

## 2. KNOWLEDGE IN ORGANIZATIONS

Drucker defined knowledge as a key resource for production in recent times. There have been innumerable attempts to define and understand the meaning of knowledge, in the organizational context, throughout the management history. As early as 1911, Taylor attempted to formalize worker's experience and skills which were largely tacit in nature into objective and scientific knowledge. In 1938 Barnard, coined the importance of "behavioral knowledge" in the management process. Knowledge received explicit acknowledgement in economic affairs by the neoclassical economist Alfred Marshall (1965), who argued that capital consists, in greater part, of knowledge and organization and that knowledge is the most powerful engine of production.

The meaning and value of knowledge can be understood only in the context within which it is embedded (Thomson et al, 2004). The context is individual specific at the very preliminary level, and hence two different individuals might hold different knowledge about a given phenomenon, all other factors being equal (Kakabadse, 2001).

With the shift in the boundaries of marketplace, the organizations are not confined to one location. Organizations cater to multiple marketplaces, which generates a need for products and services that are innovative, have faster-time-to-market and are cost effective. In such a dynamic scenario knowledge held by an organization becomes critical in providing an edge over competitors. Best practice are a reflection of shared knowledge and expertise which is path dependent and reflect the firm's or its units' competence that has evolved over time (Kostova, 1999). External and internal knowledge sharing and information exchange to transfer best practices help organizational work groups (or teams) to achieve effective outcomes (Cummings, 2004). Hence to transfer best practice within an organization it is important to understand the process of knowledge transfer. The following section describes the concept of best practices in organizations and the next section deals with the process of knowledge transfer within the boundaries of the organization highlighting the role of individuals in transferring knowledge.

### 2.1 The Concept of Best Practices

In 1919, Taylor had espoused that there exists one way which is quicker and better than the several coexisting methods to perform a given task. The 'one way' which is efficient and effective is commonly termed as best practice. The term 'Best practice' has several connotations. In academic parlance, the treatment of the term is rather fuzzy giving rise to confusion regarding its usage and the definitions are often believed to be misleading. Practitioner literature views it as a straightforward way of carrying out organizational processes in order to yield superior results. These ways are institutionalized through long years of practice, and represents path dependent shared knowledge. Incorporating and sharing of best practices is seen as means of optimizing the performance of organizations. Sharing of best practices in an intra organizational context implies better knowledge flows, which facilitate organization wide leveraging of knowledge developed by individual subunits (Schulz, 2001).

## 3. KNOWLEDGE TRANSFER PROCESS

One of the attributes of the learning organization is its ability to transfer knowledge (Goh, 2002). Argotey and Ingram (2000) define knowledge transfer as the process where one network member is affected by the experience of another. The effects of knowledge transfer are measured by changes in performance and/or knowledge of the recipient. (Inkpen & Tsang, 2005). It has been established fairly well in the literature that the organizations that are able to transfer knowledge effectively are more productive than organizations with the inability to do so (Almieda, 1999; Argotey, Beckman, Eppel, 1990; Baum & Ingram, 1998; Hansen, 2002; Kostova, 1999; Inkpen & Tsang, 2005). There are different levels at which knowledge transfer in organization has been studied, It varies from knowledge transfer across products or models of same products (Udyajiri & Balakrishnana, 1993), between units of same organization (Argotey, Eppel, Rao, Murphy, 1997), in relation to super ordinate relationship (Baum & Ingram, 1998), along with spillover factors (Henderson & Cockburn 1996; Irwin and Klenow, 1994) (Argotey, 1999). In an organizational context knowledge pertaining to technical, market and functional domain is generated continuously in every unit of the organization. (Almieda, Song, Grant, 2002). Effective KT in organizations is fraught with several issues, most of which are related to the factors affecting the knowledge transfer process.

