

## **Knowledge and the Knowledge Economy in the Organization**

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### **Abstract:**

Knowledge and information are considered among the most important products of the knowledge economy because the accumulation, updating, and organization of knowledge is the basic foundation of the economy, as it depends on the production and distribution of knowledge. Therefore, it is directly based on the production, dissemination, and use of knowledge and information in various productive and service activities because it focuses on the value of the intellectual capabilities of the human element, as it is the source of knowledge, wealth, and power. Hence, the more knowledge accumulates, the more wealth accumulates.

The knowledge economy is concerned with the production and storage of knowledge, its generation, innovation, and use, as well as the knowledge industry through education, training, and development, while the knowledge-based economy constitutes an advanced stage of the knowledge economy. Accordingly, we can say that the knowledge economy has enormous capabilities to adapt to new variables and harmonize with all different circumstances and situations that accompany the internationalization of the economy.

**Keywords:** knowledge, knowledge economy, knowledge sharing

### **Introduction**

Modern economic developments have led to rapid and successive changes that have produced new economic concepts and transformed the global economy from an economy based on tangible resources such as land and capital, which are considered the most prominent elements of production and the main sources of wealth, to an economy based on intangible resources such as knowledge and skills. Globalization and information and communication technology have played a major role in its spread, as the survival, success, and continuity of organizations have become dependent on knowledge because it has become the source of power, wealth, and the main driver of the knowledge economy, which imposes on organizations the necessity to adapt.

In light of challenges and competition, the success of the organization is measured by the number of minds and knowledge it possesses, which are considered the source of wealth creation. Thus, the role of knowledge in the success, survival, and continuity of organizations is embodied through the human resource that discovers knowledge from its surrounding

environment, as the value of any product has come to be determined by the value of the knowledge embodied in it.

Accordingly, the following problem can be raised: What is the role of knowledge in the transition from an economy based on capital accumulation to an economy based on knowledge?

**Sub-questions :**

- What is the importance of knowledge and its types?
- What are the requirements and characteristics of the knowledge economy and what are the justifications for adopting it?
- To what extent does knowledge contribute to building a knowledge economy?

**First: Knowledge**

**1- The emergence of knowledge**

The beginning of knowledge dates back to the beginning of human creation. God created human with innate disposition, then taught and guided him to the straight path, and knowledge has continued and will continue to accompany humans through all stages of their life development.

After the three major transformations (the industrial revolution, the production revolution, and the administrative revolution), and by the 1990s, major countries retreated from the concept of traditional power and realized that the concept of power is measured by the number of minds these countries embrace. Thus came the phrase “knowledge is power,” which called for placing organizational thought before recognizing the importance of knowledge.

Knowledge relates to techniques and methods concerned with accomplishing a specific task, and some have focused on the concept of knowledge to indicate that it is intellectual capital if it is transformed, that is, translated into practical activities practiced within the organization, where it constitutes added value achieved when it is invested. Therefore, knowledge is considered a fundamental resource for wealth production within the knowledge economy.

**2- The difference between information, data, and knowledge:**

Davenport (1997) argues that information and knowledge may be similar in some aspects, yet they differ in others. He points out that what distinguishes knowledge (*Savoir*) from information (*Information*) and data (*Data*) is its relation to the human dimension. Nonaka (1994) emphasizes that knowledge is tacit and difficult to observe because it resides in the human mind, shaped by an individual's experience and learning. Therefore, it can only be revealed and shared through communication, dialogue, and the exchange of ideas and experiences.

**Data:** A set of concepts, numbers, and symbols that need processing, organization, and reorganization in order to be transformed into information, which is represented by numbers, words, shapes, images, or symbols in a way that allows benefiting from it.

**Information:** Organized and structured data, that is, a set of data arranged and coordinated in an appropriate way to provide a specific meaning.

