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Knowledge Creation by SMEs on Communities of Practice on Alibaba.com.cn

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<p>Knowledge creation means gaining a substantial momentum due to its direct relation to the company's core competency and competitive advantage. The current thesis investigated a new phenomenon, which is the knowledge creation through knowledge sharing and learning by SMEs in Communities of Practice on Business to Business marketplace, Alibaba.com.cn. The objective was to research whether intangible assets were created for producing competitive advantage. This thesis suggests a better way of sharing and learning knowledge for SMEs in China.</p> <p>The literature part discusses the relationship between competitive advantage characteristics and intangible assets, and explores the knowledge creation processes as well as the knowledge sharing and learning phenomenon on Communities of Practice in China.</p> <p>The research methods contain practical situation examination of knowledge sharing and learning on Communities of Practice on Alibaba.com.cn combined with theory; two round researches were conducted to characterize knowledge creations. The first round applied message board interviews and the second a multiple choice questionnaire aiming to further explore the interviewees by adding questions. Finally the hypotheses were judged.</p> <p>The results of the study proved that there is knowledge creation by knowledge sharing and learning for SMEs on Communities of Practice on Alibaba.com.cn, and knowledge creations mostly are intangible assets producing competitive advantage for SMEs. The results will guide a future direction for SMEs in China.</p>	
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PREFACE

The topic of this thesis came in my previous training experience in assisting marketing activities through Alibaba.com.cn for a craft company. When I was in touch with the Business to Business channels for several months, e.g. by looking for and contacting customers, I learned much knowledge beyond what I can learn normally in Communities of Practice there. Thus, I decided to research Communities of Practice on Alibaba.com.cn. My aim was to find out knowledge creation there and check what types of knowledge is created. Researching these activities and outcomes help SMEs in China to redefine their understanding about knowledge and identify their competitive advantage,

Finally, I would like to thank Al Natsheh Anas for supervising my thesis and other teachers in preparation of my final thesis.

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1 INTRODUCTION

Small and Medium-sized enterprises (SMEs) turn to be a driving force of economic development in China; by facing the global competition, to gain unique capabilities are the keys for Small and Medium-sized enterprises in China to survive and grow. These unique capabilities are created by managing knowledge. Within Knowledge Management, knowledge sharing and learning are the premises for knowledge creation. Therefore, it is important to find places which produce unique capabilities by knowledge activities for Small and Medium-sized enterprises in China. The relationship between knowledge activities and knowledge creation were studied in this thesis. This thesis researches knowledge activities of Chinese Small and medium enterprises on Communities of Practice on Business to Business channel Alibaba.com.cn, and aims to find solutions for Chinese Small and Medium-sized enterprises building competitive advantage.

This current thesis explores the necessary conditions for sustainable knowledge sharing and learning; and analyzes the relationship between intangible assets with competitive advantage based on theoretical background. By observing the environment of Communities of Practice on Alibaba.com.cn, it shows sustainability about knowledge sharing and learning; knowledge sharing and learning create intangibles assets on Communities of Practice on Alibaba.com.cn; and those intangible assets result in competitive advantage. Practices were examined by combining with theoretical definitions and a survey was carried out to examine the hypothesis.

The thesis is constituted by four chapters:

Chapter one introduces the background, subject and the objectives.

Chapter two explores the literature about the role of knowledge and its function in business competencies for Small and Medium-sized enterprises; the attributes of competitive advantage and the capabilities produced by those attributes; and the knowledge sharing and learning phenomenon on Communities of Practice on Alibaba.com.cn.

Chapter three researches the knowledge creations from knowledge sharing and learning activities by Chinese Small and Medium-sized enterprises on Communities of Practice on Alibaba.com.cn based on Tidd's resource mode.

Chapter four presents the results and discusses the conclusion, implications and future research.

2 LITERATURE REVIEW & DEVELOPMENT

This literature part examines the theoretical background related to knowledge, knowledge management and strategic competencies. Following the relationship between knowledge management, intangibles assets and competitive advantage is explored and a hypothesis is conducted.

