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## **ROLE OF SUPPLY CHAIN KNOWLEDGE TRANSFER ON THE PERFORMANCE OF STATE CORPORATIONS IN KENYA**

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### **ABSTRACT**

**Purpose:** The purpose of this paper is to determine the role of supply chain knowledge transfer on the performance of state corporations in Kenya.

**Methodology:** A cross-sectional survey and descriptive research design was used in this study. Cross-sectional survey is a method that involves the analysis of data collected from a population, or a representative subset, at one specific point in time.

**Results:** The results showed that supply chain knowledge transfer plays a significant role on the performance of state corporations by both reducing defects in products and services as produced and delivered and also making the business processes more efficient.

**Conclusion:** The study concluded that supply knowledge transfer has a positive and significant relationship with performance of state corporations.

**Unique contribution to theory, practice and policy:** The study recommended that all state corporations should identify their unique knowledge stocks and protect them as intellectual property to become both competitive and sustainable.

**Keywords:** *Knowledge, Transfer, Acquisition, Skills, Competencies, Performance.*

### **1.0 INTRODUCTION**

#### **1.1 Background of the Study**

Knowledge is considered as the capacity (potential or actual) to take effective action in varied and uncertain situations (Bennet & Bennet, 2004). Joyce & Alex (2010), argues that knowledge consists of understanding, insight, meaning, creativity, judgment, and the ability to anticipate the outcome of actions. The value of knowledge to an individual or organization can only be measured in terms of the outcomes of its performance and application. Knowledge utilization is key to the success of any organization. Much has been published about transient workforces taking knowledge with them when they walk out the door (Murray, 2008).

Knowledge workers accumulate lots of knowledge in their working lives and therefore care and measures should be taken to have this knowledge retained within the organization when the workers exits or retires. The objective of knowledge management is to optimize the knowledge that is available in an organization (Armstrong & Fukami, 2008). This involves creating new knowledge from the already existing knowledge and increasing all stakeholders' awareness and understanding in the process.

According Firestone, & McElroy (2005), in today's extremely competitive business world, organizations constantly strive to stay ahead in their chosen marketplace. Commitment to best practice, knowledge and excellence is continually at the forefront of managers' minds. It is the utilization of the right and available knowledge that sets an organization apart. The competitiveness of any organization must at some level depend on the available knowledge within that organization. Knowledge assets underpin capabilities and core competencies of any organization (Bernard *et al*, 2004). Every member of an organization can contribute to the creation, management and dissemination of collective 'know that' and 'know how' throughout the organization. Knowledge must be allowed to be transferred freely within an organization boundary. Dan (2010), postulates that the ability of firms to grow and compete over the next decade will increasingly depend on access to and utilization of relevant knowledge critical to its operations, and the performance and skills of its knowledge workers. Milton & Dirk (2010), continue to say that knowledge workers distinguish themselves from other types of workers because their main focus is knowledge itself.

Knowledge worker are the greatest source of a company sustainable competitive advantage due to their ability to perform and undertake their responsibility effectively and efficiently, (Nisha & Neharika , 2010). Knowledge workers are considered as the engines of growth of the new economy. They determine where the organization moves in terms of its competitiveness. Stankosky (2005) defines knowledge management as the ability of an organization to leverage relevant knowledge assets to improve performance, with emphasis on improving efficiency, effectiveness, and innovation. Benoît & Marguerite (2007) argues that the new knowledge must be shared across the organization or individual department so that it can become valuable to the organization. DeFillippi *et al* (2006) suggest that knowledge enables an organization to make better decisions and compete effectively. Knowledge creates competitive advantage and is instrumental in enhancing organizational and supply chains performance. Armstrong & Fukami (2005) explains that knowledge management is the systematic process that supports and enhances the continuous development of individual, group and organizational learning.

