

Policy Brief

Strategy to Facilitate Effective Knowledge Transfer

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The diffusion of innovation does not just happen when people simply witness a case study of innovative best practices. It requires deliberate effort to process the experience of a best practice model at the original site of the innovation to transform knowledge into codifiable knowledge, a proactive interpretation at the targeted place, and a creative adaptation of the knowledge to create another best practice model. In other words, innovation is not simply replicated; nor is the knowledge transferred like water flows from high to low places. The authors of this policy brief observed the workshop on ‘Guide for analysis of social economy enterprises’ and documented the response of workshop facilitators and workshop participants and made a recommendation for the future strategy to develop knowledge transfer methodology. The contents of the workshop were very much appreciated by the participants, but there were limitations that rendered their full understanding difficult. Both the facilitators and the participants agreed that further work is necessary to make the knowledge more relevant in Seoul. This policy brief identifies key challenges of the knowledge transfer, using the workshop as a space for experimentation, while providing knowledge on Quebecois social finance. The key summary of the recommendation is as follows:

- First, codification is the prerequisite for the knowledge transfer process. Make sure the transferability of knowledge is maximized by codification before the knowledge transfer activities begin.
- Second, form a collaborative platform to make important decisions together and build consensus on the foundational principles in the field, including necessary adaptations.
- Lastly, develop a mechanism to identify and support the key resource people who can lead the process of knowledge transfer and develop a mechanism to foster their capacity as the facilitator of the process. In other words, ‘training the trainers’ approach is needed for the identified key knowledge transfer agent.

Introduction: Designing the methodology of knowledge transfer

The OECD (1996) defines 'knowledge transfer' as 'disseminating knowledge and providing inputs to problem-solving' across divergent local contexts. It has recognized the importance of knowledge transfer activities in a knowledge-based economy as important to the production of knowledge. 'Knowledge transfer' is distinguished from 'knowledge transmission', which involves the education and human resource development for a given local context, either at an organizational level or geographic locality (district, region, country) as in a formal educational system. Whereas knowledge transmission depends on established institutions, knowledge transfer from one local context to another requires deliberate interventions to address the challenges that arise due to various issues. This policy brief uses a single case study analysis. The case analyzed here is a workshop titled 'Analysis of social economy enterprises as a prototype of knowledge transfer methodology'. We invited the facilitators of the knowledge transfer program developed in Quebec to implement the same program for the Korean audience. On one side, some contents of the program were surprisingly well accepted by the audience; other parts of the program were not. Participants had difficulty following some of the contents. During the process, we identified several challenges that can be categorized as 1) the nature of knowledge, 2) contextual differences, and 3) the characteristics of the organizations involved, which confirms the prediction of the literature on the concept of knowledge transfer.

To address the challenges arising from these three causes, this policy brief presents the following recommendations for effective knowledge transfer implementation. Forming a platform for collaboration, where voices of stakeholders regarding the social economy can be presented and coordinated, the foundation of the knowledge transfer process is based on the philosophy of the social economy. It is important to identify the potential resource people who can play roles in 1) interpreting the knowledge from the origin and finding implications for the local context at the

targeted place, 2) adapting the knowledge to fit the local context, and 3) training other users of the knowledge to maximize its benefit in solving the problems faced by the target community.

Exploratory single case study approach for the development of knowledge transfer methodology

Knowledge transfer for non-profit organizations is a field not widely explored both in academia and the field of practice. The research on knowledge transfer has been conducted mostly in the context of branches of multi-national corporations or joint venture firms, in which context the primary goal is to maximize the firm's profit. While knowledge transfer in for-profit firms has been studied in the field of organizational studies, the same topic for non-profit organizations or social economy enterprises remains largely unexplored. While the mission of C.I.T.I.E.S. (*Centre international de transfert d'innovations et de connaissances en économie sociale et solidaire*) is to facilitate effective knowledge transfer in the social economy field, there is a limited number of previous studies or practical methodology developed in academia or practice that can be applied to the knowledge transfer in a social economy. Therefore, the development of a transfer methodology for a social economy in partnership with research institutes and social economy enterprises is one of the ongoing tasks for C.I.T.I.E.S. to pursue.