**Knowledge:** Defined as the sum of facts, viewpoints, opinions, judgments, work methods, experiences, experiments, information and data, concepts, strategies, and principles possessed by an individual or an organization. Knowledge is used to interpret information related to a situation.

### 3- Types of knowledge

The first to classify knowledge was Michael Polanyi in his book *“The Tacit Dimension”* in 1966, in which he distinguished between tacit knowledge and explicit knowledge and stated: “We know more than we can tell others,” indicating that the individual at work knows more than he says.

This classification did not receive attention until Nonaka and Takeuchi conducted a pioneering study on “knowledge-creating companies” in the late 1991 in the Harvard Business Review:

**Explicit knowledge:** Organized knowledge that describes its external aspects and is expressed through drawing, writing, and speaking. Technology enables its transformation and transfer, and it relates to assets stored in the organization’s archives. Often, individuals within the organization can access, use, and share it through seminars, meetings, and books. It is formal, standardized, codified, systematic knowledge, expressed quantitatively, and transferable and learnable.

Nonaka described explicit knowledge as “leaky knowledge” due to the possibility of its leakage outside the organization such as copyrights, intellectual property, patents, and the organization’s products and services.

Explicit knowledge includes unreferenced and non-retrievable information because it is unstructured such as emails, images, training materials, media, and videos.

**Tacit knowledge (implicit):** Related to the skills existing within the heart, mind, and behavior of each individual, which are difficult to transfer or convert and depend on intuition, instinct, and inner feeling. Because it is hidden, it is transferred through social interaction and acquired through the cumulative knowledge of previous experiences, making it difficult to obtain despite its high value.

Michael Zack also provides another classification of knowledge in knowledge-based organizations as follows:

**Core knowledge:** The type or minimum scope of knowledge required in the industry. This type of knowledge does not guarantee long-term competitive survival and represents the basic industry knowledge necessary to perform its role as an entry value.

**Advanced knowledge:** The type or scope that gives the organization competitive survival capability. Although the organization generally possesses the same level, scope, and quality of knowledge as competitors, it differs in relying on its ability to distinguish its knowledge to gain a competitive advantage.

**Innovative knowledge:** The knowledge that enables the organization to excel and enhance its competitiveness and continuity.

### 4- The strategic importance of knowledge in the organization

The strategic importance of knowledge in the organization is as follows:

- Building and developing the institution’s ability to deal early with competitive changes and prepare to adapt to them.
- Providing the institution’s core competency system with the ability to activate competitive forces due to its need for knowledge monitoring.
- Used in exploiting productive capacities and providing high-quality goods and services that meet customer desires.

- Creating opportunities for institutional development at rates compatible with its available capabilities through intensive exploitation of knowledge outcomes and its renewed cultural products, in addition to individuals' accumulated experience.
- Achieving integration between the capabilities of creative human resources with knowledge and the requirements of communication and information technologies so that the institution becomes capable of monitoring and implementing strategies and operating systems, functions, and processes.
- Helping the institution's management to change its intellectual framework and update concepts, experiences, and cultures and employ them.
- Providing the necessary knowledge to choose appropriate competitive excellence models according to the institution's strategic resources.
- Providing a positive motivating climate for knowledge workers, leading to the release of their latent knowledge and encouraging its development.
- Adopting the knowledge level as a basis for job classification, task determination, and the provision of benefits and incentives.
- Helping the institution restore its balance and reduce its losses when exposed to crises, especially competitive ones.