2.1 Knowledge

Society is on the transition from previous industrial economy to information economy, and towards knowledge-based economy today. Over last decades, large companies were stronger for holding more capitals, more skills, more hi-tech than small and medium enterprises. Because large companies could invest largely on high-tech machineries, information and communication technology, efficient production designing and so on, this could lower production cost and increase production efficiency and resulted in considerable returns for them. While Small and Medium-sized enterprises were in disadvantage of lack of capitals, human resources or operation resources, the inability caused Small and Medium-sized enterprises at low tide in the past. Today, it becomes increasingly difficult for large companies to adapt to changing environment, due to strategies that are towards product-market and systems that are mechanically operated. The unstable environment compels large companies to rethink and redesign the whole systems and strategies; which make them, unprepared about the threat. On the contrary, Small and Medium-sized enterprises turn to be more flexible and smarter. When they are facing changes, there is no need to re-allocate the whole system like large companies. They may not even have a normative system, due to limited capability of expenditure. As time passes, Small and Medium-sized enterprises become capable of responding quickly; changing decisions depends on the situations, renewing processes all over again easily

without much loss and spending (Cochrane 2006). As a result, large amounts of Small and Medium-sized enterprises emerge from the world and especially in China.

When Small and Medium-sized enterprises become the driving force of economic development in China; they face the challenge of knowledge economy, the same as others in the world. In the reality, technology does not have a fundamental and strategic impact on SME, because all companies can have access to it. Therefore, technology does not determine competitive advantages (Fernandez, Segura, Salmeron & Moreno 2006). Since information and communication technology is merely a tool to collect information, and the knowledge how to utilize the information resides in the user but not in the collection of information. Finally, the performance depends on how the user reacts to information. As Wenger (2001, 4) stresses that knowledge is competence for valued enterprises. Thus, knowledge is the key to reach superior performance. To generate knowledge, the knowledge nature, knowledge management and its creation make sense to the outcome and its effectiveness.

Knowledge can be defined as facts, information, skills acquired by experience, understanding of a subject; knowing in a particular field; awareness or familiarity gained by situation (Wikipedia). As it concerns here, knowledge will be termed as know-how and know-why; and it can be categorized into explicit and tacit knowledge (Dess, Lumpkin & Eisner 2007, 127). For example, the metaphor is a bread, an analysis of its molecular constitution is data, the list of ingredients is information, the recipe is the know-how which can be written and belongs to explicit knowledge; then the beginner may not be able to make the bread even with the recipe, instead the maker with skills knowing how to make the bread is know-why, it is which lies inside the person and it is tacit intangible knowledge.

To understand the way various types of knowledge are generated, it is necessary to

get familiar with the life cycle of knowledge, which evolves four stages (Shukla 1997, 105-106):

a) The first stage is discovered knowledge, which is created through the discovery of an idea, need or possibility; it is invisible and confined in the mind of one person.

b) The second stage is codified knowledge, which must embody within something physical for survive and be useful; such as codified in skills or product, etc.

c) The third stage is migratory knowledge, which is capable to move, depend on how codified the knowledge becomes; which is independent of the owner and starts disseminating.

d) The final stage is invisible knowledge, which starts to lose its specialties, by becoming common and standard; which changes the nature of social and business reality.