When a case study method is applied to research development, a single case study explores and identifies the issues regarding the field, and then later a cross-case analysis with multiple cases is applied to generalize and theorize about the findings.¹ As the methodology development at C.I.T.I.E.S. is still at an early stage, this policy brief applies the single case study method to explore key issues and develop strategic recommendations for the future direction of methodology development for knowledge transfer in a social economy.

As an exploratory single case study, a two-day workshop on analyzing and evaluating social economy organizations was held in Seoul (April

1. Yin (2009)

17–18, 2018), based on the Guide for Analysis of Social Economy Enterprises (2nd edition) published by CAP Finance.

Strategy to enhance the effectiveness of knowledge transfer

Although there are hardly any methods developed for international knowledge transfer thus far, there are examples of effective knowledge transfer in the local context. By observing how the methods developed for the local context can still work in other local contexts, it is possible to derive success factors that enhance the effectiveness of knowledge transfer in the context of knowledge transfer across borders. Simultaneously, the identification of challenges that hindered the learning process of participants can be a useful reference to develop strategies regarding how to address such challenges. Through the observation of the workshop implemented in Seoul based on the method developed for Quebecois social finance organizations, we developed a strategy for the future direction of methodology development for international knowledge transfer.

In the exploratory case study implemented in the workshop held in Seoul, the participants appreciated the key contents of the training, saying that social finance organizations and local social economy centres were having difficulty making decisions for loans, investments, and subsidies for social economy enterprises. What was relatively easier to transfer, and what was the reason? What were the challenges making the transfer difficult? Three success factors and two challenges were identified for the development of a transfer methodology.

● Success Factor 1: Well-structured codification of knowledge

Key elements of the workshop are the theory and implementation of how to analyze economic viability and compliance to the principles of a social economy. The success of the knowledge dissemination tool in Quebec could be replicated in Seoul. It is attributable to the well-designed codification of the accumulated knowledge and

experience of social finance experts. Knowledge of this key element was codified for an educational presentation and the easily implementable simulation of analysis activity.

✓ Recommendation for methodology development 1

Standardized transfer methodology as a guide is rare in the field of social economy. To develop a transfer methodology where there is no such standardized process for transfer, it is necessary to focus on the codification of knowledge in the best practice model that is to be transferred. The core element of the best practice model needs to be processed from the perspective of the agent of the transfer from the receiving local areas.

● Success Factor 2: Formation of a relationship: Shared vision and interests

One of the most important success factors for knowledge transfer in organization studies analyzing conventional for-profit firms is the dynamics between the giving and receiving organizations, as well as shared interests, such as joint ventures, collective learning, etc. For-profit businesses' engagement with knowledge transfer activity is driven by motivations that ultimately converge to business interests, such as capacity building, information sharing, and inspiration for innovation. What distinguishes social economy enterprises from conventional businesses is that they share the same vision of an economy based on values such as mutuality and cooperation. Many regard themselves as entrepreneurial change makers pursuing the same economic vision. It has been observed that shared interests concerning the same agenda to promote the development of social economy organizations are also the factors that enhance a process' effectiveness by boosting the motivation of a workshop facilitator and participants. When they notice their shared passion to promote the social economy enterprise, their mutual consciousness of the same kind motivates the dynamics between the giving and receiving side to emerge, which increases their involvement to make the knowledge transfer more effective.

✓ Recommendation for methodology development 2

The codification of knowledge highlights the nature of the knowledge regarding the impersonal element of knowledge transfer, and the formation of trust draws attention to the importance of the formation of personal relationships between the giving and receiving side of the knowledge transfer. Methodology developers should identify the key agent who can lead the process and include activities that enable the formation of long-standing personal relationships that affect the dynamics between giving and receiving organizations.

● Success Factor 3: The role of the platform for collaboration

Workshop facilitators from Quebec continuously pointed out the importance of forming collaborative networks for effective knowledge transfer. The guide and training were developed collaboratively with the broad participation of the social finance organization and major stakeholders in Quebec's social economy network. From the conversation with participants, the workshop facilitators noticed that such a platform for collaboration does not exist in Seoul.

