The most difficult is language problem. More attention must be paid to the mathematics as the language of science. Humanities and art are easier for participation without special knowledge [10]. The activities of different creative associations must be supported as the emerging new kind of social relations, new social structure [8]. The tendency of narrow specialization should be balanced with more active interaction between different groups and different specializations. Diversification of the individual activities, wider use of personal communication is also way to increase sustainability [13].

An example of the interaction of art and business is the activities of the TILLT – a producer of ARTISTIC INTERVENTIONS in organisations [16]. TILLT involves a large group of people in the creative development processes. This is right direction of the development, but it needs rethinking of the aims of business and it should receive the political support. Management of the society should be more oriented to all needs of people. The need of Self-actualization is fundamental and must be included in the aims of business and economics directly [15].

Conclusions

Human centered approach in economics means, that should be investigated all main needs of each human being. Economics should be used as a tool to satisfy not only the Physiological needs and Safety needs but also the needs for the Love and belonging, the needs for the Esteem and the needs for the Self-actualization. The conceptual political documents must take in account all human needs.

Different technologies and methodologies, fixed in any useful way are the main content of the culture according to our definition. Culture is open, self-consistent, continuously developing system of the models of human behavior. Multi cultural society is the source of danger. Society is interested to create not contradictory conditions for the realization of the fundamental human need of the Love and belonging. It is cheaper to support implementation of the unique, accepted by the society, official culture, accepted models of behavior by proper support of education, including amateur activities, than to use punishment, including police and jail. Public management must use associations of creative professions (artists, painters, writers etc.) as a tool for the changing society, introducing new models of behavior according to the



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changes in economics. The organization of the use of the increasing amount of free time must be the object for the investigation in management. More personal communication, personal services and less use of technical equipment will increase sustainability of the society.

The scientific research is not only the tool for the creation of new technologies, but also allows to gain recognition, to have higher esteem. The most important new challenge for the economics is to investigate the scientific research as a source for receiving possibility for the Self-actualization.

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