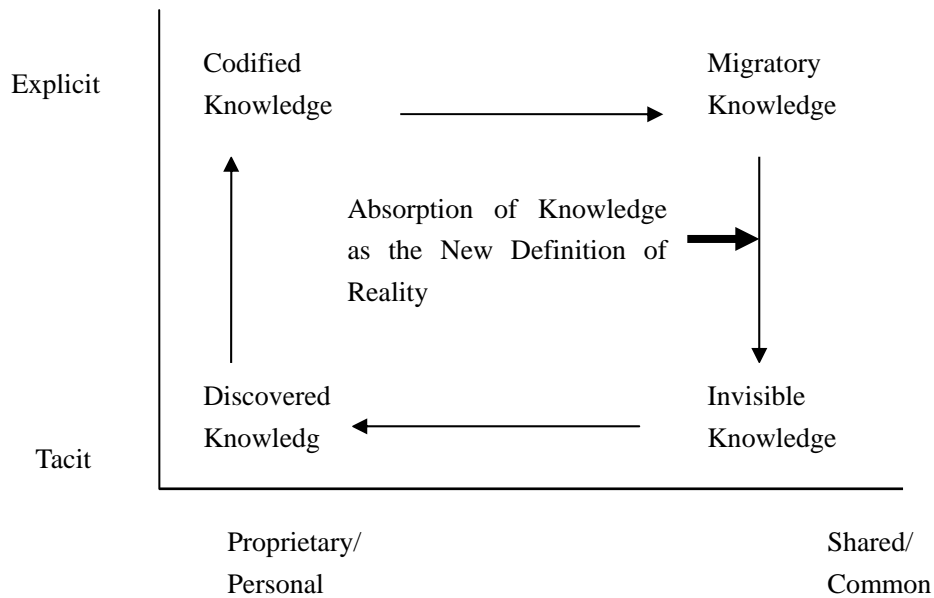


Figure 1 knowledge life-cycle
(Shukla 1997, 114)

Shukla (1997, 105) has pointed out in this maturation process that knowledge must evolve from a tacit to an explicit form to be useful; then manage its nature and extent its distribution to others for generating competitive value. He explained as figure. 1 shows that new knowledge is first created because the person gains insights from external environment; then this person changes the common interpretation of thoughts and accepts the truth, e.g. In organizations, the knowledge becomes intangible asset, such as skills and insights, owned by merely few individuals. When knowledge changes from tacit to explicit, then the knowledge is codified in objects, rules, systems or methods to be in use, such as patents. Later, the knowledge continues to be utilized increasingly, it becomes mobile which causes difficulty in managing these knowledge-based resources that is why imitation becomes popular. An example, Japanese companies replicate technology from others by utilizing the migratory nature of knowledge and improve the technology, which results in competence against US companies. Knowledge passes from discovery to migratory, goes from personal to public,

turns from unique to common. However, with the mobile nature, knowledge will lose its special competitive advantage at last. As knowledge spreads and gets used more frequently, it is absorbed into life of human beings finally and becomes invisible skills, capabilities and so on.

Further, in convention, knowledge codified in products, systems or documents becomes explicit. Companies compete with others through preventing these knowledge assets exposures, and keep them proprietary by patenting the product or process (Shukla1997). In practice, it is impossible to go against the migratory nature of knowledge, as there are excess examples about competitors spying and stealing secrets from companies. For survival and growth, companies should follow the spread feature of knowledge, to gain competence by accelerating its distribution into invisibles; ensure its absorption in human beings and become tacit knowledge. Then they should transfer tacit knowledge into explicit form to be in use and show it in action and performance (Malhotra 2003).

When comparing codified knowledge with never codified intangible knowledge, the prior knowledge is easier to get access to by others; the latter one is hard to be found by others, or it takes time to be gained. To Sum all, none but the intangible knowledge which have never been codified is durable, and it gets more attention nowadays (Shukla 1997).

2.2 Knowledge Management (KM)

Sonnenberg (1994) claimed that the business world changes attention from tangible assets to intangible assets. Intangible assets, generated by Knowledge Management, account for the most valuable and competitive parts of companies, e.g. For instance, comparing market value with book value in several rapid growing companies in Table 1 below, indicates that intangible assets measured by market value count more than half of the total value of the companies. This reveals the trend that intangible assets will be accounted more and more in the value of companies in future. Therefore, intangible assets become the critical factor for

companies to be competitive.

