

## Chapter 8

# Creating Knowledge Society for Economic and Social Growth in Africa: The Ten Fundamental Pillars

**Nathaniel O. Agola**

*Graduate School of Global Studies, Doshisha University, Kyoto, Japan*

### **ABSTRACT**

*Knowledge use in socio-economic activities is a critical determinant of the divide between countries and regions into low-productivity-low-wage and labour intensive socio-economic activity countries on the one hand, and high-wage-high-productivity and technology abundant countries on the other hand. Therefore, it is indisputable that the creation of knowledge society is imperative for African countries. Economic transformation from low-productivity-low-wage and labour intensive socio-economic activity countries to high-wage-high-productivity and technology abundant countries predominantly define the socio-economic policy aspirations of most African countries. However, it has never been very clear what are the fundamental pillars that must be built and constantly reinforced by these countries to transition to knowledge society stage. This chapter first presents an empirical connection and contribution of knowledge to higher productivity in economic activities. The importance of infusion of knowledge into diverse economic activities to ensure higher levels of productivity both at micro and macro levels is therefore demonstrated through quantification attempts that include knowledge as one of the variables in Total Factor Productivity (TFP) equation. This empirical discussion serves to illuminate the place of knowledge in economic transformation. The second part of the chapter presents an incisive exposition of the critical ten pillars of knowledge creation, sharing, and usage that African countries can leverage to transition from economies defined by low productivity to higher levels of productivity. The chapter concludes that it is the improvement in the collective stock of knowledge of the African countries that would determine whether they could make a transition to a high productivity knowledge society.*

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## INTRODUCTION

From time immemorial, the performance of human economic and social activities have been inseparable from knowledge. For instance, performance of farm work, building houses, fishing, hunting have all depended on specific types of knowledge, which was systematically passed on from one generation to next. Failure to generate, propagate, and use new knowledge corresponding to discontinuous changes in a socio-economic ecosystem, in the past and presently, may as well spell decline, serious shortage of critical goods and services, or even a complete demise of a given society, the exception being that of instant flight to a conducive new environment. Nonaka (1995) brought knowledge to the fore of intellectual discourse and gave it acceptance within economic studies as a factor of production. Drucker (1995) even went further to assert that knowledge has become the most critical resource that determines competitiveness for organizations. Bounfour (2003) asserted that knowledge is the most valuable intangible asset in any organization for countries as well. Though it is difficult to precisely account for knowledge as a factor of production, it is indisputable that knowledge is an important factor of production, and therefore in economic and business management research, knowledge is currently treated as being distinct from generalized labour-as-a factor of production. This is because it is practically verifiable that knowledge intensive economic activities are associated with higher productivity levels than purely labour intensive activities.

It is also an obvious fact that workers engaging in knowledge intensive activities earn more per hour than workers in labour intensive activities. The same logic applies to companies and countries. In the last two decades, we have witnessed the birth and exponential growth of knowledge intensive companies, some of which do not have much to show in physical assets, but only intellectual assets held either as patents or knowledge resid-

ing in highly knowledgeable human resources. Companies like Microsoft, Google, Amazon, and Facebook, amongst others fit this bill. These companies experienced a meteoric rise typified by unprecedented growth in their fortunes. On the same note, certain countries with relatively small population sizes such as Finland and Singapore have managed to increase their gross domestic product (GDP) and per capita earnings per worker due to higher level of infusion of knowledge into diverse economic activities.

Knowledge use in socio-economic activities is a critical determinant of the categorisation of countries and regions into: low-productivity-low-wage and labour intensive socio-economic and high-wage-high-productivity and technology abundant countries. Hausmann, Hidalgo *et.al* (2011) in a research covering 128 countries to determine what explains differences in their wealth, found that the collective knowledge of a country is strongly correlated to national wealth and actually accounts for 75% of the differences in income per capita between countries. The exception to this being high value natural resource endowed countries such as oil producing ones whose GDP largely comes from oil revenues. A good example here is Equatorial Guinea, which has as a income per capita nearly equivalent as the United Kingdom. Essentially, if a county participates in economic activities involving high intensity of coordination and collective deployment of knowledge to produce specific goods or services, then such a country should have a higher productivity level as compared to a country which produces simple products requiring mere participation of single or a few individuals. As a logical extension of this finding a hunter and gatherer society surviving on basic natural resource extraction-related skills universally shared between its members may be said to have its collective communal knowledge being closely symmetric to that of its individual members. The amount of national knowledge can be measured by the amount of knowledge collectively entrenched in the national economy, which

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