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EASTWEI: A KNOWLEDGE-BASED VALUE SHOP

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Abstract

Knowledge management (KM) has been the focus of comprehensive research over the last two decades, with particular attention paid to the related technology. However, relatively little attention has been paid to the embedding of KM into day-to-day business operations in order to mobilize resources and activities so as to create substantial value for customers. In this paper, we investigate knowledge management practices by applying the concept of the value shop to the case of Eastwei, a professional services firm in China. We explain how Eastwei functions as a Knowledge-based Value Shop (KBVS), creating and disseminating knowledge as it fulfils its obligations with clients. We find that guanxi, a fundamental concept for Chinese society that incorporates personal relationships and reciprocal obligations, plays a significant role in Eastwei's KBVS arrangements. Given the importance of guanxi, we then discuss how we have set about developing a knowledge-centred strategic direction at Eastwei, drawing on both current knowledge sharing practices and the possibilities offered by instant messaging and wiki technologies.

Keywords: Knowledge Management, Guanxi, Instant Messaging (IM), Wiki.

1 INTRODUCTION

Research into knowledge and its management has a long history, with Bacon's (1597) maxim "knowledge is power" (*scientia potestas est*) perhaps the earliest forbear. Contemporary research into the management of knowledge has been particularly prevalent in Information Systems (IS) given the potential enabling power of IS for managing knowledge. In consequence, IT-driven solutions, often referred to as knowledge management systems (KMS), have been frequently advocated; however, evidence from practice suggests that these systems are often abandoned or underutilised (Akhavan et al., 2005; DeSouza and Awazu, 2005). Indeed, a key problem in this stream of research has been its techno-centrism and corresponding lack of attention to the day-to-day running of a company (Donoghue et al., 1999). This is as true in Western countries as it is in China, where KM research has until recently been poorly aligned with core business processes (Wang, 2002).

In order to describe business processes in organisations effectively, a number of models have been proposed, perhaps the most famous of which is Porter's (1985) value chain. However, an alternative view has emerged called the value shop (Stabell and Fjelstad, 1998), which also describes how core competence (i.e. value) can be created in organisations. In a value shop, resources and activities are mobilised to address specific customer problems; all the value is created within the shop itself. This business process model is particularly applicable to professional service firms, which function as largely self-contained systems, even as the intellectual resources that they apply and generate may have currency elsewhere. Knowledge is a potentially valuable commodity that is effectively represented in and indeed a core component of a value shop. Adopting a value shop lens to the study of knowledge and its management in an organisation represents a novel contribution to research, given that the value shop model incorporates a cyclic rather than linear process model and moreover enables a focus on actual work issues rather than purely technological ones.

In this paper, we use the value shop model to describe the knowledge-based work environment of Eastwei: a Public Relations firm in China. We also explore how Eastwei can develop and implement a knowledge-driven and value-focused corporate strategy, which is entirely embedded in their daily business operation. In order to illustrate the nature of work at Eastwei, we organise our case description around the Knowledge-based Value Shop (KBVS), which emphasizes the application of knowledge management in Stabell and Fjelstad's (1998) value shop model. Grounded on the KBVS, we then explore how Instant Messenger (IM) applications have supported the practice of informal knowledge management and so contributed to Eastwei's corporate success.

Following this introduction, we review the literature before describing our longitudinal research project at Eastwei. This single case study draws on our extensive conversations with and observations of e'mployees at all levels of the firm. We then return to our research question and explore Eastwei's ongoing efforts to orient itself around a knowledge-focused strategy.

2   LITERATURE REVIEW

Three areas of literature underpin the research described in this paper, viz. value shops, knowledge management in China (including Chinese culture), and instant messengers – the technical application favoured for informal communication and knowledge sharing at Eastwei. We review each of these in turn before synthesizing them in the knowledge-based value shop that we illustrate later in the paper.

