

## KNOWLEDGE TRANSFER AND ORGANIZATIONAL CAPABILITIES

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### ABSTRACT

Today's Economy is rapidly facing changes in globalization and Knowledge-based products and services. The survival and performance of an organization are influenced by its ability and speed in Developing knowledge-based competencies among the employees (Salina and Fadzilah,2008) According to Goh, SC. (2002), One of the major challenges an organization faces are managing its knowledge assets. Increasingly, knowledge transfer is seen as a basis for competitive advantage. Organizations always face issues with the kind of information, competencies, and expertise that are essential for it to take widespread advantage of available opportunities (Husnain et al., 2021). In addition to these competencies, an organization must possess unique features that competitors find difficult to imitate while operating in the same market and industry (Sousa and Rocha 2019; Sohail et al., 2020).

This paper explores, in-depth, the role that key strategic organizational capabilities play in facilitating or preventing knowledge transfer. The paper converses knowledge transfer in an organizational context, then discusses significant organizational capabilities that trigger knowledge transfer and further discuss how these organizational capabilities influence the ability to transfer knowledge, an important area of knowledge management. Each of these key capabilities and their influence on Knowledge transfer is discussed separately and then integrated into a framework to explain how effective knowledge transfer can be managed in an organization with such capabilities. Conclusions are drawn about the complexity of knowledge transfer and the need to take a balanced approach to the process.

**Keywords:** Knowledge Transfer, Organizational Capabilities

### 1.0 INTRODUCTION

Knowledge Transfer has introduced a new way of sharing resources and experiences of all the people in an organization; in fact, it has created a framework of concrete preserve tacit and explicit knowledge that emphasizes the value of ideas and experiences. Knowledge transfer methods have been used in various industries including education, business, social, and technology. Knowledge transfer is derived from the application of knowledge management activities which has emerged as one of the strategic resources of a firm (Narteh, 2008). Artinkenaite (2010) has stated through the transfer of knowledge, the organization has to be an efficient generator, a repository of knowledge to contribute to revenue and maintain a competitive advantage. This is clearly seen through the transfer of knowledge which plays an important role in organizational management strategy to compete with others. Transfer of knowledge is always going to change from time to time in accordance with the organization's

activities. Most organizations are moving towards knowledge and information management practices to better regulate and protect their assets in which they believe tacit knowledge embedded in people's minds will be the most valuable asset that needs to encode before the people withdraw from the organization. The effectiveness of organizational knowledge transfer is influenced by key organizational factors determining its capabilities such as structure, culture, processes and strategy, and information technology (Iveset et al., 2003 Spender, 1996). The ability to acquire and transfer knowledge is a large organization's force (Nonaka 1994, Zander &Kogut 1995). Knowledge transfer is one of the most important elements in the management process, especially, for organizational change (Martinez et al. 2016)

## 2.0 KNOWLEDGE TRANSFER

Knowledge transfer is derived from the application of knowledge management activities which has emerged as one of the strategic resources of a firm (Narteh, 2008). According to Martinkenaite (2010) through the transfer of knowledge, an organization is described as an efficient generator, a repository of knowledge to contribute to revenue and maintain a competitive advantage. This is clearly seen through the transfer of knowledge which plays an important role in organizational management strategy. Knowledge transfer is defined as a process through which knowledge moves between a root and a recipient and where knowledge is given and practiced. In fact, knowledge can be transferred among people between levels in the hierarchy of the organization and between units and departments (Nguyen and Burgess, 2014) different in organizations, knowledge transfer is practical problem transferring knowledge from one part to another organization. Such as knowledge management, and knowledge transfer, which aims to organize, create, capture or distribute knowledge and ensure its availability for future users.

Blumenberg, Wagner, and Beimborn, (2009) stated that knowledge transfer is dedicated to the transfer of explicit knowledge. Knowledge transfer is also defined as a process where the knowledge recites in people being captured, acquired, and processed between outsourcers and providers. Parent, Macdonald, and Goulet (2014) say knowledge may be understood as experiences; contextual comprehension, value-added information, or insights based on the frameworks of understanding that reside in the minds of individuals or groups and has to be managed by themselves in present in the form of tacit or explicit knowledge. Furthermore, knowledge transfer has been related to the other term widely used in a business environment where the term is integrated with exchanged and become knowledge Transfer and Exchange and represent the complete process of delivering and sharing knowledge among organization (Gera, 2012). the author implied knowledge transfer is about identifying the knowledge that already exists, acquiring it, and subsequently applying this knowledge to develop a new idea or enhance the existing idea to make a process faster, better, or safer than it would have otherwise been. (Gera 2012) further Implies the transfer of knowledge is about identifying existing knowledge, obtaining and then using this knowledge to develop new ideas or improve an existing idea to make the process faster, better, or safer than it would be otherwise Effective knowledge transfer promotes better understanding in organizational and reduces uncertainty among stakeholderMost recently research studying the issues associated with the management of knowledge transfer systems. It is explicit and unshared knowledge, rather than tacit and shared knowledge, which is truly the most valuable for organizations (Brauner and Becker, 2006). This suggests that knowledge management can be viewed as a social process and

