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INTELLECTUAL SERVICES: PRODUCTION FUNCTION PECULIARITIES

Within the economy of knowledge, intellectual services obtain a role of one of the most prior resources of the social and economic development. This actualizes the research of the content and features of intellectual service provision and its effective organization at firm level. Different aspects of functioning of enterprise providing intellectual services are analyzed by many scholars in the field of economic theory, service theory and law. However, the role of intellectual investments in the process of intellectual service provision has not been appropriately substantiated. A problem related to the examination of the content and forms of investing in structural and human capital of a firm in the intellectual capital production remains unsolved.

The purpose of the paper is to consider the peculiarities of the production function of the servicing activity by substantiating the investment role of firm's intellectual capital elements in the intellectual service production.

The intellectual service provision is a process of the intellectual product creation on the basis of intellectual resources of the servicing

activity use that obtains a form of the entity's intellectual capital that includes human and structural capitals. The application of structural and human capital is performed in the process of the intellectual work of staff in a firm providing intellectual services. Thereby, the production function with two resources (capital and labor) is variable regarding a firm, which provides intellectual services, may be described as a relation between a volume of the intellectual service provision and the quantity, quality and combination (technology) of the entity structural capital and intellectual labor.

The process of intellectual service provision is based on intellectual investments of both structural and human capitals of a firm. Intellectual labor is designated as a form of investment, in the process of which industry ownership objects, informational resources, know-how, and employee's professional knowledge and skills are used. Thus, the efficiency of intellectual service provision process depends on a level of the intellectual staff organization and motivation as well as on its specificity.