2.1   Value Shops

The origins of value shops may be traced back to Porter's (1985) seminal work on value chains, which are often assumed to constitute the primary basis for analysing and describing the creation of value in organisations. Although the notion of value chains has wide applicability, it is by no means universal:

indeed, it is "a key concept of contingency theory … that different kinds of businesses need to be managed differently" (Stabell and Fjelstad, 1998, p.433). Stabell and Fjelstad (1998) suggest that it is problematic to apply the value chain model in certain industries, particularly in the service sector, where "it is not only difficult to assign and analyse activities in terms of the five generic primary value chain activities, but the resulting chain often obscures rather than illuminates the essence of value creation" (ibid., p.414). As an alternative, Stabell and Fjelstad (1998) propose a new value creation form – the value shop. In a value shop, resources and activities are mobilised "to resolve a particular customer problem" (ibid.). A value shop "schedules activities and applies resources in a fashion that is dimensioned and appropriate to the needs of the client's problem. The problem to be solved determines the intensity of the shop's activities" (ibid., p.420). For example, while the nature of work in a professional service firm generally involves "more or less standardised solutions", the specific "value creation process is organized to deal with unique cases" (ibid., p.421). Where customer needs are particularly taxing or complex, with innovative solutions dependent on multiple individuals from different disciplines, then a full-time cross-functional team may be required, but this will still operate within the confines of the value shop even if the boundaries of the value shop are extended virtually to remote locations. Given the nature of work in value shops (with expertise leveraged so as to create value), a variety of specialists and professionals will constitute the core of the workforce. Furthermore, adopting the value shop as an analytical lens suggests that if the service provider does not possess the expertise to resolve client problems, then this too may need to be developed. Consequently, while client problems are the primary source of a value shop analysis, the service provider's internal resources must also be analysed.

Stabell and Fjelstad (1998, p.423) identify five generic categories of primary value shop activity, viz.: Problem Finding and Acquisition; Problem Solving; Choice; Execution; Control and Evaluation. These five stages are conventionally represented in a cyclical manner. In stage 1, problem finding and acquisition, the detailed nature of the problem is documented and initial decisions are made as to how it can be solved. In stage 2, a number of alternative solutions can be developed and evaluated. In stage 3, the most appropriate solution is selected. In stage 4, the selected solution is implemented. Stage 5 involves measuring and evaluating the extent to which the original problem statement, as per Stage 1, has been solved. If it has not been solved, then a new cycle of activities may be required. The precise nature of the activities to be undertaken (and reported) in each stage is not specified, since it will depend on the nature of the problem being analysed. Depending on the purpose of the analysis, a more or less detailed view could be presented.

In firms that are dependent on the intensive use of technology, success, which is manifested in both firm reputation and relationships with customers, is the primary driver of value. Indeed, Porter (1985) would confirm the signalling power of reputation as value. Furthermore, projects in which the firm engages that are notably demanding provide an excellent basis for effective learning (inside and between project groups), effectively driving future value creation. There are useful corollaries here, firstly with the Balanced Scorecard and its emphasis on future value creation (cf. Martinsons et al., 1999); and secondly with Canonical Action Research, which not only shares a similar five-stage cycle to the value shop value creation model, but also emphasises the importance of reflection and learning at the end of each cycle, as a way of preparing for the next round of problem diagnosis (cf. Davison et al., 2004). The shared learning that is so important is in turn dependent on effective communication processes – which will vary from firm to firm. Reflection and learning, however, are not obviously part of the value chain – again, rigid adherence to a value chain representation may obfuscate value creation in firms that engage in an altogether different class of activities.

In the context of service sector organisations, a small number of articles have been published including: a characterisation of Norwegian police investigations as value shop activities (e.g. Gottschalk, 2007); a study of resource identification and location in the energy exploration business (Woiceshyn and Falkenberg, 2008).

2.2   Knowledge Management in China

Knowledge management has not been studied intensively in China. In an extensive review of the literature, we were only able to identify around twenty articles of substance published in recent years. The lack of attention to KM research in China is hard to explain given its espoused importance for organisational competitiveness and success (Burrows et al., 2005; Voelpel and Han, 2005). However, it is acknowledged that Chinese firms lag behind their Western counterparts in the formal implementation of KM initiatives. Wang (2002) suggests a number of primary causes, including: poor planning and resource allocation, ineffective KM initiative to core business alignment, and the absence of qualified KM experts. Furthermore, even when KM projects exist, researcher access is problematised by the perceived sensitivity and confidentiality of 'knowledge'. Much of the research about KM in China involves either comparisons with other countries (e.g., Chow et al., 2000) or the transfer of knowledge to China (e.g., Li and Scullion, 2006). Furthermore, most studies are informed by etic, Western theories and assumptions (Tsui, 2006), instead of reporting emically on Chinese experiences and developing indigenous theory.