knowledge transfer as part of organizational learning since a major objective in knowledge transfer is the organizational accessibility of this knowledge. The knowledge transfer body of literature indicates that effective knowledge transfer is achieved through both formal systems (for explicit knowledge) and social networks (for tacit knowledge) and as the transfer is a human behavior it can be influenced by the organization's environment.

### **3.0 ORGANIZATIONAL CAPABILITIES' INFLUENCE ON KNOWLEDGE TRANSFER**

Organizations have capabilities in areas such as strategy, structure, culture and technology that play a crucial role in the overall performance of the organization (Galbraith, 2002). Essential questions related to how we transfer both explicit and tacit knowledge effectively and what the key organizational factors are that can enhance this process. Factors such as organizational controls (Turner and Makhija, 2006); culture (Bhagat et al., 2002); training and education, processes and activities, leadership, HRM policies (Wong, 2005); and networks (Hansen et al., 2005) are considered crucial. The ability to transfer knowledge effectively in an organization can be further enhanced by: a structured IT network that enables individuals to deposit and share knowledge (O'Dell and Grayson, 1998); a flat structure with less hierarchy and bureaucracy; a trust culture where knowledge transfer relationships between individuals and groups are transparent, and supported through equitable performance-related incentives and rewards; and a learning strategy whereby firms actively promote the double loop learning (Senge, 1990).

Infrastructure capabilities: knowledge transfer would be more effective in determining the critical factors of infrastructure's capabilities. In other words, the competencies of the organization in implementing knowledge transfer are critical to the presence of infrastructure's capabilities such as technology, culture, and organizational structures (Swanson and Holton.,(2001).In other studied by Soon and Fakhru,(2011) the researchers explained that the knowledge infrastructure's capabilities are the mechanism for the organization to develop its knowledge and also to stimulate the creation of knowledge within the organization as well as the sharing and protection of it.

### **4.0 TECHNOLOGY INFLUENCE ON KNOWLEDGE TRANSFER**

Technology looks at an organization in form of a technical system and processes on how the information is accessed and used by all the people in the business and organization. Organizations, with a high-speed internet connection, can collect, analyze and share information more easily and effectively. The use of knowledge management systems reduces time barriers significantly and the dissemination of knowledge more quickly. Hence organizations can respond quickly to market changes in this dynamic environment. The presence of networks and electronic commerce allows for cooperation among organizations (Mudge, 1999). Universities for instance are now offering online courses for the vast majority of subjects. In such cases, information systems are used for information creation, online databases for information storing, and networks for information sharing. The fragmented knowledge in the organization can be integrated through the proper use of information and communication to eliminate barriers to communication between the different units of an organization. To be successful, an organization must invest in a comprehensive technological

infrastructure that can support different types of knowledge and handle communications in difficult situations

## **5.0 ORGANIZATIONAL STRUCTURE AND CULTURAL INFLUENCE ON KNOWLEDGE TRANSFER**

Structure: Looks at the extent of an organization's structural disposition toward encouraging knowledge-related activities (O'Dell and Grayson, 1997). The structure must be appropriate to the organization in order to adapt to an ever-changing environment (Soon and Fakhrul, 2011). However, Cohen, and Levinthal, (1994) refer to the structure as a strategy of getting the right knowledge to the right people at the right time and helping people to share and put the information into action in ways that strive to improve the organizational performance.