Table 1. Ratio of Market Value to Book Value for Selected Companies (Dess, Lumpkin & Eisner 2007, 126)

Company	Annual Sales (\$ billions)	Market Value (\$ billions)	Book Value (\$ billions)	Ratio of Market to Book Value
Google	3.2	60.4	2.9	20.8
Genentech	3.9	75	6.8	11
Yahoo!	3.6	47.9	7.1	6.7
eBay	3.2	42.8	6.7	6.4
Southwest Airline	6.5	11.7	5.5	2.1
Union Pacific (Railroad)	12.2	16.7	12.7	1.3
Ford Motor Company	171.6	16.7	16	1

Note: The data on market are as of May 1, 2005. All other financial data is based on the recently available balance sheets and income statements.

Knowledge is important, Knowledge Management is indispensably. Gurteen (1998) defines: “Knowledge Management is an emerging set of organizational design, operational principles, processes, organizational structures, applications and technologies that helps knowledge workers dramatically leverage their creativity and ability to deliver business value”. Then, Malhotra (2003) concludes: “Knowledge Management caters to the critical issues of organizational adoption, survival and competence in face of increasingly discontinuous environmental change... Essentially, it embodies organizational processes that seek synergistic combination of data and information process capacity of information technologies, and the creative and innovative capacity of human beings”. Later, Tidd (2006, 148) said: “The process by which the capability to act is facilitated or enhanced, matching knowledge sources to knowledge needs, using performative competencies which privilege the flow and sharing of knowledge over simple

custody, and which is value rated by its contextual efficacy.”

As Malhotra (2003) summaries “The broader perspective of Knowledge Management includes the processes of knowledge use, knowledge creation, knowledge sharing, and knowledge transfer and knowledge renewal.” Thus, Knowledge Management which manages sharing, learning and creation of knowledge, from tacit to explicit, explicit to tacit; becomes necessary for transferring knowledge from tangible forms into intangible ones.

Knowledge Management has gathered more and more attention from developed countries recent years. Some large companies have already successfully created and operated Knowledge Management systems. Comparatively, Small and Medium-sized enterprises are hard to access it due to complexity of Knowledge Management models and expensive investment (Fernandez, Segura, Salmeron & Moreno 2006).

China is a resource-rich country. Shukla (1997, 99) emphasizes that even for a resource-rich country, to sustain economic growth, which can only be acquired by building the knowledge and information-processing capabilities of its citizens. Inevitably, Knowledge Management will be hinge for Small and Medium-sized enterprises to create intangible assets for sustainable competitive advantage in China.

In China, Knowledge Management mainly concentrates on managing information resources, planning Knowledge Management strategy and managing information system compare with western countries which focus on Knowledge Management functions on core competition of enterprise, Knowledge Management lead to enterprise innovation and external knowledge (market and customer) can be utilized by enterprise, according to research of British academician (Zhu 2007). Apparently, Knowledge Management development is still at the early stage in

China, the majority has not realized the important role that Knowledge Management can play in enterprises and have not applied it in enterprises. Even Knowledge Management theory and practice have already been introduced to China earlier; its application in practice is still constrained by technological limitations and psychological factors (such as cultural values, etc) among groups and socials (Burrows, Drummond & Martinsons 2005).

Most companies in China belong to small and medium-sized ones, which take up majority of enterprises in the country. Currently, the standard of small and medium entrepreneurs are measured with a quantitative method worldwide, which includes the numbers of employees, capitals, revenues, etc; as well as qualitative method, which includes self-operated, self-own and small market share, etc. Most of the countries apply quantitative way. This contains a single quantitative standard, such as calculating numbers of employees only; and a multi-quantitative standard, such as calculating numbers of employees and revenues together. Presently, China applies a method of the multi-quantitative standard. Shao (2007) concluded that standards vary according to diverse sectors. Industries measure total capitals of the companies; retail, wholesale, transportation, post and related sectors do not count the total capitals as standard. However, in China, Small and Medium-sized enterprises are defined as those firms which employ less than 2000 workers; revenues are less than 3 billion RMB and total capitals are less than 4 billions RMB generally. Once Chinese companies fit one of these above, they are considered as Small and Medium-sized enterprises (Wu & Cheng 2006).