It has been suggested that IT is a prerequisite for effective KM (McDermott and O'Dell, 2001), since IT enables "collaboration among different units and individuals unconstrained by the boundaries of geography and time" (Lu et al., 2005, p.27). However, tacit knowledge is seldom deliberately codified in a formal or explicit manner in the Chinese work context (Burrows et al., 2005; Martinsons and Westwood, 1997). Instead, interpersonal socialisation is more likely to facilitate the sharing of knowledge than is IT: "In the digital era, there is still no perfect substitute for the motivational effects of human bonding and social connectedness" (Lu et al., 2005, p.33). Nevertheless, this socially-facilitated knowledge may still be sufficiently explicit to be reused by the recipient. In general, there is so far little compelling evidence to suggest that IT-enabled knowledge sharing practices have gained widespread acceptance in China (cf. Lu et al., 2005). While there is a considerable literature on both the types of IT that are conducive to knowledge sharing and examples of their use, this literature is predominantly Western in focus (e.g., Bollinger and Smith, 2001), though Voelpel and Han (2005) do document the successes and failures of ShareNet, Siemens' knowledge management system in China.

Considering emic Chinese research, two constructs have been identified as essential to the sharing of knowledge in the Chinese context: guanxi and in-groups. The need to develop, protect and maintain guanxi, i.e., dyadic, mutually reciprocal relationships, is well recognised (Xin and Pearce, 1996; Fu et al., 2006). In-groups, which comprise a close set of colleagues, peers, kinsmen or friends with whom one interacts regularly and has mutual obligations (Chow et al., 2000), were found, for instance, to be salient even in contexts characterised by a strong, nationally-based organisational culture. Thus Voelpel and Han (2005) found that in-groups were salient for Siemens' Chinese employees despite the strong influence from an organisational culture built around German values that promoted knowledge sharing across in-group boundaries as a form of public good (cf. Lu et al., 2005). When guanxi and in-groups are combined, as is typically the case in the Chinese context, informal and implicit forms of communication between small groups of peers becomes the norm (Martinsons and Westwood, 1997). In such in-group sharing, knowledge is communicated "through interpersonal contact, rather than through formal and/or written means" (Chow et al., 2000).

2.3   Instant Messengers

Instant Messenger (IM) applications enable interlocutors to communicate synchronously or asynchronously in near-real time (Handel and Herbsleb, 2002). Originally developed as social applications, they have now found a new role as work-place communication tools where their informality is increasingly accepted as legitimate. Indeed, we argue that IM tools are particularly suitable for work that relies on unscheduled, interactive and frequent communication involving scheduling, coordination and informal interactions that are both dyadic and intermittent – several exchanges may be needed to reach a conclusion on a topic (cf. Kraut et al., 1990). The importance of

an IM for both collocated and distributed workers was demonstrated by Nardi et al. (2000), who found that an IM was preferred to face-to-face interaction given its unintrusiveness and support for multitasking in all contexts. Similarly, Halverson (2004) found that Bob, the subject of her ethnographic field case analysis of a consultant to consultants, simply couldn't work without IM tools. Whether engaging with colleagues, clients or anyone else, he worked across space and time by integrating a multitude of information sources, creating knowledge-based solutions and archiving his knowledge for future harvesting and reapplication. IM use has been documented as occurring in short bursts, continuously for complex work tasks (Isaacs et al., 2002) and in an irregular, punctuated fashion: "long intervals of silence were interspersed with periods of escalating activity that came to abrupt ends" (Halverson et al., 2003, p.180). Cameron and Webster (2005) identified polychronic use of IM in combination with other tools, while also noting the potential for decreased performance as a result of work interruptions. Heavy IM users may discuss many work-related topics, seldom switching to other media, while lighter users may only use IM for coordination tasks (Isaacs et al., 2002). In one of very few studies that compared non-Western populations, Kayan et al. (2006), found that Chinese are more likely to engage in multi-party, audio-video chat, given their predilection for group-based interactions, than Japanese or Americans.