Knowledge management as a sustainable competitive tool consists of the creation, acquisition, gathering, transforming, transfer and application of knowledge to achieve organizational objectives. Bernard *et al* (2004) indicates that knowledge is recognized as a durable and more sustainable strategic resource to acquire and maintain. Knowledge is a resource that forms the foundation of the company's capabilities. Capabilities combine to become competencies and these becomes core competencies when they represent a domain in which the organization excels.

The importance of knowledge and its contribution to sustainable competitive advantage for any nation or organization was illustrated in Lisbon, when European Union leaders declared that by 2010 the EU would be the most competitive and dynamic knowledge-based economy in the world, capable of sustaining economic growth with more and greater jobs and greater social cohesion (Maria, 2010).

According to Armstrong & Fukami (2005) a holistic approach to knowledge management involves: acquiring knowledge; generating or creating new knowledge; transforming information into new knowledge; capturing unspoken, internal or tacit knowledge; storing knowledge; sharing or disseminating knowledge throughout the organization; protecting distinctive value adding knowledge; and developing knowledge to develop core capabilities. Knowledge can be acquired from environmental scanning, market research, purchasing research, benchmarking exercises, modeling and networking with like-minded individuals and organizations.

New information can be transformed into new knowledge by compiling, combining, analyzing, interpreting or reformatting the already existing pool of knowledge present in the organization. According to Bernard *et al* (2004) knowledge assets interact with each other to create capabilities and competencies, and it is often this interaction which delivers a competitive advantage because it makes these assets difficult for competitors to imitate or replicate. Non-imitable competencies are critical for any organizations that want to stay at the top, for it shields the organization from ordinary competition.

All organizations are member of a supply chain. The supply chain encompasses all the organization on both the upstream and downstream of the supply spectrum. Ismail *et al* (2006) defines a supply chain as a network of organizations that are involved, through upstream and downstream linkages, in the different processes and activities that produce value in the form of products and services in the hands of the ultimate customer. The supply chain is endowed with great specialized knowledge that can be of great use to all the members of the supply network. But to leverage this supply chain knowledge, the supply chain members must transfer this knowledge on either side of the chain.

## 1.2 Problem Statement

The report of the Presidential Taskforce on Parastatals Reforms of 2013 (G.o.K., 2013) highlighted the five major roles for Government Owned Entities (GOEs) in the national development effort. These roles include: promoting economic growth and development; building the capability and technical capacity of the state; improving the delivery of public services; creation of employment opportunities; and building of international partnerships (Neil & Njeru , 2009). One of the key policy instruments that governments world over applies in supporting national development have been GOEs (International, 2015), in Kenya referred to as parastatals or state corporations (Wamalwa, 2003).



A number of policy issues and challenges afflict SCs in Kenya (Ondari & Minishi, 2007) which includes: lack of clarity on the role that SCs should play in the economy and differences in opinion in respect of the exact role of the state in the national development (State, 2015); weak human resource and institutional capacity to attract and retain the skill sets needed to drive performance; and an inadequate performance management framework that effectively links performance of SCs to national development goals (Kenya, 2013). Knowledge Management enhances an organization's capacity to adapt by improving its ability to learn and innovate and to detect and solve problems (Zachary & Becky, 2010). State corporation's accounts for about 20% of the country's Gross Domestic Product (GDP), provides employment opportunities to about 300,000 people in the formal sector and 3.7 million persons in the informal sectors of the economy (G. o. K., 2004). But in the period 2011/12, eleven (11) state corporations made losses, compared to twelve (12) in 2010/11 and sixteen (16) in 2009/10. Though this data shows a downward trend, the losses made are a great source of concern. (R. O.K.2011).

State Corporations' operations have become inefficient and non-profitable, partly due to multiplicity of objectives and lack of a skilled and competent work force (Kenya, 2013). A skilled and competent work force is a product of effective knowledge transfer (Wamundila, 2008). When knowledge is shared and transferred across the supply chain, performance of individual organizations should be evident (Stephanie & Andreas, 2009). Milton & Dirk (2010), states that knowledge is the main asset of today's globalized economy. Individual in organizations hold a lot of knowledge acquired over time in their career. The supply chain is a rich source of knowledge (Harley, 2014), for it brings together the different players in the chain who include: the customer; the suppliers; and manufacturers of products and services.