#### **5- Characteristics of knowledge**

**Knowledge is characterized by several features, including:**

- **Cumulative:** It represents the intellectual fertility of the organization, where old knowledge is added to new knowledge, meaning that knowledge does not decrease but is updated.
- **Intangible:** Knowledge as an intangible product limits trading in it, unlike if it were a standard commodity that allows competition and thus is widely traded. Intangible knowledge is the focus of organizations based on knowledge.
- **Possibility of storing and classifying knowledge:** There is tacit and explicit knowledge, latent and semantic knowledge, practical knowledge, skills, and individuals' knowledge related to vision, intuition, and relationships.
- **Comprehensiveness and certainty:** When knowledge appears, it is disseminated among individuals, and it is not fixed; it depends on convincing evidence and minds capable of change.
- It is characterized by abstraction and precision, which allows expressing facts mathematically.
- It is spiral in nature through its ability to generate ideas according to the perspective of Takeuchi and Nonaka.
- It is a human act resulting from thinking, circulated among groups in different ways and generated within the limits of the old.

According to Al-Sabbagh (2000), knowledge is used to understand reality, and accordingly it can be recorded in individuals' minds or stored in the documents of society or the organization, its products, systems, and processes (the ability of the individual, organization, and society to adopt effective methods to achieve the objectives of existence).

Knowledge is also characterized by:

- It is formed in individuals' minds through experience and results from continuous learning.
- It is shared among groups and societies through exchanged experiences.
- It is transferred implicitly or explicitly, and each individual or society possesses a certain amount of general knowledge and specific knowledge, and every skill includes specific knowledge associated with it.

## 6- Sources of knowledge

There are two main sources for obtaining knowledge:

- **External sources of the organization:** These are the sources that define the relationship between the organization and its external environment, enabling it to obtain knowledge and helping it anticipate opportunities and threats such as the internet, books, suppliers and customers, research centers and universities, patents, and others. The external environment is considered a source of information and knowledge.

Benefiting from these sources requires experience, intelligence, and continuous thinking to process data to reach information and knowledge, where individuals work on discovering and processing data to reach information through their cognitive abilities such as understanding, reflection, wisdom, experience, intelligence, thinking, and learning, so that individuals can interpret this information and give it meaning to become knowledge.

- **Internal environment of the organization:** It is represented in the experiences of individuals and groups and benefiting from them, the organization as a whole, processes and technology used, in addition to individuals' skills, intelligence, mental abilities, and internal innovations such as internal conferences, electronic libraries, traditional learning, dialogue, and internal processes.

## 7- Factors affecting knowledge

There are a set of factors that lead to the acquisition and generation of knowledge, which can be summarized as follows:

- **Research and development centers:** This refers to the number and type of research centers in the country, their distribution, and working hours. If these centers are available but open for limited hours and to specific groups, their benefit is limited. If there are multiple, diverse, and widely distributed research centers supervised by qualified individuals and available to all interested parties around the clock, in addition to being equipped with the necessary material requirements, then research centers are considered a positive factor in producing and generating knowledge and how to use and apply it.
- **Efficiency and training of individuals in conducting experiments and practical research:** The availability of qualified individuals and highly competent personnel who conduct scientific research and experiments allows the organization to produce and generate new knowledge.
- **Financial support:** The quality and quantity of scientific research and the ability to conduct experiments are linked to the necessary financial resources (a direct relationship). The greater the financial support, the greater the quantity of scientific research and experiments and the better their quality. Financial support also affects the



training of individuals, the provision of necessary material resources, and spending on scientific experiments and research.

- **Material and moral incentives:** Positive incentives lead to the generation and production of new knowledge and contribute to attracting competencies.
- **Creativity:** It is the source of creating and producing knowledge and reaching modern innovations. It is necessary to develop plans that contribute to developing creativity and producing innovators.
- **Educational institutions:** Educational institutions in their various components, stages, curricula, and teaching methods need a system that transfers education from the stage of transmitting information to knowledge applied in different areas of life.
- **General conditions:** All economic, social, and legislative policies that contribute to supporting knowledge and providing the necessary facilities.

1- Abduh Mohamed Imad Safar. (2015). A proposed model for managing marketing crises through knowledge management. Joint publication between the Algerian House for Publishing and Distribution and the Arab University. First edition. Amman. pp. 135–138.

2- Jamal Ben Arous, previous reference, p. 09.