3   RESEARCH CONTEXT: EASTWEI

Our research at Eastwei has been conducted under the aegis of a Canonical Action Research framework (cf. Davison et al., 2004), incorporating multiple methods (cf. Mingers, 2001). Since November 2006, we have engaged with Eastwei in a series of connected activities – interviews with all employees, a company-wide survey of attitudes towards KM, ethnographically-informed observations with selected employees, and conversations with Eastwei's senior management that have been both wide-ranging and intensive. The action research approach has lead us in both scholarly and practitioner directions, with the result that our findings have value for both communities. We are currently in the closing stages of the research, helping Eastwei both to develop and implement a knowledge-focused strategy and to measure the actual value that knowledge brings the firm.

Eastwei (www.eastwei.com) is in the dynamic business of media relations. Headquartered in Beijing with a major office in Shanghai and smaller offices in Guangzhou and Chengdu, it provides a variety of Public Relations (PR) services to its clients who are typically large multinational corporations with a need to maintain ongoing PR efforts in China. When we started our research in November 2006, Eastwei employed 85 people. This number has increased continually to the current 110 (March 2009). Through journalists and the mass media, these organizations communicate with various stakeholders. Eastwei consultants need to interact with journalists for several reasons, viz.: making arrangements for the writing of stories covering client product and press releases; following-up on the reception of recent product and press releases; continuously updating their knowledge about the professional needs and expectations of journalists – and vicariously of the reading public; building and maintaining strong connections in a work context that is highly guanxi-oriented. Eastwei consultants must also interact with media event organisers and client employees such as PR Managers or technically proficient staff who can provide details on products, services and industry trends in response to media questions.

Nearly all clients have business in more than one city – some are present in hundreds of locations around the country. Because of the large cultural and market differences between different regions in China, Eastwei often deploys local consultants to work on a single client. This work must be carefully coordinated to avoid duplication of effort and to ensure country-wide consistency of messaging – for example, by updating FAQ documents centrally in response to questions from a local journalist. It is also important to access the knowledge and expertise of consultants at other offices, for example by sharing journalist contacts. Communications needs at Eastwei are thus twofold: maintaining high-frequency contact with external counterparts such as journalists, media event organisers and client staff; and coordinating project work and sharing knowledge within the (distributed) Eastwei team.

Relationships or 'guanxi' are of critical importance in media work, and Eastwei has built a corporate positioning around the concept of "knowledge-driven communications", emphasizing the importance of providing added value in the client-media relationship. Eastwei adds value by actively exploiting interests, needs and knowledge gaps in the mass media, rendering not just client information, but also more general information, perspectives and analysis on the client's entire industry. Successful project outcomes directly depend on the ability of Eastwei consultants to create, collate and disseminate knowledge. The creation, sharing and re-use of knowledge is therefore a key aspect of Eastwei's expertise and success and is strongly promoted internally through business processes and lines of accountability/reporting, as well as deliberate culture-building efforts. In our unstructured interviews with 65 junior employees (all Chinese) between November 2006 and January 2007, many noted how knowledge sharing adds value to work processes by improving work efficiency and effectiveness. Furthermore, the knowledge sharing practices amount to a culture of altruism. As one team leader remarked:

> "The first time I became a small team leader my boss reminded me that I need to share my experience, not just let them learn by themselves. My method is to tell people my personal lessons and experience when I know others meet the similar situation. … My aim is to prevent people from repeating my mistakes … Eastwei encourages people to make mistakes, but not to repeat mistakes".

Given the fast-moving nature of the PR industry, continuous knowledge development is seen as critical. Without it, "one may not be able to provide creative ideas to the clients. So knowledge is highly recognized in Eastwei" (Eastwei employee comment). This knowledge is both dynamic and, like Bob's (cf. Halverson, 2004), an inseparable mix of explicit and tacit. While older employees tend to be reliant on telephony (mobile and fixed line) and email for communication, younger employees prefer digital communication applications that can be seamlessly integrated and embedded into their online knowledge creation and sharing processes. The instant messenger is the tool of choice (in particular Microsoft's Windows Live Messenger (WLM), though a few use Tencent's QQ). As an Eastwei employee noted: "Eastwei emphasizes internal communication, unlike other PR companies which may just pay attention to external communication".

4   EASTWEI AS A KNOWLEDGE-BASED VALUE SHOP

In this section, we first describe in general how work at Eastwei fits the value shop model, mapping it onto the KBVS cycle, as shown in Figure 1. Then we provide a more detailed example of a specific sub-project that we observed to illustrate the concept of how the KBVS is embedded in Eastwei's business processes.