### 3.1 Knowledge Transfer across Units/Departments in an Organization

Within the context of an organization knowledge transfer is beneficial and desirable but is accompanied with problems related to stickiness of knowledge, where knowledge does not flow freely from one part of the organization to the

*organization's global strategy; (c) use technologically supported communication substantially more than face to face communication; and (d) work and live in different countries.*

The advantage associated with distributed teamwork is that knowledge from diverse context can be aggregated and put to use, regardless of geographical separation between the team members. Distributed organizations also provide flexibility (Mowshowitz, 1997), responsiveness, lower costs and improved resource utilization in global business environments that is characterized by dynamically changing task requirements. (Sirikka L. Jarvenpaa & Leidner, 1999)

Organizations can draw the benefit of working round the clock by placing the members of distributed teams in team zones that span the globe (T.L. Griffith et al., 2003). As opposed to co located teams where the team members draw upon similar social networks and sources of knowledge resulting in highly redundant task related information (Granovetter, 1973), distributed organizations have the advantage of having access to unique information and know-how resulting in innovation and creativity (Ariel, 2000)

Distributed work has several challenges associated with it. In distributed setting the issues related with coordination of task and team communication become very cumbersome to deal with, especially when the distributedness of the team is high. Still many distributed groups "adapt their interactions" to the availability of communication technologies (S. Kiesler & Cummings, 2002). Other challenges associated with distributed teams are that there is lack of trust in team members, and what ever exists is "swift", being temporary in nature (Sirikka L. Jarvenpaa & Leidner, 1999), and conflict between team members due to lack of shared social context (P. J. Hinds & Bailey, 2003). Some distributed groups have been seen to develop a strong group identity despite limitations of prevalent technologies (S. Kiesler & Cummings, 2002). Other problems include heavy reliance on technology to address the problems of coordination and communication. Despite the challenges posed by distributed form of organizing, more and more organizations are turning towards it to keep pace with competition. It becomes necessary thus; to understand how organizations whose primary resource is knowledge apply and integrate distributed pockets of knowledge.

There exists little empirical research which explores the dynamic nature of virtual organizations. (E. J. Davidson & Tay, 2003; M.M. Montoya-Weiss et al., 2001) The conceptual and empirical understanding of teams in such organizations is underdeveloped (C. D. Cramton & Webber, 2005; L. L. Martin et al., 2004; B. S. Bell & Kozlowski, 2002) Much of the studies have focused on models used to study collocated teams to understand the virtual team effectiveness in distributed organizations. Several empirical studies have focused on student teams rather than organizational work teams, which do not provide adequate insights into the functioning of such organizations. (C. D. Cramton & Webber, 2005)

The purpose of this paper is to develop a theoretical framework to identify various factors that effect transfer and sharing of best practices within the specific context of globally distributed organizations using individuals to transfer and share knowledge as the prime mechanism; and to improve understanding of the dynamics involved in knowledge sharing process.

#### **4.1 Development of the Framework for Transfer of Best Practices in Globally Distributed Organization**

To facilitate the transfer of best practices between different parts of a globally distributed organization, the role of personnel transfer has been under investigated in literature. To address this gap, a framework has been proposed and propositions are developed drawing support from literature. In order to transfer best practices within a distributed organization, we look at the mode of knowledge transfer using individuals. For knowledge to be transferred effectively from one part of the organization to the other, following factors are important: form (of knowledge being transferred), intent (of the parties engaged in KT), culture (of the organization), trust (within the parties engaged in KT) with transparency (of the KT process) and learning capacity (of the receiver) (Rolland & Chauvel, 2000).

#### **4.2 Constructs Impacting Knowledge Transfer Process**

*Intent of the parties engaged in knowledge transfer* and the *trust* between them can be captured by the concept of the strength of social ties between the parties involved in knowledge sharing process. The level of absorptive capacity of the receiver reflects *learning capacity*. The other factors are reflected by Organization culture and type

knowledge transferred is dependent upon how well the receivers are able to assimilate, interpret, acquire and apply the newly gained knowledge.