The Kenya government through sessional paper no. 10 of 1965 established State Corporation by an act of parliament to meet both commercial and social goals (Kenya, 2013). These goals include: to correct market failure; to exploit social and political objectives and to provide education and health services (State, 2015). These goals will not be realized if knowledge as a resource and a tool of competitive advantage resides on isolated areas in the supply chain (Omotayo, 2015). It's no secret that the government and especially the state corporations is the home for some of the best knowledge workers and highly educated staff, yet this is not evident in work performance. It is evident that knowledge is not readily transferable across state corporations. State corporations ineffective knowledge transfer has contributed to their poor performance. To be able to meet their constitutional mandate, state corporations knowledge workers must be willing and ready to transfer and share their knowledge freely among themselves to produce a skilled and competent work force. This Research Project investigated the critical role of supply chain knowledge transfer in the performance of State Corporations in Kenya.

### **1.3 Objective of the Study**

The objective of the study was to determine the role of supply chain knowledge transfer on the performance of state corporations in Kenya.

## 2.0 LITERATURE REVIEW

### 2.1 Empirical Review

According to Evenett & Hoekman (2005) theories can be classified according to their scope, function, structure and levels. Several theories and models have been put forward by scholars to create insight in the field of supply chain knowledge transfer. However most of these theories have their roots in knowledge management and knowledge transfer. The relationship depicted by these theories and models is therefore reflected in this section of the literature concerning role of supply chain knowledge transfer in enhancing the performance of State Corporations.

There are different ways of understanding what supply chain knowledge transfer is, how the transfer process works and what we mean when we say that an individual 'knows' something (Armstrong & Fukami, 2008). There are two basic schools which have focused on knowledge transfer theory namely behaviorist psychology which is based on an empirical epistemology and cognitive psychology which is based on a rational epistemology. According to Peggy and Timothy, (2013) empiricism is the view that experience is the primary source of knowledge. This mean that organisms are born with basically no knowledge and anything learned is gained through interactions and associations with the environment.

Empiricists have espoused the view that knowledge is derived from sensory impressions. These impressions, when associated contiguously in time and space, can be hooked together to form complex ideas. Rationalism is the view that knowledge derives from reason without the aid of the senses (Peggy & Timothy, 2013). This is the viewpoint that humans learn by recalling or "discovering" what already exists in the mind. From this perspective, instructional design issues focus on how best to structure new information in order to facilitate the learners' encoding of this new information, as well as the recalling of that which is already known. In study conducted by Stephanie and Andreas in 2009 and entitled, "Knowledge transfer between globally dispersed units at BMW", they found out that effective knowledge transfer between events and exhibition (E&E) units depends on a combination of key drivers such as: social network ties; absorptive capacity; learning adaptiveness; and communication channels. Their findings suggested that the search for and transfer of knowledge depends foremost on the applicability of context-specific knowledge rather than its complexity (Stephanie & Andreas, 2009).

In order to be able to share knowledge most effectively between units, certain collaborative attributes have to be present (Bond *et al*, 2004). Different units such as Marketing and R&D often need to perceive each other knowledge as credible in order to be willing to collaborate with one another. This is important if knowledge will be transferred and used to enhance the competitiveness of the firm. It is the sharing and transfer of knowledge across the different units that creates the truth worth of the knowledge which makes it difficult for other firms to replicate it or imitate.

Stephanie and Andreas argues that managing knowledge and its organization-wide transfer are important to create and sustain competitive advantage (Stephanie & Andreas , 2009). They further posit that that any knowledge transfer between units, irrespective of their geographic and strategic position, depends on a number of contexts, social and relational-specific factors.

Their study had interesting findings about knowledge transfer. Their results indicated that managers perceived five specific elements as being most influential to effective intra-organizational knowledge transfers between individual members of event and exhibition units.