Eastwei is replete with knowledge. Indeed, its corporate mantra is "knowledge-driven media relations". Knowledge in Eastwei is not a closely guarded secret and all employees are encouraged to share knowledge as they work. This sharing atmosphere means that the KBVS at Eastwei is self sustaining, facilitated by the internal guanxi network. The nature of work at Eastwei closely fits the five-stage KBVS model. Firstly, when a new client and problem (task) have been identified, they are analysed and a general approach is suggested. In this initial process, a number of questions must be addressed, such as: 'to what extent does this task resemble previously completed tasks?', 'who is most suitable/qualified to tackle the problem?', 'what existing resources (including people and knowledge) can be drawn upon?', and 'how much new knowledge will need to be created?'. In order to simplify these processes, Eastwei has devised a detailed set of templates that govern its work. For example, there are standard agendas and meeting reports, checklists for various kinds of projects, proposal and report formats, and so on. Once the project team has been established, it needs to work with the client on the development of possible solutions. At this stage, it may also involve journalists who are well placed to assess the likely impact of different final solutions. When the analysis of possibilities is complete, a choice must be made as to which one will be implemented. This choice is almost always

made in concord with the client. Implementation of the solution then follows. At this stage, journalists will be deeply involved, since the solution will involve the dissemination of information in the market. Finally, the whole project will be reviewed. The project may be closed at this point, or the client may decide to request Eastwei to undertake further work. During this process, guanxi has lubricated the project team by helping team members to locate existing resources (including knowledge and templates) which are required in each phase of value creation process. As a result, knowledge is created and shared intra- and inter- Eastwei, thus strengthening the guanxi network.
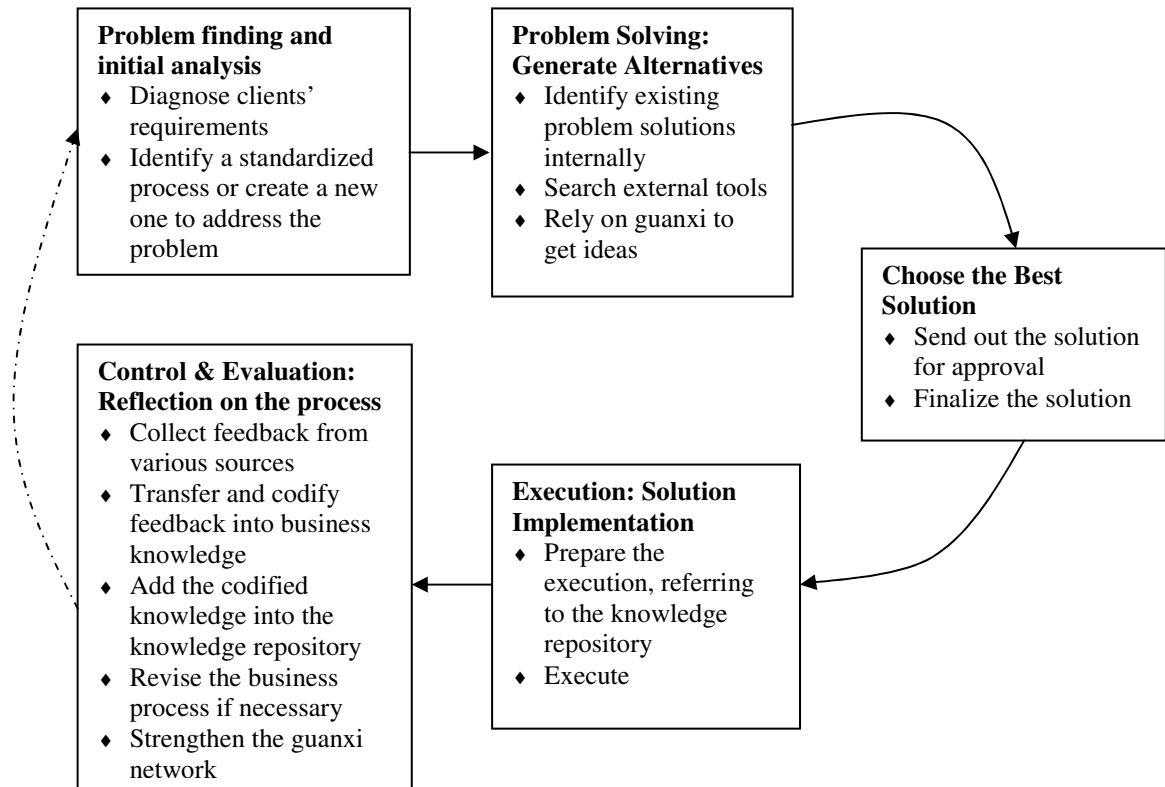