## **Second: Knowledge Economy**

By the twenty-first century, owning, accumulating, and acquiring information and knowledge is no longer sufficient. Investing in the means of knowledge and possessing it in all its dimensions, directing it properly, and acquiring advanced technology through the use of skills, knowledge, and techniques, and possessing knowledge tools that encourage innovation, provide a real impetus to the national economy and constitute a fundamental basis for facing the challenges of competition.

The interaction between the information revolution and communication systems has produced an abundance of goods and services and the emergence of a new economy based on knowledge instead of capital accumulation. Knowledge in the knowledge economy has become the basic element and the main driver of economic activity. The knowledge economy is based on the accumulation of knowledge and the integration of information available through digital information networks with the ownership of creativity, innovation, and research and development among individuals. Thus, the knowledge economy has two other aspects: the first is explicit knowledge represented in what information bases contain of information and knowledge in various forms, and the second is tacit knowledge represented in individuals' abilities to invest this information in further knowledge production and employ it in production and economic growth.

The knowledge economy appears available to all, renewable, and integrated in all sectors of production, but it does not rely on information alone; rather, it requires a human element capable of learning and acquiring tacit knowledge, which is ensured by the investment of governments, families, and individuals in its development (learning and acquiring tacit knowledge) and unleashing the energies of research and innovation.

In the 1990s, Drucker wrote a number of his works, the most famous of which is "*Managing for the Future: The 1990s and Beyond*." In 1992, Drucker announced that the world had entered the post-industrial era and that the knowledge society had become a reality, and that the

information revolution sweeping the world would change concepts in every field of life. He stated that the countries and organizations that will succeed in the current era are those that advance in knowledge productivity, meaning the ability to create, acquire, store, develop, and apply knowledge in practice.

#### **1- Various definitions of the knowledge economy:**

- **OECD:** Defines the knowledge economy as a concept that emerged as a result of the full recognition of the role played by knowledge and technology in economic growth more than other resources (natural resources, capital, labor).
- **Cooke:** Defines the knowledge economy as an emerging economy in which productivity and growth are less dependent on the abundance of natural resources and largely depend on improving the quality of human capital, creating new knowledge and ideas, and integrating them into individuals and equipment. The generation and exploitation of knowledge is a key factor in wealth creation and depends on growth and the ability to create and use knowledge.

The knowledge economy is not limited to high-tech industries but is an economy that includes all new sources of competitiveness that any organization can exploit in any region and in any field, from agriculture and retail trade to software and biotechnology industries.

- **Fritz Machlup (1962):** Defined it as the economy based on knowledge in which employment in knowledge-producing sectors exceeds employment in other economic sectors. He clarified that the knowledge economy includes five important sectors: education, research and development, communications, information technology, and information services.
- **Porat (1977):** Defined it as the economy in which information-producing and information-using sectors play the primary role in economic growth compared to traditional sectors that mainly depend on the use of raw materials and energy in their production.

Thus, qualified human resources and accumulated knowledge are considered the most valuable productive assets within the knowledge economy.

#### **2- Motivations for moving towards the knowledge economy:**

The knowledge economy plays a major role in shifting from focusing on tangible resources such as raw materials and capital equipment to focusing on intangible resources such as information, knowledge, research and development centers, and learning. Communication technology has played a major role in disseminating knowledge and investing in it.

(M. Parkin) defines the knowledge economy as the study and understanding of the process of knowledge accumulation and the incentives of individuals to discover, learn, and acquire what others know. Robert Solow indicates that 34% of economic growth is attributed to the growth of new knowledge, in addition to 16% resulting from investment in human capital through education. Accordingly, 50% of economic growth is based on knowledge.

In addition, there are many motivations that led to the shift toward the knowledge economy, including:

- The growing role of knowledge as an important source of wealth and a main generator of added value.
- Globalization, where markets and products have become more global.