These elements include: strength of network ties; formality of network ties; absorptive capacity; learning adaptiveness and communication channels. They also found out that event and exhibition conference fosters the building of more trusting and stronger personal relationships between employees and units across the globe that encourage purposeful knowledge sharing. But trust was found to be the most important element in facilitating knowledge transfer.

Stephanie and Andreas agree that knowledge transfer effectiveness requires different strengths and formalities of social network ties in an intra-unit setting. They also agree that within respective units and within cross-unit teams purposeful knowledge transfer is characterized through close interactions and extensive communication. They conclude that effective knowledge transfer between E&E units in MNCs depends foremost on the context specificity of knowledge. The influence knowledge transfer drivers such as the strength and formality of network ties, absorptive capacity, learning adaptiveness, and communication channels have on the knowledge transfer process stem directly from the applicability of valuable knowledge created within each unit.

Tan (2000) suggests that a successful company should be knowledge-creating company: that is one which is able consistently to produce new knowledge, to disseminate it throughout the company and to embody it into new products or services quickly. This has the greater implication of making the company more responsive to its customer needs and requirements. A knowledge company is one that is agile in its operation. Agility makes a company to respond with speed on what its customer may demand at any time.

Laurie (2012) identifies knowledge management both with organizational leading and with the ability of the organization to make effective use of its intellectual assets. Modern organizations must leverage the use of knowledge as an intellectual capital tool to set them apart from their competitors. Competitive organizations must always strive to become learning organizations where they use knowledge to improve on their systems so that they can become more innovative and creative in designing and implementing new methods of doing things.

Bernard *et al* (2004) states that knowledge is today's driver of company life, steering the company to success or doom. Organization that values knowledge are bound to stand out as successful and more responsive organizations. Laurie passionately intimate that organizations intellectual assets must also be harvested and put to proper use since it has the capacity to guarantee the organization a sustainable competitive advantage in this ever changing information age.

According to Dan (2010), the ability of firms to grow and compete over the next decade will increasingly depend on access to and utilization of relevant knowledge critical to its operations, and the performance and skills of its knowledge workers. It's the proper use of knowledge that sets apart organization by distinguishing between those that are successful and those that are not.

New knowledge can be created or generated through processes such as ideas generation; commonly achieved through brainstorming and use of think-tanks, research and development activities carried out by the organization, stakeholder consultations and suppliers involvement, lesson learning from previous occurrences during routine functioning of the organization like project reviews and learning capture and cultivating supplier and workforce diversity to gain diverse perspective and harvest knowledge.

## **2.2 Theoretical Review**

### **2.2.1 Behaviorist Psychology Theory**

Behaviorist psychology is based on an empirical epistemology; this is the view that the human mind operates purely on information obtained from the senses. It focuses on observable behaviors, which arise from the relationships between stimuli or sensory experience and our responses to those stimuli. Learning is interpreted as the formation of new connections between stimulus and response on the basis of experience or conditioning. Peggy and Timothy (2013) states that behaviorism equates learning with changes in either the form or frequency of observable performance. They posit that learning is accomplished when a proper response is demonstrated following the presentation of a specific environmental stimulus.

Messages about the results of our behaviors, also known as feedback are either an incentives leading to positive reinforcement or a deterrent which leads to negative reinforcement to similar behavior in future (Laurie, 2012). Reinforcement is any event following a behavior that increases the likelihood of that behavior occurring again. According to behaviorist theory, we lean to modify our responses to a given stimulus according to whether the feedback on the results of previous experience was good or bad (Armstrong & Fukami, 2008). The development of associations between stimuli and responses happens through a process called conditioning.

There are two types of conditioning that are extensively covered in literature namely classical conditioning and operant conditioning. Classical conditioning also known as simple leaning was described by Pavlov (1927) when he noted a dog that salivated not only on the sight of food, but on the appearance of the lab assistance bring the food. According to Pavlov, there was a clear association between the stimulus of the food and the natural response of salivating. The dog had also through repeated experience come to associate the appearance of the assistant with the food as a conditioned stimulus and responded by salivating on his appearance as a conditioned response.