Figure 1   Knowledge-Based Value Shop at Eastwei

4.1   A Case Illustrating the Knowledge-based Value Shop at Eastwei

The following case about gifts to be given to journalists covering a client's latest product release and media event is a typical example of a business process at Eastwei. We used the KBVS to analyse the case. Clearly the lessons from a single case cannot be generalised to all other business processes in Eastwei, let alone other organisations, but it serves to illustrate how the KBVS can be used to analyse knowledge-based work processes. This case was selected because it is relatively simple and easy to describe within the confines of a conference paper. More complex cases could also be analysed as we explain in the discussion that follows.

4.1.1   *The Problem & Initial Analysis*

Eastwei is helping an auto manufacturer to ensure that it gets good publicity for its latest auto release. One specific aspect to this project is the appreciation that the client wishes to demonstrate to the journalists who will write up stories in the media covering the event. Specifically, the client would like to give each journalist a small gift. The gift should be German themed and should not cost more than RMB200 (~€22/US$29). This is a fairly standard activity that is often undertaken by Eastwei for

clients. Consequently, the processes involved are well understood, even though the actual gift itself may be unique. Grace, a member of the auto team in Shanghai, has been assigned to this project.

4.1.2   The Process of Generating Alternative Solutions

Grace relies on a variety of tools to search for ideas, including internal resources and external available tools. She searches on Google, Baidu (a Chinese search engine), TaoBao (a Chinese C2C trading platform) – and also relies on her myriad of several hundred WLM contacts. Her search was rather unfocused – she had some key words, but predictably the search engines produced huge numbers of possible 'answers'. At one point, she has 17 WLM windows open, each with a different contact. These online conversations are with people inside the same office, those at Eastwei's other offices, and also many outside Eastwei – friends, former colleagues who now work for other companies, journalists, event organisers, etc. Her WLM contacts proved more useful – acting as a filter and pointing her in certain directions, helping her to search more effectively. In these dyadic conversations, her guanxi network is both called upon and developed. When she gets gift ideas from her contacts, she cuts them from WLM and pastes them into the appropriate destination – a search engine, a web browser, a PowerPoint slideshow.

At the same time, Grace recalled that she had seen a similar gift list before and hunted for it in the office – online and offline. She asked her colleagues, but to no avail. One colleague pointed her to a stack of 30 CDs - perhaps there are some photos in there? But there was no index, so she had to try each CD one by one. Eventually, she found what she wanted – an album of photos from a recent product launch for another client. But this took over an hour to locate! Clearly, these photos could have been indexed and thus rendered more findable. Eventually, she identifies several candidate products which she can recommend to the client including German beer mugs, figurines and dolls. She discusses these items using WLM with her colleagues and journalists to get a second opinion on their potential suitability.

4.1.3   Choice

Grace next had to get the client's approval for the most suitable item(s). As the choices have been filtered by Grace and her guanxi network, the client can quickly confirm the choice of gift. This choice selection process has been optimized because of the knowledge provided by Grace and her guanxi network.

4.1.4   Execution

With the client's approval for the item and the budget, Grace acquired sufficient gifts for the projected number of journalists (which she learned from other colleagues on the promotional side of the project). The cost of the gifts was bundled with the overall project cost. Meanwhile, Grace's execution report, including the budget and gift acquiring process, has become another item in the knowledge repository.

4.1.5   Evaluation & Reflection

Evalution and reflection is a critical part of the KBVS as it links one cycle to the next in the knowledge value creation process. Feedback on the project comes from a variety of sources, including the journalists, the client, and other members of the project team. Knowledge generated during the project is formally written up (codified) in a case report document on a CD or stored on Eastwei's intranet which both are considered as the location of knowledge repository. People closely involved with the project may remember its existence (but sooner or later it will probably be forgotten unless it is carefully indexed). While the case report becomes a source document for colleagues, Grace may be recognised as a "gift expert". However, as Grace herself found, it is not easy to relocated previously created knowledge. This succinctly illustrates a strategic weakness at Eastwei: although knowledge is

both encouraged and practiced, knowledge is poorly managed. Considerable time may be needed to relocate previously generated knowledge – or it may simply be generated afresh. In the absence of a formal knowledge strategy that priorities a 'better' way of managing knowledge, it is unlikely that the situation will be ameliorated.