✓ Recommendation for methodology development 3

It is recommended to form a group for a specific topic in the social economy in the receiving location, as Quebec's social finance organizations formed an association of social finance organizations in Quebec (CAP Finance-Le réseau de la finance solidaire et responsable). When there is an already-existing platform collaboration in a sub-topic of the social economy such as social housing or home care, it becomes easier to identify needs and challenges, as well as develop strategies for the knowledge transfer.

● Challenge 1: Differences in the conceptual framework

One of the most noticeable contextual differences identified regarding the knowledge

transfer process of social finance is the definition of the term 'social economy'. In Quebec, the boundary of social economy enterprises is strictly limited to organizations with the legal status of co-operative or non-profit organization, whereas the definition of 'social economy' includes businesses with the social mission and the legal status of a shareholding company. As many community enterprises in Korea take form of shareholding company, there are many shareholding companies in Korean social economy. In Quebec, shareholding companies can be considered as social economy only when the majority share is owned or controlled by a cooperative or not for profit ensuring collective and democratic ownership. The difference in the definition of key concepts such as how to define 'social economy enterprise' cast a challenge on the process of knowledge transfer.

✓ Recommendation for methodology development 4

Variations in how people understand the concept of social economy in each geographic location need not converge to implement the knowledge transfer process, but it should be taken into consideration, as it causes confusion and makes the adaptation to the conceptual framework. There can be other differences than the definition of the social economy term regarding how people understand the concepts concerning the topic of a social economy. ***It is important for knowledge transfer agents at the giving and receiving sides of the process to identify the differences in the conceptual framework and make necessary adaptations to the contents being transferred to be better understood and implemented.*** The abovementioned role of a collaborative platform is important in the process of collective decision making for the adaptation to fit the context of the receiving location.

● Challenge 2: Differences in formal and informal institutions

Differences in legal and formal institutions regarding a social economy were one of the topics workshop participants had the most difficulty understanding. Variations in the legal structure to support social economy enterprises

and recognizing the social value of a social economy in government policy practice in the banking industry for loans to usually small social economy enterprises were the identified differences during the observation. The reason that difficult-to-understand concepts such as patient capital and registered retirement savings plans managed by trade union funds were the composite was because one needs to understand the legal institutions and background of the social economy.

✓ Recommendation for methodology development 5

The end user of the adapted knowledge produced by collaboration does not necessarily understand the complex institutional background of the original context, but key agents of the knowledge transfer agent in the receiving location need to understand fully how to maintain core elements of the transferred knowledge. Hence, it will be necessary to 'train the trainers'. ***That is, identify the key knowledge transfer agents and support them to develop in-depth knowledge about the original context.***

Conclusion: Strategy to develop a transfer methodology for the social economy.

1. The codification of knowledge is the key for knowledge transfers

Key stakeholders involved in knowledge transfer activities should first process the knowledge that needs to be transferred. To support this process, searching for the already-developed transfer methodology within or across local contexts and documenting them will strengthen the quality of the transfer method being developed.

2. Form an inclusive platform for collaboration concerning the sub-topics in the social economy

During knowledge transfer, it is important that

the knowledge being transferred is adapted to the local context while maintaining the core elements of the original context. To ensure the adaptation is useful for the social economy network, it is essential to form an inclusive platform for collaboration where important decisions regarding the adaptation can be made collectively. The collaboration platform can function as a community of practice that inspires innovation and serves as a centre for collective action and advocacy in addition to acknowledging the transfer hub.

3. Identify key knowledge transfer agent

The process of knowledge transfer is hugely influenced by the interpersonal relationships among the people participating in the process. Thus, it is important to identify the key knowledge transfer agent in the target local areas and foster their leadership so they can make sure the benefit of the knowledge transfer enriches the social economy network of their location.

4. In-depth training for key transfer agents at the origin and the target

To overcome challenges that arise from the contextual gap between local contexts, it is important to ensure the existence of a key knowledge transfer agent who is well informed in the sub-topic area in both local contexts. The transfer agents at the target location need in-depth training to become familiar with the conceptual framework, formal and informal institutions, and pedagogy respecting the knowledge in question.