In follow-up experiments, Pavlov by repeatedly ringing a bell while showing the dog the meat created an association between the sound and the meat. The dog became conditioned to salivate at the sound of the bell even if the meat was not present. It can therefore be concluded that classical conditioning involves associating an established response with a new stimulus (Laurie, 2012). Operant conditioning also known as instrumental conditioning describes how new behaviors or responses become established through association with a particular stimuli.



Operant conditioning suggests that any behavior that is rewarded by reinforcement will tend to be repeated and any behavior that is punished will not be repeated and any behavior that is ignored will tend to die out. Skinner (1954) demonstrated this in experiments with rats. A hungry rat was placed in a box with a lever which, if pressed, delivered a pallet of food. The rat was allowed to explore its environment at random. When the rat accidentally pressed the lever, it was rewarded with food, reinforcing the behavior. After a number of repetitions, the rat would press the lever deliberately in order to obtain food. Operant behaviors are actions that individuals take to meet the demands of their environments.

Skinner established the following results: complex patterns of behavior or skilled performance can be built up by step-by-step reinforcement of individual actions or learning steps; punishment is of relatively little value in encouraging learning, reinforcing desired behavior with positive and valued reward is more effective; and occasional reinforcement is sufficient to maintain learned behaviors once they have been established. Skinner's findings are the basis of experiential or trial and error learning, where payoff or positive reinforcement like recognition, praise or reward is immediately given for desired outcomes.

Knowledge workers are able to transfer the tacit knowledge they have to new workers by allowing them to try doing what they learn by encouraging them and approving their effort. Reinforcement is a key concept in supply chain knowledge transfer because it determines which new skills will be adopted for future use and which will be discarded. By reinforcing what is required in supply chain concepts, new behavior or new way of doing things is developed and later put into use. Behaviorist psychology theory helps us to understand how supply chain skill development takes place and how the transferred skills impacts on work performance. Change of behavior is key in the knowledge transfer process as it impacts on both the transferor and the transferee of knowledge.

Bedman (2008) in his study entitled "Knowledge transfer in developed-developing country inter-firm collaborations: a conceptual framework", argues that knowledge has emerged as one of the strategic resources of a firm. He asserts that while other organizational resources are easily amenable to imitation by competitors, or could easily be acquired on the market. Knowledge is mostly protected through intellectual property rights and because of its fluid nature; it is not easily imitated by competitors. As such, firms that possess this intangible organizational resource could achieve sustained competitive advantage (Argote & Ingram, 2000).

Knowledge transfer through inter-firm collaborations is a process by which a firm makes its knowledge stock available to other firms within collaborative ventures. Knowledge transfer, especially through strategic alliances, has become a shot gun approach for a firm to acquire knowledge that it could not easily develop within its confines. Corporate giants such as Toyota and General Motors were said to have formed the knowledge alliance so that they could leverage on the knowledge bases of each other to enhance their competitiveness. Bedman asserts that sometimes the learning that occurs may assume a race, with the fastest learner winning the race or, terminating the alliance or setting up a new bargaining position within the alliance using the new knowledge.

Bedman research had two major aims: First, to highlight the characteristics of transferors and transferees which could promote knowledge transfer in collaborative ventures; Second, to develop a model of knowledge transfer. Inkpen (2000) argues that the firm itself has been seen as a repository of knowledge. This strategic view of the firm as a store of the knowledge acquired and accumulated in the course of its operation. Bedman model assumes that the majority of the knowledge to be transferred will flow out of the company's existing knowledge stock (Bontis *et al*, 2002). The firm's knowledge repositories or knowledge stock are found in individual members, roles and organizational structures, standard operating procedures and practices, culture and physical layout of the workplace (Bedman 2008). This knowledge stock is made up of best practices and proprietary knowledge accumulated over the years. It may include customer knowledge obtained through traditional market research, customer satisfaction surveys and market intelligence gathering.

