The Practice Gap:  
Barriers to the Diffusion of Best Practices

Caroline Simard\textsuperscript{1} and Ronald E. Rice\textsuperscript{2}

\textsuperscript{1} Stanford Graduate School of Business, Stanford University
\textsuperscript{2} Department of Communication, Univ. of California, Santa Barbara

Abstract: Based on a review of selected literature, this chapter identifies and explains three categories of potential barriers to the intra-organizational transfer of best practices. The first category is the organizational context, including institutional and organizational environment, absorptive capacity, competency traps, identity, culture, and size. The second category is related to the diffusion process itself: stages of diffusion, attributes of the innovation, the recipient, and the knowledge to be transferred, and the state of relationship between the source of knowledge and the receiving unit. The third category includes management-related barriers, such as the level of managerial commitment and the appropriateness of training and reward systems. Common strategies for facilitating best practice transfer are reviewed and research propositions are derived.

1 Introduction

Knowledge is a key source of competitive advantage: firms must be able to identify and capture knowledge inside and outside their boundaries to be successful (Kogut & Zander, 1992; Winter, 1987). One such source of competitive advantage are best practices. Best practices are defined as “those practices that have been shown to produce superior results; selected by a systematic process; and judged as exemplary, good, or successfully demonstrated” (American Productivity and Quality Center, 1999).

The transfer of best practices has been identified as one of the most important managerial issues of the late 1990s (Earl & Scott, 1999; Szulanski, 1996). The proliferation of information and communication technologies has fueled organizational interest in the possibilities of knowledge management (Chumer, Hull, & Prichard, 2000). Knowledge management has become somewhat of a “buzzword,” and the recent appearance of new knowledge-related management positions such as the “CKO” (Chief Knowledge Officer) (Earl & Scott, 1999) illustrates organizations’ growing concern over being able to identify and transfer knowledge. More than half of European best-practice organizations surveyed by the American
Productivity and Quality Center reported that their strategic goals include knowledge management (Competitive Intelligence Magazine, 1999). Best practices benchmarking and transfer is an important aspect of organizational improvement and knowledge management (O’Dell & Grayson, 1998).

However, while “It seems sensible to expect that, once uncovered, the example set by an inhouse center of excellence will be readily emulated by other units of the organization” (Szulanski, 1995), best practice transfer is often unsuccessful. Organizations often fail to “know what they know” (Huber, 1991; O’Dell & Grayson, 1998) or fail to translate knowledge into action (Pfeffer & Sutton, 2000). The implementation of best practices in general within an organization is typically slow and painful, marked by resistance, incomplete implementation, and failure (Pfeffer & Sutton, 2000). Hiam (1993) points out, for example, that while continuous improvement methods are integral to TQM, “a majority of TQM practitioners are not using these methods, [even though] firms using them achieve better results than firms that do not” (Hiam, 1993, p. 5). A survey of over 1600 managers in major US companies reported that while nearly a third of the companies had formal knowledge management programs, only half of them seem to have any real impact or activity (Management Review, 1999). Zuckerman and Buell (1998) conclude that actually transferring best practices (in the form of knowledge management) may simply require more training and ability than most managers have. Yet, little research has been done on the issue of best practice dissemination and implementation in organizations.

This chapter reviews and builds on selected literature from multiple fields to offer a more comprehensive account of the possible barriers to the transfer and implementation of best practices. It is intended both as a guide for the management practitioner who needs to identify such potential barriers in organizations, as well as a basis for exploring future research possibilities in bridging organizational knowledge gaps. We formulate research propositions based on each barrier that can lead to empirical research on the transfer of best practices.

The first step in identifying potential barriers to best practice transfer is to look at the specific organization in which the transfer is taking place. We identify contextual factors that can act as barriers to the identification, diffusion, and implementation of best practices: institutional factors, organizational environment, control vs. learning orientation, absorptive capacity, success, organizational identity, culture, and size. Once contextual barriers have been identified, one can focus on barriers related to the diffusion process itself: stages and network roles, attributes of the innovation, recipient and source, and their relationship, and characteristics of the knowledge to be transferred. Successful best practice transfer, however, goes beyond the diffusion process and implies the full integration of the practice into the recipient unit’s activities. The third part focuses on management-related barriers to the retaining and integration of the practice: managerial commitment to the best practice, the appropriateness of the reward system, and training.