Chapter 1
Factors Affecting KM Implementation in the Chinese Community

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ABSTRACT
This paper reviews past research on KM to identify key factors affecting Chinese KM implementation. It begins with a chronological overview of 76 KM related publications, followed by two separate discussions of socio-cultural and non-socio-cultural factors affecting KM implementation within the Chinese community. A preliminary typology of these factors is proposed. In addition to individual factors that have direct impact on how people behave in the process of KM implementation, specific factors that strongly influence Chinese KM implementation are: (1) relationship networks and collectivist thinking, (2) competitiveness and knowledge hoarding, (3) management involvement and support, and (4) organizational culture that encourages knowledge sharing and learning and that minimizes knowledge hoarding. Several directions for future research are also presented.

1. INTRODUCTION
In business, Knowledge Management (KM) is often defined as a series of activities undertaken by organizations to identify, acquire, retain, transfer, and create knowledge-based assets with the aim of sustaining core competency and innovation capabilities. More business managers are realizing that a firm’s core competency mainly stems from the knowledge possessed by its knowledge workers and that one necessary approach to sustaining such competency is to integrate KM into business strategies. The business world has therefore turned to research communities to help them pursue better KM solutions and implementation within different contexts.

Research to date has shown that the theoretical underpinnings of KM are rooted in two premises.
First, the heterogeneous knowledge-based assets essentially determine a firm’s core competency and superior performance (Reed & Defillipi, 1990; Kogut & Zander, 1992; Nonaka, 1994; Grant, 1996; Kusunoki et al., 1998; Galunic & Rodan, 1998; Rodan & Galunic, 2004). Second, with concrete theoretical frameworks and sophisticated methodologies, skills, and techniques, KM is able to assist a firm to efficiently and effectively manage such assets (Wiig, 1995, 1997; Stewart, 1997; Sveiby, 1997; Nonaka & Takeuchi, 1995; Murray, 2002; Standfield, 2002) and thus succeed in the 21st century knowledge age (Drucker, 1995; Earl & Scott, 1999; Saint-Onge, 1999; Liebowitz, 2000).

While KM has been applied and developed in the Western world for nearly two decades, it has not received much attention from the Chinese community until the late 1990s. Peng et al. (2007) indicated that this might be due to lack of access to Chinese KM practitioners. China is now home to twenty-five per cent of the world’s population. As a rapidly developing country, it has been gaining increased importance in global economic and political system over the past fifty years. It is estimated that by 2020 China’s economy may surpass Japan’s and become the second largest in the world (Asian Economic News, 2005).

This paper reviews past research on KM to identify key factors affecting Chinese KM implementation and discusses critical implications for future research. Three specific types of KM practices are addressed: (1) knowledge sharing and transfer, (2) knowledge acquisition and dissemination, and (3) knowledge creation. A chronological overview of KM research related to the Chinese community is presented, followed by discussions of socio-cultural and non-socio-cultural factors affecting KM implementation within the Chinese community. A preliminary typology of factors for Chinese KM implementation is then proposed.

2. A CHRONOLOGICAL OVERVIEW OF KM RESEARCH RELATED TO THE CHINESE COMMUNITY

When KM started gaining attention from the Western community, China was experiencing dramatic changes. The “Open Door” policy, announced in 1978 by Deng Xiaoping, was an alarming signal indicating that soon China’s original centrally planned economics were going to be replaced by market economics. As a result, Chinese business managers who used to wait for direct orders from the government were suddenly thrown into the unfamiliar territory of market competition and autonomy. In order to survive, they must discard their old mental models and be ready to learn new knowledge and skills about how to judge, analyze and lead in this completely novel situation. Unsurprisingly, business leaders turned to Western management theory, distilled from Western market economics, as a model to emulate.

In the 1990s the Chinese academic world went through intensive debates about why, what, and how to transfer Western management knowledge to China. Most Chinese managers and employees were brought up in an environment in which people placed a greater value on collectivism rather than individualism, and focused more on means, long-term relationships and implicit exchanges than on ends and the intended outcomes (Hall, 1976; Mead, 1994; Berrell et al., 2001). In addition, compared to the people living in Western countries, Chinese people with quite different historical, cultural, and political backgrounds always remain cautious about the reliability and validity of Western theories and generally believe that truth must be situated within contexts. Therefore, transferring management knowledge from the West to China cannot be a simple direct attempt, because it is based on invalid assumptions about the nature of knowledge and involves implicit knowledge and experiences transfer between different social contexts (Warner, 1993; Hofstede, 1994; Newell, 1999).