Culture: defines not only what knowledge is valued, but also what knowledge must be kept inside an organization for sustained innovative advantage (Tare, 2003). Bounfour, (2003) found that culture it is agreed that a broad range of factors can influence the effective transfer of knowledge includes of leadership, motivation, organizational learning, and external factors such as environmental changes Therefore, culture perceives as a critical factor in creating awareness toward creating, sharing and utilizing the knowledge in the organization

Cultural influence organizational culture that influences the sharing and making full use of knowledge for the prosperity of an organization is considerably related to knowledge-sharing behaviors of individual personnel, groups, and overall organizations (King, 2008). Culture determines the knowledge to be shared, with whom it could be shared, and when it should be shared. King (2006) argued that the motivation of people to share their indigenous knowledge with others, especially when they are not well acquainted with each other is very important Attitude towards learning, flexibility, and intention to share information influences the knowledge transfer significantly (Yu et al., 2004). Thus, in order to manage knowledge effectively in an organization, a knowledge culture must be fostered

Structural Influence: plays a facilitating and steering role in developing the culture of knowledge transfer (Pandey & Khare, 2012). Many scholars have pointed out that corporate vision is an imperative element of organizational culture. The overall vision of an organization states a clear goal of the organization and ignites the mandatory actions in the organization to achieve those goals. A vision incorporates two things: first it shows the desired future direction of the organization and second it shows the organizational values. A well-articulated and well-communicated vision can be utilized to develop involvement and contribution among the employees (O'Dell & Grayson, 1998). Vision and corporate values determine the knowledge that is required by the organization and the knowledge-related activities accepted by the organization. Clearly stated visions foster the knowledge management behaviors in the organization

## **6.0 ORGANIZATIONAL KNOWLEDGE AND ITS INFLUENCE ON KNOWLEDGE TRANSFER**

Human resource is one of the most influential drivers of knowledge management. In order to achieve organizational goals, there has to be a principle that allows the free flow of knowledge within the organization to be leveraged (Soliman and Spooner. 2000) which is shaped through

proper human resource management. Top management also influences knowledge transfer when employees are rewarded for knowledge management practices, it positively impacts knowledge management performance. (Yu et al., 2004). When organizations motivate employees for knowledge sharing and link rewards directly with knowledge sharing, then better knowledge management performance is a consequence (Wu, 2004).

**Innovation capabilities Influence on Knowledge Transfer:** The business environment is increasingly characterized by keen domestic and global competition, rapid technological change, and constrained resources. The ability to innovate to meet these challenges is a central determinant of corporate capability. Strategic Capability (Jo Rhodes et al., 2008).

Innovation is highly dependent on the exchange of knowledge among workers. Knowledge contributes to a sustained competitive advantage through its application to the design of new products or services, or to their improvement (Ceylan, 2013). Innovation is facilitated by modern infrastructure, technology, and economic resources, but mainly through knowledge sharing among workers. Innovation integrates technical, physical, and knowledge-related components into product development. The understanding of the process of innovation can be expressed in three ways: the actors involved, the types of activities contributing to innovation, and the different modes of innovation (Diercks, Larsen, & Steward, 2019). Some inputs to innovation are financial resources, and research and development (Murimbika & Urban, 2014), but also human inputs like ideas, attitudes, leadership, management planning (De Jong & Marsili, 2006) creativity, and self-efficacy (Castaneda 2015). Innovation is based on the human exchange of competence, expertise, information, intuitions, and creative approaches. In summary, innovation is associated with knowledge sharing. However, the more complex the innovation is, the greater the number of barriers that humans have to confront in its application (Torugsa & Arundel, 2016). The lack of knowledge is the main barrier to innovation (Storey & Kelly, 2002). According to Darroch and McNaughton (2002), an organization that encourages knowledge sharing is likely to produce new ideas and facilitate innovative capabilities. Belso and Diez (2018) found that firms that increase their involvement in knowledge networks tend to increase their innovative capacity.

**Strategic capabilities influence Knowledge Transfer:** Knowledge transfer is critical to the performance of knowledge creation and in leveraging knowledge for greater organizational performance (Von Krogh et al., 2000). On examining what best practice organizations do to develop a knowledge transfer culture you find a link between knowledge transfer and: business strategy; fit with overall organizational culture; fit with leadership; fit with human and social networks and institutionalization of learning disciplines

## 7.0 CONCLUSION AND RECOMMENDATIONS

Organizational culture is considered to be the biggest obstacle in the way of effective knowledge transfer and management. To manage knowledge more efficiently, an organization must shape its culture more effectively. The interaction between individual employees in an organization is key to innovation Often new ideas are created through dialogue between individuals in an organization formally and informally. Interaction among individuals becomes significant when there is an intention to transmit tacit knowledge between individuals or to

convert that tacit knowledge into explicit form this paper, therefore, recommends interaction among the employees in an organization to allow for the sharing of ideas.

Codification and personalization knowledge transfer directly influence the knowledge transfer and promotes innovation which has a direct influence on organizational performance and thus capability. This paper suggests that good communication and a trust culture to be cultivated among employees to enhance tacit knowledge transfer (socialization) which is vital to organization innovation.

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