Appendix 1

Case overview: the transfer methodology for Quebec and its implementation in Seoul

'Analysis of Social Economy Enterprise' workshop and the guidebook in the original context

• Background

'Guide for Analysis of Social Economy Enterprise' is an operational manual for financial analysts and business consultants who need to evaluate the social economy enterprises for various reasons including the loan / investment decision and mentoring for social economy enterprises. The design of the workshop is for such finance and business experts in social economy to evaluate the social economy enterprises' economic viability and their coherence to the principles of social economy such as primacy of people and work over capital, governance that guarantee the participation and collective responsibility, independence from government, and service to the community and social good.

The first edition of the 'Guide for Analysis of Social Economy Enterprise' was published in 2003, and it was utilized as material for training sessions and workshops for finance analysts and business consultants at various social economy enterprises. The second edition was published in 2017 in French, and it was translated in English in 2018.

• Objective

The objective of the original training program is to disseminate the knowledge on the analysis of a social economy enterprise and enable users to share same principles of social economy and standardized knowledge to evaluate economic viability, so business experts can improve the economic viability and help them to correspond to the principles of social economy by helping the users to be able to do following:

- How to ensure the principles of social economy is observed in the enterprises
- How to interpret financial data based on the knowledge on accounting principles
How to identify major risk and success factors
- How to support enterprises to prepare action strategy to maximize social benefit

As this guidebook and the training program was originally developed to disseminate knowledge within Quebec, key contents are based on the context of Quebec. Concepts, characteristics, principles, accounting practices reflect the existing institutions in Quebec.

• Structure of the guide

The structure of the guide is designed as following to achieve the objectives:

- Social economy in Quebec
- Concepts and characteristics of social economy
- Principles for the social economy enterprise as an association
- Characteristics of social economy as an enterprise
- Financial Analysis
- Investment decision

• Structure of the workshop

Structure of the workshop is composed of the theory part and the simulation analysis based on fictitious educational case studies similar to the real-life examples. The actual implementation is adapted to fit the audience, based on the contents of the guide. In the simulation analysis, participants of the workshop are prompted to perform the analysis, based on the guiding principles provided by the facilitators.

Overview of the workshop implemented in Seoul

- **Trainers:** 3 financial analysts including the

authors of the guidebooks, who performs the training to the Quebec social economy organizations who need to analyze and evaluate the social economy organizations.

- **Participants:** number of participants were 30 in total including financial analysts in social finance organizations, business development consultant in local social economy centers, researchers on social economy.
- **Duration:** 9 hours of training on the analysis method + 3 hours on the social finance ecosystem in Quebec
- **Korean adaptation**

Even in Quebec, every time trainers facilitate workshop based on the guidebook, slight adaptation of the program is necessary, based on the facilitators' knowledge on the background of the audience. In the case of the workshop implemented in Seoul, it was recognized that the substantial adaptation is necessary for the workshop in Seoul, but they couldn't access the information necessary for the adaptation.

Facilitators were provided a case study paper on 'Status of social economy development in Seoul', and had preparatory meetings with Korean coordinator to get familiar with the Korean context. Facilitators made adaptation for Korean audience based on the information. For this events, the president of the Quebec association of social finance organizations (CAP Finance) presented the social economy and social finance of Quebec, and authors of the first edition and second edition came to facilitate the workshop.

Appendix 2

Key factors of effective inter-organizational knowledge transfer in organization studies

Researchers have identified several factors as relevant to effective knowledge transfer, but most relevant factors in the case of cross-border knowledge transfer among different contexts can

be summarized as follows: the nature of knowledge, the contextual gap between the knowledge giving and receiving sides, characteristics of giving and receiving actors, and the dynamics between the two sides.

• Nature of knowledge

The transferability of knowledge is often related to the nature of knowledge, such as how well it is organized, how explicit or tacit it is, or how embedded it is in the social structure. Scientific knowledge on the law of nature is more salient than how to manage an organization to be successful, as the former type of knowledge can be more systematically organized than the latter, which looks to involve more tacit knowledge and entrepreneurial 'instincts', which are difficult to express verbally. As expressed by Michael Polanyi, usually, 'We know more than we can tell'². While knowledge is more transferable when it can be formalized as formulas or operating manuals, the transferability of tacit knowledge can be low when the institutions to transmit knowledge focus on 'learning-by-doing' as in the apprenticeship³.