5 DISCUSSION

Having illustrated Eastwei's operational procedures with reference to the KBVS, we now explain how we are engaging further with Eastwei so as to build a coherent knowledge strategy according to the strengths and weaknesses that we previously identified.

5.1 Codified Knowledge and Process Integration in the KBVS.

The KBVS that we have developed in this paper has proven to be a valuable tool to describe work processes in a knowledge-intensive firm. In this respect, our analysis of the strengths and weaknesses at Eastwei has been enhanced and our task – working with Eastwei to develop a knowledge-focused strategy – has been made easier. Indeed, it is now clear that the KBVS is not only premised on client problems, but also on internal resources – can Eastwei respond effectively to client problems? Knowledge already plays a central role at Eastwei: despite strategic weaknesses, the firm's 'Knowledge-Driven Media Relations' slogan is indicative of the importance of knowledge and a knowledge sharing culture is prevalent. The templates that govern much of Eastwei's work are themselves examples of codified knowledge, in this case of best practices for how to handle specific situations. Eastwei has recently moved its templates online so that when an employee is handling a task, he/she updates the online system as each stage is completed. This represents the use of IS for monitoring and control, as described by Martinsons and Westwood (1997). The templates also include hyperlinks to existing knowledge bases within Eastwei that can be both drawn upon for knowledge and also updated with new knowledge as it is created. Knowledge items here may relate to clients, competitors, media event organisers and media outlets, journalists, products, and even the templates themselves. While this knowledge is codified, it also tends to be either process or project based. However, formally indexed and discrete items of knowledge are relatively rare in Eastwei. This weakness has appeared as an obstacle to the location and reuse of existing knowledge.

5.2 Guanxi and the KBVS

Guanxi has been identified as a key to business success in China (Xin and Pearce, 1996). Likewise at Eastwei, guanxi is an invisible but critical component that is deeply embedded into business processes. In the context of a media relations firm, guanxi is considered to be the most valuable asset (Björkstén et al., 2008). The value that Eastwei is able to add through business processes is dependent on her knowledge not only "of the Chinese market and media, but also of [the client] company, competitors, products and industry" (ibid). In this respect, guanxi acts as a form of knowledge process glue: it ensures tight connectivity between journalists and editors on the one hand and clients and media on the other. It also enables Eastwei to leverage external resources so as to solve clients' problems. The reliance that Eastwei employees place on guanxi as a means of obtaining tacit knowledge that can then be applied in handling customer problems illustrates a strong cultural preference for informality (Burrows et al., 2005) and can be usefully juxtaposed to more formal knowledge management procedures.

5.3 IM and Guanxi in the KBVS

As Grace engaged in problem diagnosis and alternative solution creation, she participated in many IM conversations. As we have described in 4.1.2 above, she has a huge number of contacts, inside and

outside Eastwei. Indeed, we can say that she, like many of her colleagues, has developed a quasi-symbiotic relationship with her IM tool and could not effectively function without it. At the same time, she relies on IM to disseminate her own knowledge to solve her clients', colleagues' or friends' problems, thus in turn strengthening her own guanxi network. This KBVS cycle demonstrates the reliance on guanxi and the importance of fitting the technology (i.e., IM) to informal communication practices, thus leveraging knowledge sharing in the fulfilment of task requirements (Chow et al., 2000).

5.4   IT-Driven Knowledge Repositories: Strategy Development and Measurements

Although Grace has demonstrated best practices in the use of IM at work, she never makes any attempt to retain any of her IM conversations (unlike Bob in Halverson's (2004) study). Once each chat has fulfilled its purpose, it is discarded. We didn't attempt a hermeneutic analysis of the chats (primarily for reasons of data privacy), but we believe that at least some of these chats could be worth archiving for future harvesting and reuse. Essentially, they contain informal and anecdotal knowledge which is easy to produce and apply, but also easy to lose – and forget. Meanwhile, Grace's efforts in looking for product images suggest the necessity of using a integrated, IT-driven platform for the knowledge repository. Without such a platform, any knowledge created will be fragmented and un-locatable. If new knowledge can be harvested, however, it will help to ensure both client satisfaction and internal process effectiveness and efficiency, which will contribute to financial value, an important consideration if Eastwei is to focus its knowledge efforts on activities that are genuinely advantageous.