- Increased reliance on information and knowledge wealth in production, as more than 70% of workers in advanced economies are knowledge workers.
- The spread of networks such as the internet, making the world a small village.
- The emergence of the concept of intellectual capital based on learning and knowledge generation.
- Trade liberalization and the disappearance of borders between countries, opening the way for all types of foreign direct investment.
- Rapid technological change and reduced transportation and communication costs, making it economically efficient to integrate geographically dispersed operations and move products and components around the world in search of efficiency.
- Increasing competition, which has forced organizations to discover new ways to increase their efficiency, including using new markets.

### **3- Basic indicators of the knowledge economy:**

The transition from a capital-based economy to a knowledge economy requires first identifying the strengths and weaknesses of national economies and then working to build and develop strategies and policies and establish appropriate mechanisms for implementation and encouraging investments to achieve objectives.

To diagnose strengths and weaknesses and facilitate the transition process, the World Bank has developed several indicators and tools to help countries monitor progress and set mechanisms. It identified four main indicators:

- **Education and training:** An educated and qualified population that generates and uses new knowledge.
- **Information infrastructure:** The need for a dynamic information infrastructure ranging from radio to the internet to facilitate effective communication, dissemination, and processing of information.
- **Innovation systems:** The necessity of a network of research centers, universities, and private institutions to benefit from the growing stock of global knowledge, adapt it to local needs, and create new knowledge.
- **Economic and institutional incentive system:** An organizational and economic environment that allows the free flow of knowledge, supports investment in information and communication technology, and encourages entrepreneurship is essential for the knowledge economy.

The Knowledge Assessment Methodology (KAM) index includes more than 80 variables that countries can use as a basis for transitioning to the knowledge economy, based on a scale ranging from 0 to 100 through two indicators: KI (Knowledge Index) and KEI (Knowledge Economy Index).

### **4- Importance of the knowledge economy:**

The importance of the knowledge economy is as follows:

- Contributing to improving performance, increasing productivity, reducing production costs, and improving quality.
- Increasing production and national output, increasing project revenues, and contributing to achieving added value in economies.

- Contributing to generating job opportunities in fields that use advanced technologies included in the knowledge economy.
- Contributing to modernizing and developing economic activities and expanding them significantly.
- Shifting labor focus from manufacturing industries to knowledge industries, increasing interest in education and research and development.
- Stimulating the expansion and growth of investments, contributing to the growth of demand for knowledge resources and expertise at local and international levels and the growth of new employment in many knowledge fields.
- Creating a pattern of international specialization and division, linked to advanced technologies such as e-commerce, virtual markets, e-marketing, e-government, and e-management.

#### **5- Characteristics of the knowledge economy**

Knowledge is the cornerstone of production factors in the knowledge economy. According to Drucker, management's contribution must focus on increasing knowledge productivity compared to its previous role in increasing manual productivity.

Grant identified the characteristics of the knowledge economy as follows:

- Knowledge is the fundamental factor in production.
- Reliance on intangible productive assets such as ideas and brands instead of tangible assets such as land and machinery.
- Digitization and its role in the context of the knowledge economy due to its ability to transfer, store, and process information.
- The continuous decline of time and space constraints, as the world has become a small village due to the rapid use of communication technologies such as mobile phones and the internet.
- The emergence of new markets characterized by providing information quickly about products, especially prices.
- Changes in the structure of labor and jobs toward knowledge economy sectors.
- The emergence of roles such as education, training, and guidance as a necessary pillar for knowledge accumulation.
- The emergence of clustered knowledge structures, such as the concentration of automotive engineering companies in Germany, information technology companies in Silicon Valley in the United States, and electronics industries in South Korea.

