Creating a new theory is not like destroying an old barn and erecting a skyscraper in its place. It is rather like climbing a mountain, gaining new and wider views, discovering unexpected connections between our starting point and its rich environment.

—Albert Einstein

ABSTRACT

This chapter reviews recent literature on knowledge and knowledge transfer (KT) and proposes the emergence of a classification system of the core KT concepts, models, and contexts that helps address issues of a strategic nature. The two paradigms that inform most of the KT literature, the positivist and social construction paradigms, and their implications on strategy formulation, are discussed. The positivist paradigm views knowledge as an object that can be passed on mechanistically from the creator to a translator who then adapts and transmits it to the user. The social construction paradigm views knowledge as the dynamic by-product of interactions between human actors who are trying to understand, name, and act on reality. In keeping with this dual paradigm logic, the literature on KT can be categorized as originating either from an information technology paradigm or an organic paradigm. The chapter discusses how most of the past strategy-related KT issues focused on the transfer of explicit knowledge and indicates that the future direction implies a shift in attention towards more tacit knowledge transfer considerations.
INTRODUCTION

The objectives of this chapter are to:

• Review the recent literature on knowledge, KT, and KT strategy;
• Propose the emergence of a classification system of the core concepts, models, and contexts evident in the KT literature related to strategy;
• Consider the implications of this classification system for organizational strategy formulation;
• Compare the two paradigms that inform most of the KT literature, the positivist and social construction paradigms;
• Demonstrate that the literature on knowledge transfer can be categorized as originating either from an information technology paradigm or an organic or humanist paradigm; and
• Identify and discuss the trend towards a holistic approach to knowledge transfer.

The primary purpose of this chapter is to guide researchers and practitioners in initiating KT projects and strategies that are informed by the existing body of knowledge, and in generating propositions for further study.

BACKGROUND

Knowledge, and how it gets managed and transferred, is one of the fastest-growing and more complex areas of strategic interest emerging from the global economy. In recent years, many research studies, including Nelson and Winter’s (1982) treatise on organizational routines; Teece’s (1982) and Teece, Pisano, and Shuen’s (1997) analyses of technology transfer and proprietary knowledge; Nonaka’s (1990, 1994) work on knowledge-creating companies; Prusak’s (1997) work on knowledge in organizations; Davenport and Prusak’s (1998) study of how organizations manage what they know; Serban and Luan’s (2002) overview of knowledge management; and Diakoulakis, Georgopoulos, Koulouriotis, and Emiris’ (2004) “Towards a Holistic Knowledge Management Model”, all reinforce the idea that more and more organizational scientists and practitioners are turning their attention towards—knowledge management to increase the competitive advantage of companies. In a survey conducted by Simmonds, Dawley, Ritchie, and Anthony (2001), management practitioners cited knowledge transfer (knowledge transfer/information flows) as the most familiar and useful idea among nine key concepts in strategic management.

Many researchers have focused on the importance of knowledge transfer to an organization’s competitive advantage (Cavusgil, Calantone & Zhao, 2003; Dayasindhu, 2002; Lynn, Skov & Abel, 1999; Szulanski, 1996). For Nielson (2005), researchers and practitioners argue that competitive advantage comes from knowledge based resources, especially if they are not easily imitated. Thomas, Sussman, and Henderson (2001) suggest that much of the dialogue in strategic management lately comes from differences in knowledge uses in different organizations. Still other researchers provide numerous examples of organizations that have significantly improved their performance by instituting knowledge transfer programs (Büchel & Raub, 2002; Buckman, 1998; O’Dell & Grayson, 1999). Hoopes and Postel (1999) take a different tack by demonstrating instances when the lack of information sharing by employees has increased production costs significantly. Blumentritt and Johnston (1999) suggest, on a more macrolevel, that “the ability to identify, locate and deliver information and knowledge to a point of valuable application is transforming existing industries, and facilitating the emergence of entirely new industries” (p. 287).

But the task of transferring knowledge successfully is far from straightforward. There are countless examples of sound academic research