*Proposition 3:* Best Practices Transfer in a globally distributed organization, through the process of employee transfer is affected by (dependent on) the absorptive capacity of the people of the unit (recipient).

#### **5.4 Type of Knowledge Being Transferred and Transfer of Best Practices**

The main categories of knowledge are tacit and explicit as explained in section on classification of knowledge. Explicit knowledge by definition can be codified and easy to transfer from one part of the organization to the other, since it is readily available in the form of documents. Nonaka and Takeuchi (1995) define tacit knowledge as technical or cognitive. The technical tacit knowledge is the know-how, and the essential crafts and skills for a particular work. The cognitive tacit knowledge is related to the mental models and is dependent from person to person. In the context of employee transfer to promote knowledge transfer, the type of knowledge being transferred plays a critical role. Explicit knowledge, due to its very nature would transfer effortlessly. On the other hand, cognitive tacit knowledge, due to highly personal nature, would be the most difficult to transfer, unless it is made explicit by the individual who carries it. The same is true for technical tacit knowledge. To sum up, in the case of employee transfer to the unit for the purpose of best practices transfer, is dependent on how well the employee articulates the knowledge being transferred, which is again the function of the type of knowledge being transferred.

*Proposition 4:* Best practices transfer in a globally distributed organization, through the process of employee transfer between units; is affected by the type of knowledge being transferred.

#### **5.5 Distributedness of the Organization and Transfer of Best Practices**

An organization, which is highly distributed geographically, would inhibit the transfer of best practices through individuals, as coordination and travel costs associated with the process of knowledge transfer would increase in conjunction with the degree of distributedness of the organization. Literature also supports the notions that close proximity and cohesiveness of group interactions is beneficial for knowledge sharing and transfer process. (Keisler & Cummings, 2002)

Studies on globally distributed organizations have focused on the adverse effect of geographical separation. (J.A. Espinosa et al., 2003; Carmel, 1999; James D. Hersleb & Mockus, 2003) which lead to delays, increased coordination efforts, difficulty in the communication process, etc. Geographical separation indeed can lead to several problems of coordination and control. Thus an organization that is highly dispersed globally will have difficulty transferring best practices from one part to the other.

Hence,

*Proposition 5:* Best practices transfer in a globally distributed organization, through the process of employee transfer is affected by the extent of distributedness of the organization.

The framework for transferring best practices across distributed organization is as follows