#### **4- Basic requirements of the knowledge economy**

The shift towards a knowledge economy requires several measures, the most important of which are:

- Restructuring and rationalizing public spending, and making a decisive increase in expenditures allocated to enhancing knowledge, starting from primary education up to higher education, with special attention to scientific research centers.
- Working on creating and developing high-quality human capital with significant capabilities through training and development.
- Ensuring that investors and organizations recognize the importance of the knowledge economy so that they contribute to educating employees and raising their skill levels.

- Recognizing knowledge and intellectual capital as essential assets, more important than tangible physical assets, for strategically managing knowledge.
- Focusing on the human element in terms of education and training, aiming to raise it to high levels of competence and skill, considering that human capital is the main factor behind creativity, invention, and various intellectual and technological outputs.
- Establishing flexible networked organizational structures, new models and administrative patterns, and replacing centralized and decentralized units with independent, connected knowledge units.
- Producing multiple and diverse goods and services.
- Building and adopting new incentive and reward systems that focus on generating new knowledge.
- Focusing on the skills, capabilities, and experiences of human resources by providing an organizational environment that relies on the dissemination and sharing of knowledge.
- The investment of knowledge in institutional systems depends on their ability to direct the appropriate information to the right individuals who need it, at the right time and in the proper manner.

Knowledge is considered the most important element in an organization, as the knowledge economy thrives only with:

- Human elements with extensive expertise.
- An informational culture, which is essential for dealing with the information age.
- Electronic infrastructure.

### **Third: Knowledge and the Knowledge Economy**

#### **1- Characteristics of Business Organizations in the Knowledge Era:**

Business organizations in the knowledge economy exhibit features that differ from traditional organizations, among which are:

- Transformation in business organizations: Previously, business organizations were centralized, hierarchical, and inflexible. Today, with modern technology and the shift to a knowledge economy, a new form of business organization has emerged characterized by flexibility, decentralization, and teamwork.
- Emergence of the learning organization: In the context of intense competition between skill-based business organizations, knowledge is the foundation of wealth creation, requiring organizations to actively acquire knowledge.
- Attention to human resources as true capital: Contemporary business organizations in the knowledge economy deeply recognize the importance of the intellectual capacities and mental potential of human resources.
- Adoption of total quality management: Focusing on quality represents a major development brought about by the knowledge economy, as business organizations have increasingly emphasized quality, leading to comprehensive intellectual and methodological approaches known as total quality management.

#### **2- Concept of Knowledge Sharing in the Knowledge Economy:**

Knowledge generation cannot occur without a culture of knowledge sharing. Today, knowledge resides not only in individuals' minds but also in all sources. One of the fundamentals of knowledge management is relationships for disseminating, exchanging, and sharing knowledge. Knowledge is a power that, if not grown through dissemination and exchange, diminishes over time. Knowledge management focuses on creating or developing knowledge through the knowledge-sharing cycle:

Individuals and organizations must renew their knowledge, which requires a careful and fundamental reexamination of the old knowledge equation: "Knowledge equals power," implying it must be stored. The shift to the new equation is: "Knowledge equals capability," implying it must be shared. Knowledge sharing is the practice of exchanging knowledge, implicitly or explicitly, among individuals and generating new knowledge. This ensures competitiveness and requires organizations not only to maintain knowledge but also to exchange it among individuals and functional groups. Knowledge sharing can be defined as disseminating information and knowledge throughout the organization.

Turban defines knowledge sharing as the deliberate application and transfer of ideas, insights, solutions, and experiences from one person to another. The success of knowledge-sharing processes depends on:

- Knowledge sharing being an effective transfer process, so the recipient must understand it well to act upon and benefit from it.
- What is shared is knowledge itself, not recommendations based on knowledge. The process involves acquiring knowledge for use in the organization's interest, whereas guidance involves using knowledge without conscious participation in the sharing process.

Despite different concepts of knowledge sharing, all researchers agree that it is the process that guides organizations toward their goals by influencing departments and individuals, building a knowledge base that distinguishes the organization and allows it to achieve a competitive advantage. Effective knowledge-sharing practices are crucial for the success of knowledge management systems. Therefore, the success of knowledge management projects depends on the development of a knowledge-sharing system as a process for exchanging knowledge assets and skills through communication, collaboration systems, or organizational opportunities.