Bedman model proposes four interrelated set of activities to be involved in the process of moving the knowledge from the developed country based firms and their subsequent application in the developing country firms or alliances. These processes include: knowledge conversions - ranging between the conversion of tacit knowledge to explicit knowledge and the subsequent re-conversion of explicit knowledge into tacit knowledge; knowledge routing - the channels which are used to impart the knowledge to the transferees; knowledge dissemination - a mechanism put in place to ensure that the knowledge diffuses from individual level to the group level before it finally settles within the organizational memory; and knowledge application - the application process provides a feedback about the effectiveness of the knowledge transfer process and can be divided into learning-by-doing, learning-by-adapting and learning-by-creating.

Bedman model and framework provides a deeper understanding of the characteristics of the transferors and transferees as well as their interaction and how they influence knowledge transfer across firm borders. Bedman concludes that developing country alliance partners should be aware that learning can only take place when people have the background to absorb the new knowledge and are backed by organizational systems that support learning. For this to happen, Bedman suggest that they must first articulate the knowledge acquisition vision and recruit qualified personnel to act as agents of the learning process.

### **3.0 RESEARCH METHODOLOGY**

A cross-sectional survey and descriptive research design was used in this study. The choice of this design was appropriate for this study since it utilizes a questionnaire as a tool of data collection and helps to establish the role of supply chain knowledge transfer in the performance of state corporations. The study population of this study comprised of one hundred and nineteen (119) State Corporations in Kenya as listed in Office of the President website (Public, 2016). The sample frame for this study comprised of supply chain managers from the four core supply chain division that include: transportation & logistic, tender, contract and Inventory Managers from 119 state corporations in Kenya. Stratified random sampling technique was used to select a sample size of 55 respondents from each of the four core supply chain division in the 119 state corporations in Kenya, bringing the total number of respondent 220.

**Table 1.0: Sample Frame**

Population	Target Population	Sample at 90% confidence interval and 0.10 alpha level
Transportation & Logistic Managers	119	55
Tender Managers	119	55
Contract Managers	119	55
Inventory Managers	119	55
<b>Total</b>	<b>476</b>	<b>220</b>

## 4.0 RESULTS AND DISCUSSIONS

### 4.1 Descriptive Statistics

An analysis was conducted to determine whether Knowledge Transfer significantly contributes to performance. The finding is illustrated in Table 1.1 below.

**Table 1.1: Knowledge Transfer contribution in performance**

Variable	Does not contribute	Not sure whether it contributes	Contributes	$\chi^2$	<i>p</i> -value
Knowledge Transfer Improves Performance	0 0.0%	10 5.8%	162 94.2%	134.33	0.000
Innovative Thinking Role in knowledge transfer	2 1.1%	10 5.7%	164 93.2%	284.23	0.000
Core Competencies Transfer contribution to performance	0 0.0%	7 4.0%	169 96.0%	149.11	0.000
Developed Skill Transfer in contribution to performance	1 0.6%	6 3.4%	169 96.0%	311.45	0.000
Acquired Knowledge Transfer contribution to performance	2 1.1%	5 2.8%	169 96.0%	311.33	0.000
Created Knowledge transfer contribution to performance	0 0.0%	14 8.0%	162 92.0%	124.46	0.000

Table 1.1 indicates that only 5.8% of the respondent reported that they were not sure whether knowledge transfer improves performance of state corporations in Kenya. However, up to 94.2% of all respondents with a significant level of ( $\chi^2 = 134.33$ ;  $p < 0.05$ ) observed that it contributes to performance. In addition, 93.2% of the respondent with a significant level of ( $\chi^2 = 284.23$ ;  $p < 0.05$ ) agreed that innovative thinking role in knowledge transfer contributes to performance. Furthermore, up to 96.0% of the respondent with a significant level of ( $\chi^2 = 149.11$ ;  $p < 0.05$ ) agreed that core competencies transfer contributes to performance of state corporations. It was observed that 96% of the respondent avowed that acquired knowledge transfer contributes to performance of state corporations with a significant level of ( $\chi^2 = 311.45$ ;  $p < 0.05$ ).