- Almeida P., Song J., Grant R.M. (2002). "Are Firms Superior to Alliances and Markets? An Empirical Test of Cross Border Knowledge Building". *Organization Science*, 2002 Informs, Vol 13, No. 2, March- April 2002, pp 147-161.
- Almeida, P., & Kogut, B. 1999. Localization of knowledge and the mobility of engineers in regional networks. In Inkpen A.C., and Tsang E.W.K. (2005). "Social Capital, Networks and Knowledge Transfer". *Academy of Management Review*, 2005, Vol. 30 No. 1, pp 146-165
- Argote L. (1999). *Organization learning, Creating, Retaining and transferring Knowledge*. Kluwer Academic Publishers, USA
- Argote L., Ingram P. (2000). "Knowledge Transfer: A Basis for Competitive Advantage in Firms". *Organization Behavior and Human Decision Processes*, Vol 82, No 1, May 2000, pp 150-169.
- Argote, L., Beckman, S. L., & Epple, D. (1990). The persistence and transfer of learning in industrial settings. In Inkpen A.C., and Tsang E.W.K. (2005). "Social Capital, Networks and Knowledge Transfer". *Academy of Management Review*, 2005, Vol. 30 No. 1, pp 146-165
- Argotey L., Epple D., Rao R.D. & Murphy K. (1997). "The acquisition and Depreciation of knowledge in a Manufacturing Organization: Turnover and Plant Productivity. In
- Argote L. (1999). *Organization learning, Creating, Retaining and transferring Knowledge*. Kluwer Academic Publishers, USA
- Ariel, S. (2000) Team dispersion: The effect of geographical dispersion on team process and performance. *Graduate School of Business*, Stanford University.
- B. S. Bell and Kozlowski, S. W. J. (2002) A typology of virtual teams: Implications for effective leadership. *Group and Organization Management* 27 (1), 14-50.
- Baum J.A.C., Ingram P. (1998) "Survival Enhancing Learning in the Manhattan Hotel industry, 1898-1980". *Management Science*, 44, pp 996-1016.
- Berry , D. C., Broadbent D. E. (1987). The combination of explicit and implicit learning process in task control. *Psychological Research*. 49(1), pp 7-15
- Carmel, E. (1999) *Global software teams*. Prentice Hall PTR, NJ.
- C. D. Cramton and Webber, S. S. (2005) Relationships among geographic dispersion, team processes, and effectiveness in software development work teams. *Journal of Business Research* 58, 758-765.
- Cohen, W. M. and Levinthal D. A. (1990). "Absorptive Capacity: A New Perspective on Learning and Innovation: Administrative Science Quarterly. 35(1): pp. 128-152.
- Cummings, J. N. (2004) Work groups, structural diversity, and knowledge sharing in global organizations. *Management Science* 50 (3), 352-364.
- Dyer, J. H., & Nobeoka, K. (2000). Creating and Managing High Performance knowledge sharing network: The Toyota Case. *Strategic Management Journal*, 21(3), 345-367.
- E. J. Davidson and Tay, A. S. M. (2003) Studying teamwork in global it support. In *36th Hawaii International Conference on System Sciences*.
- Earl, M. (2001). Knowledge Management Strategies: Towards a Taxonomy. *Journal of Management Information Systems*, 1, 215-233.
- G. Piccoli, A. Powell and Ives, B. (2004) Virtual teams: Team control structure, work processes, and team effectiveness. *Information Technology & People* 17 (4), 359-379.
- Goh S.C. (2002). "Managing Effective Knowledge Transfer: An Integrative Framework and Some Practice Implications". *Journal of Knowledge Management*, Vol 6, No. 1, pp 23-30
- Granovetter, M. (1973) The strength of weak ties. *American Journal of Sociology* 78 (6), 1360-1379.
- Grant, R. M. (1996b) Towards a knowledge based theory of the firm. *Strategic Management Journal* 17 (Winter Special Issue), 109-122.
- Gupta A.K., and Govindarajan V. (2000). "Knowledge Flows Within Multinational Corporations", *Strategic Management Journal*, Vol. 21, pp 473-496
- Hall H.(2001). Input Friendliness: Motivating Knowledge Sharing across Intranets. *Journal of Information Science*, 27(3), 139-146.
- Hansen, M. T. 2002. Knowledge networks: Explaining effective knowledge sharing in multiunit companies. In Inkpen A.C., and Tsang E.W.K. (2005). "Social Capital, Networks and Knowledge Transfer". *Academy of Management Review*, 2005, Vol. 30 No. 1, pp 146-165
- Henderson, R. & Cockburn, I. (1996). "Scale, Scope, and Spillovers: The Determinants of Research Productivity in Drug Discovery," *RAND Journal of Economics*, The RAND Corporation, vol. 27(1), pages 32-59, Spring.
- Inkpen A.C., and Tsang E.W.K. (2005). "Social Capital, Networks and Knowledge Transfer". *Academy of Management Review*, 2005, Vol. 30 No. 1, pp 146-165
- Irwin, Douglas A & Klenow, Peter J, 1994. "Learning-by-Doing Spillovers in the Semiconductor Industry," *Journal of Political Economy*, University of Chicago Press, vol. 102(6), pages 1200-1227, December
- James D. Hersleb and Mockus, A. (2003) An empirical study of speed and communication in globally distributed software development. *IEEE Transactions on Engineering Management* 29 (6), 481-494.