Organizations seek to encourage knowledge sharing and distribution, which includes:

- Distribution;
- Sharing;
- Flow;
- Transfer;
- Moving.

### **Knowledge Sharing Cycle:**

The knowledge-sharing cycle in an organization is based on the social-constructivist idea in organizational learning to expand the exchange of knowledge with creative processes. It includes knowledge generation, relating to learning processes for individuals and groups, managed through individuals' knowledge, skills, and capabilities, allowing them to play an active role and provide added value, necessitating a shared knowledge structure.

### **Importance of Knowledge Sharing:**



Modern business organizations aim to achieve competitive advantage by discovering, disseminating, and integrating knowledge into their strategies, leveraging IT innovations to develop human resources for long-term goals. Knowledge sharing:

- Provides opportunities to discuss what is known (Know-what) and how it is known (Know-how), guiding future growth and expansion by adding value to organizational activities.
- Sharing experiences and relevant information reduces wasted time on trial-and-error attempts.

Knowledge sharing highlights the need for organizations to transfer and disseminate knowledge throughout the organization. Interaction between technology and individuals directly enhances knowledge distribution efficiency, requiring organizations to establish a horizontal environment with open-door policies to allow knowledge flow throughout. Exchanging knowledge is essential to combine team members' expertise, leading to the creation of new knowledge.

Knowledge sharing is a behavior that aims to achieve organizational goals by encouraging collaboration among individuals, making them more productive. Individuals interact through knowledge exchange, facilitating knowledge flow across individuals, groups, and organizations. Researchers differ on whether knowledge sharing is an inherent part of knowledge management or an implicit combination of distribution and application, but both contribute to the transfer of explicit and tacit knowledge.

### **3- Knowledge Application:**

Applying knowledge is one of the most critical processes of knowledge management. Organizations that merely possess knowledge do not guarantee superior performance; they must use and apply it effectively. Implementing full knowledge management across activities is necessary, requiring managers to promote a culture that emphasizes applying knowledge. Applying knowledge is more important than knowledge itself; previous processes (generation, storage, distribution) will not enhance organizational performance without effective application.

The purpose of knowledge management is to apply available knowledge, making it suitable for organizational activities and aligned with tasks. Effective application ensures knowledge benefits the organization after creation, storage, retrieval, and transfer. Knowledge application includes:

- Use;
- Reuse;
- Utilization;
- Applying.

Successful knowledge management uses knowledge timely, without missing opportunities for advantage or problem-solving. It enables individual and collective learning, leading to new knowledge innovation. Knowledge application is the ultimate goal of knowledge management, representing the investment of knowledge; obtaining, storing, and sharing alone is insufficient. Knowledge not reflected in execution is merely a cost. Timely use of knowledge supports decision-making and problem-solving in a competitive and changing environment.

Shami Zanjani (2001) notes that knowledge can generally be applied in an organization through:

- Suggestions, systems, procedures, and instructions.
- Repeated common methods allowing specialized knowledge application by individuals, regardless of interaction with others.
- Independent work teams created to solve problems without shared instructions or organizational methods. Modern technologies, especially the internet, facilitate individual and group knowledge application, fostering innovation.

### **Conclusion:**

The value of knowledge lies in being the foundation of wealth-producing activities through applying ideas, information, concepts, methods, and innovating previously unknown processes, continuously improving services and products. Knowledge has become a source of power and excellence. Acquiring and controlling knowledge is central to organizational competition: the more knowledge accumulates, the more wealth accumulates. This rapid accumulation requires organizations to establish specialized management to organize and exploit knowledge, promoting competitiveness, leadership, and innovation. In this context, the knowledge economy plays a strategic role in knowledge investment.

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