It can be affirmed from the analyzed data that knowledge transfer improves performance of state corporations. This view concurs with Dan (2010) who advances that the ability of firms to grow and compete over the next decade will increasingly depend on access to and utilization of relevant knowledge critical to its operations, and the performance and skills of its knowledge workers. It's the proper use of knowledge that sets apart organization by distinguishing between those that are successful and those that are not.

## **5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Summary**

The aim of this study was to explore supply chain knowledge transfer role on the performance of state corporations in Kenya. Based on previous studies the components of supply chain knowledge transfer were expected to have positive relation with performance in state corporations in Kenya. The output given from the findings indicate that there is a significant positive relationship between the components of supply chain knowledge transfer namely, acquired knowledge, created knowledge, developed skill, core competencies and innovative thinking with the performance of state corporations.

### **5.2 Conclusion**

Overall the findings indicated that knowledge components as a whole played a strong role in the performance of state corporations by both reducing defects in products and services as produced and delivered to the customers. It was also realized that this knowledge components when effectively transferred from one individual to the other had the ability to make the business processes more efficient in terms of it responsiveness to customers' requirements.

When analyzed together, the findings of the study indicates that the all the components of knowledge transfer namely: acquired knowledge transfer, created knowledge transfer, developed skill transfer and core competencies transfer had a positive and notable impact on the performance of state corporations as a whole.

The findings of the study revealed that acquired knowledge to a great extent affected the performance of state corporations in Kenya. Acquired knowledge transfer is crucial for better performance of state corporations as it contributes to the sustainability of these organizations.



At the same time it was noted that the transfer of the acquired supply chain knowledge improved the effectiveness of the said organizations while enabling them to be more responsive to emerging issues. The finding also shows that transferring of the acquired knowledge helped in the reduction of production and operational costs which makes state corporations more efficient. The transferred knowledge also enhanced quality of goods and services as produced due to minimized errors in processes.

The study findings also revealed that the transfer of supply chain created knowledge improves the performance of state corporations as an increase in generation of new ideas, and proper defined methodology in operations increases performance. This therefore means that the transfer created knowledge is crucial for better performance of state corporations. New knowledge creation makes organizations to be relevant in a changing world thereby ensuring their sustainability. New supply chain knowledge transfer helps organization to be both effective and efficient and aids in reduction of production costs as organizations adopts best practices.

Further, the study findings revealed that the successful transfer of supply chain developed skill affected the performance of state corporations. The finding indicated that there exist a positive and significant relationship between developed skill transfer and performance of State corporations. This was enabled by confidence in task performance and speedy responsiveness to issues among state corporations which in turn made this organization more sustainable as they were able to increase the quality of their services at a reduced production cost.

### **5.3 Discussion**

The transfer of supply chain core competencies equally was found to impact on the performance of state corporations in Kenya. Successful transfer of core competencies was found to result in expertise and consistency while undertaking tasks which was an important ingredients in reduction of errors in processes which in turn helped in improving quality of goods and services, Display of capabilities and proficiency in tasks/duties makes organizations stand out among others thereby attracting the best knowledge workers which make them sustainable.

Finally, it was discovered that innovative thinking as a mediating variable was an important determinant on how supply chain knowledge was transferred. Creativity and adoption of best practices strongly aided on how the different components of supply chain knowledge were transferred. The study finding revealed that, for successful knowledge transfer to happen, the knowledge transferee is required to be innovative by being creative and willing to do things differently by adopting best practices.

Knowledge has emerged as one of the strategic resources of a firm. While other organizational resources are easily amenable to imitation by competitors, or could easily be acquired on the market, knowledge cannot because of its fluid nature; it cannot be easily imitated by competitors. As a strategic resource, knowledge can be protected through intellectual property right. It is therefore recommended that all state corporations should identify their unique knowledge stock and protect them as intellectual property to become both competitive and sustainable.

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