In order to develop such an IT-driven knowledge strategy, Eastwei is applying the Balanced Scorecard (BSC) (Martinsons et al., 1999). The BSC links four activities: future value creation, client satisfaction, internal processes and financial value and facilitates the quantitative measurement of each. For each component, a cause and effect relationship links objectives (what we plan to achieve), measures (quantitative indicators such as indices, dollar value, or ratios), targets (pre-specified goals for the objectives) and initiatives (actions to take so as to achieve the objective and target). The actions can then be implemented and their impact assessed through the KBVS.

According to our case analysis of Eastwei, one short-term internal process *objective* for the firm is to focus informal knowledge archiving efforts on an employee-owned and managed wiki. Whilst recognising the difficulties associated with formally and explicitly coding knowledge in the Chinese context, a wiki that is owned and managed by employees should lose much of its formality and the knowledge that is shared in a wiki is unlikely to be 'explicitly coded'. Instead, much of the knowledge will be embedded in rich stories and anecdotes – contexts that give life to the knowledge rather than the acontextual codification often associated with knowledge management systems (cf. Snowden, 2008). The *measure* of success could be the number of active wiki users or the amount of knowledge created/accessed through the wiki, with *targets* set as a percentage of the workforce or an absolute number of knowledge entries and wiki accesses. The *initiative* – how to get people to use it – requires more careful thought. Although the initiative will be one that has organisational support, it can only rely on a spirit of volunteerism. As Snowden (2008) notes, "knowledge cannot be conscripted". As such, theoretical models like the Theory of Planned Behavior (Ajzen, 1991) will be appropriate to measure both attitude towards adoption of the wiki, as well as linking intention to actual behavior. Such models, however, would be etic in the Chinese context, and so would need to be modified to reflect the appropriate emic (social and cultural) norms, as we have described in our analysis above. The wiki will not replace the current IM-based knowledge sharing and recontextualisation processes, but it will provide a repository for managing new and existing knowledge. From a technical perspective, all Eastwei employees are qualified to use a wiki – to contribute new and edit existing knowledge. From the KBVS perspective, this repository functions as a knowledge shop that links the 5 KBVS stages together and thus mobilizes the knowledge within Eastwei. Formally embedding the wiki into Eastwei's process templates, to which all employees must adhere, is a specific action designed to minimise resistance and maximise use.

6 CONCLUSIONS

In this paper, we have explored Stabell and Fjelstad's (1998) value shop model and proposed a knowledge-based extension – the KBVS – drawing on a case study of Eastwei, a PR firm in China. Recognising the five stages of KBVS at Eastwei (see Figure 1), we suggest that rather than radically restructuring Eastwei's internal processes (with all the consequent risks of resistance and failure that this would entail), it is better to extend Eastwei's existing strengths and to direct employee energies into an activity for which they are both qualified and that neither demands substantial learning nor significantly impedes the creativity and innovation that have marked out Eastwei as a leader in its industry. We are all too well aware that to date, there is little evidence in China of the success of IT-enabled KM practices. Therefore, it is critical that any IT-based solution should have wide acceptability for a user population. Given the critical role of guanxi in Chinese business, Eastwei's current application of IM tools for informal, conversation-based knowledge sharing should not be changed. However, we believe that a stronger IT focus is called for if knowledge is to be organised, located, harvested and reused. A wiki is a suitably informal IT application that requires minimal training and is minimally disruptive to existing processes. By embedding both IM and wiki into Eastwei's existing template-driven business processes, knowledge management, and the value added for customers as a result, can be optimized. In the KBVS model, no one single tool will produce all the answers. Instead, a synthesis of tacit and explicit knowledge, guanxi, and such IT applications as IM and wikis, will facilitate the search for previously generated, potentially recontextualisable knowledge and will enable both new knowledge to be recorded and older knowledge to be verified, updated or removed. The value created by such an interactive and informal KM process is perhaps more tangible than could be achieved with a single formal IT solution such as an electronic knowledge repository or knowledge warehouse.

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