• Contextual gap in formal and informal institutions

The transferability of knowledge can be affected by the similarity between giving and receiving actors' contexts. The transfer of knowledge within the same linguistic boundaries – for example, between countries may involve challenges. If the knowledge transfer process needs to cross linguistic boundaries, the challenges might become even more complex, as certain terminology can be understood differently by culture, even when the best possible equivalent terminology is adopted by professional translators. If certain best practices are deeply rooted in social cultures such as a 'co-operative culture', the embedded nature of the knowledge makes it more difficult to transfer. The contextual gap between the knowledge giver and receiver becomes important when the knowledge involved in the best practice model is culturally embedded⁴. Hence, the differences in formal or informal institutions need to be clearly identified and understood by the giving and receiving organizations in the process.

2. Polanyi (1962)

3. Lam (1997)

4. Lam (1997)

• **Organizational factors**

The factors that affect the effectiveness of knowledge transfer are organizational characteristics such as openness to risk, change, or innovation; organizational flexibility; level of institutional development for learning; and members' learning capacity. The inter-organizational relationship between the giving and receiving organizations varies in the diverse contexts of knowledge transfer. The knowledge transfer process is more effective in collaborative relationships among commercial business relationships such as strategic alliances, networks, R&D coalitions, franchises, co-production agreements, licensing, and joint ventures. Most notable among such relationships for a social and solidarity economy are the inter-organizational 'community of practice'

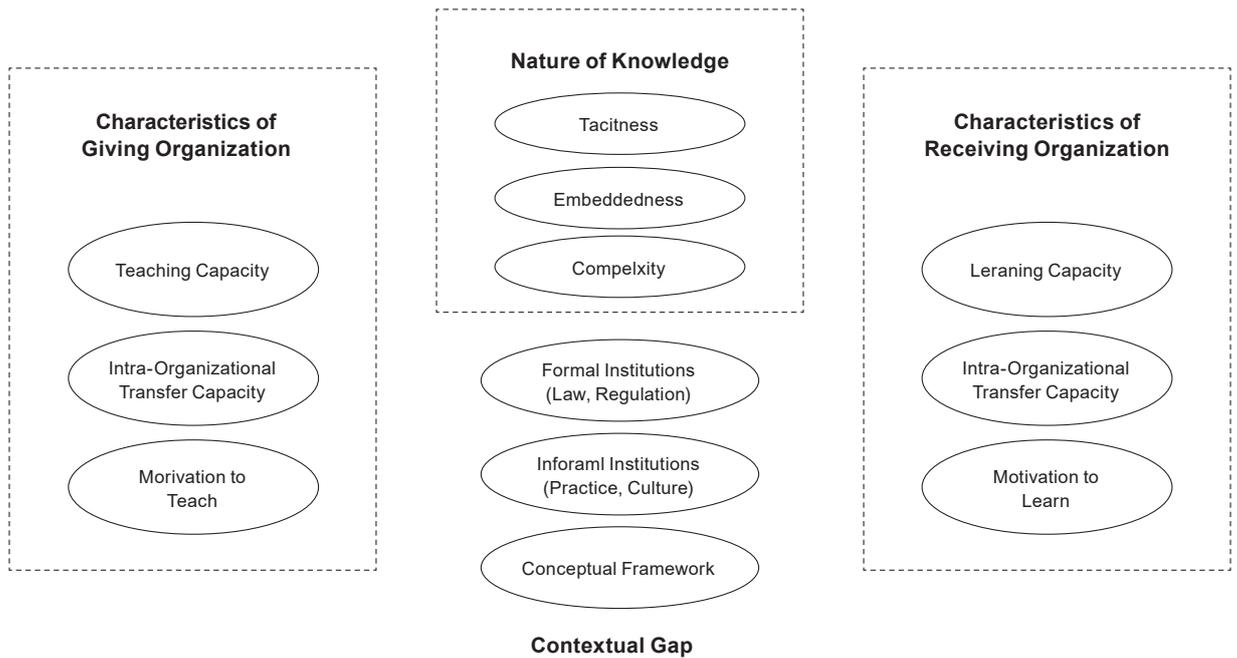


Figure 1. Four factors for the effectiveness of knowledge transfer⁵

5. The diagram was developed based on Easterby-Smith et al. (2008).

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CREDITS

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