

Chapter 66

Knowledge Management in the Chinese Business Context

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INTRODUCTION

With over a billion people living in the People's Republic of China, it should not be surprising that Chinese businesses have traditionally relied on an abundance of low-cost labour. Indeed, China has become well-known for its labour-intensive economic activities, to the point of being nicknamed the “factory of the world” (Miyagawa & Yoshida, 2005).

However, the Chinese business landscape has been undergoing a process of continuous and at

times radical change. This change was sparked in 1978 by the economic reforms associated with the Open Door Policy (see Taylor, 2003, for an extensive review of the economic reforms and their impact) and has been fuelled more recently by China's 2001 accession to the World Trade Organization. Economic activities planned and controlled by the state have been progressively supplanted by market-based competition. The emerging markets across most industrial and commercial sectors of the Chinese economy have typically stimulated rivalries between domestic enterprises and rivals with foreign funding and/or management.

The emergence of market forces across China together with the encouragement of robust domestic consumption (in addition to exports), have also induced a gradual but steady shift from low-value

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activities that draw upon plentiful and inexpensive physical labour to higher-value activities that are information intensive, knowledge based and dependent on intellectual skills. This transition has increased the need for effective knowledge management, which now represents a key success factor for growing numbers of Chinese businesses.

For more than a decade, the two of us have used action research, focus groups, interviews, surveys, longitudinal case studies, and a wealth of anecdotal information to follow the economic transition in China and to develop a deep understanding of how knowledge is managed (and mismanaged) by organisations across mainland China. We have also found some innovative practices that may serve as role models in knowledge-intensive Chinese businesses. This chapter integrates the findings and conclusions of our own investigations with those from the research of our professional colleagues in order to provide a rich profile of how knowledge is managed in the Chinese business context.

Knowledge management in Chinese businesses is distinctive, constrained to some extent by technological factors, but influenced more significantly by psychological factors at the individual and group/social levels. We highlight some of the most distinctive aspects of knowledge generation, documentation, transfer and application that prevail in Chinese businesses, and go on to describe what some Chinese businesses are doing to manage their knowledge effectively.

BACKGROUND

There is now a large body of literature on knowledge management. However, much of this literature is informed by the experiences of organisations in Western nations, and in particular the United States. For example, a recent double special issue of the leading journal 'MIS Quarterly' (Sambamurthy and Subramani, 2005) published 13 articles on knowledge management. Incredibly,

none of the 13 reported studies were specifically situated in Asia.

Knowledge sharing is a crucial activity for organisations because it enables the promotion of best practices and the reduction or elimination of redundant reinvention efforts. Indeed, it has been asserted that a firm can not compete effectively in a knowledge intensive industry if its workforce insists on guarding or hoarding personal secrets (Lu et al., 2005). Nevertheless, the reluctance of employees to share their knowledge is well documented in a number of different societies, including both the United States and China (Chow et al., 2000). This reluctance can be attributed to human selfishness, power and self-interest, as well as to cultural factors at the professional, organisational and national levels.

The codification of explicit knowledge has been the focus of particular attention in the Western literature, given that this kind of knowledge is easier to identify and conceptualise. This codifiable knowledge has been championed by many as a new source of strategic and competitive advantage, pushing aside labour and capital. In consequence, there has been considerable focus on the IT-supported collection, organisation, distribution and recontextualisation of explicit, codified knowledge (Cohen, 1998).

However, we know much less about how organisations in non-Western parts of the world manage knowledge. This is certainly true of China. Despite some important work on knowledge management in China over the last decade, significant gaps remain in our understanding of this subject. For example, prior KM research in China tends to focus either on comparisons of China with other countries (Burrows et al., 2005; Chow et al., 2000) or on the transfer of knowledge to China (Li & Scullion, 2006). Such studies are commonly informed by Western theories, assumptions and priorities.

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