Besides, corruption exists universally in China; large companies sometimes gain policy benefits and rights by bribing officers with money related gifts. The situation becomes that the companies who have more capitals and “relationship”, can get better chance to survive and grow, even if the companies do not have better skills.

Facing the globalization, to get rid of corruption is a must for survival and involvement with the world, from the aspect of the whole country. For as much as, corruption stops economic development, technological progress and social improvement. Since the country realizes the effects and plans strategies to clean the dirt, it is however not so effective in action and fast enough. Because the country is so hierarchical distributed, corruption is deeply inhabited into every level, therefore executive ability is low. Thus, Small and Medium-sized enterprises in China, are quite difficult to survive and grow, due to lack of capital and knowledge; facing unfair competition and developing stage incentive policies supported by governments and related authorities(Shao 2005, 2).

Luckily, rapid E-commerce development brings opportunities for Small and Medium-sized enterprises globally as well as for Chinese Small and Medium-sized enterprises. Thus, Chinese Small and Medium-sized enterprises can find channels to contact and negotiate with customers worldwide directly and without interventions. Globalization is both an opportunity and a challenge for Chinese Small and Medium-sized enterprises, the knack lies in how they can generate intangible assets to be competitive for their survival and growth. Small and Medium-sized enterprises can benefit knowledge creation by knowledge sharing and knowledge learning (Menkhoff, Wah & Loh 2004). On all accounts, creating intangible assets through Knowledge Management will be critical factor for Small and Medium-sized enterprises, to successfully transfer from cheap manufacturers to competitive knowledge-based and innovative enterprises in China.

2.2.1 Knowledge Sharing & Learning

Knowledge sharing and learning are preconditions that assure knowledge creation. Learning and competitive advantage of Small and Medium-sized enterprises are

affected by knowledge sharing: collective consciousness, and shared experience and meaning (Choueke & Armstrong 1998). The challenge to manage knowledge is to get people to share their knowledge. In most places, certain knowledge is held by few individuals, because it is what makes them stand out in front of others and be competitive. Nowadays, organizations cannot survive and be successful merely by few superiors, since the success holds together with team work and collective learning. The shared culture, belief and actions of every member in the organization determine success but not by few individuals.

Lesser and Storck (2001) argue that social capital within Communities of Practice nourish knowledge sharing. Social capital can be defined as: “the sum of the actual and potential resources embedded within, available through and derived from the network of relationships possessed by an individual or social unit.” by Nahapiet and Ghoshal (1998). Since social capital embeds in Communities of Practice, the activities on Communities of Practice affect the development of social capital and in three dimensions. The three dimensions according to Nahapiet and Ghoshal’s framework are:

1. Structural, it refers to individual relationship and connections with others.
2. Relational, it means mutual reciprocity and trust with the connections.
3. Cognitive, it includes common interest and understanding of issues.

Malhotra (2002) thinks that shared contextual space for emerging relationships, shared values, and skills can sustain knowledge sharing effectively regardless of location and cultural difference. Skyrme(2002) lists the three keys to encourage knowledge sharing in organizations and overcome the barriers:

1. Changing culture, by culture audit, conducting questionnaires, interviews and sessions, to find out the difference between what is desired and what is done; by changing improper behaviors; by involvement that everyone’s knowledge is respected and valued; by giving awards and incentive to good performances.
2. Challenge through cooperation and competition, which means to help each other to share knowledge, while still competing with each other in a healthy

manner, so that people can share knowledge effectively and never become satisfied.

3. Commitment, which builds on the above two. Allow time to let it happen, by individuals through the organization who commit to share knowledge even if it is not part of their daily jobs.

Knowledge is all ending of learning. To manage knowledge, it involves all sorts of learning. As in context with knowledge management, Boist (1985) and Nonaka (1994) suggests a learning cycle in “knowledge space” (Figure 2), it is a further extension of Shukla’s knowledge maturation mode which involves learning process. As Figure 2 shows, Part A and D comprise tacit knowledge. Tacit knowledge can be gained by personals undiffused or shared by socials diffused; and it can be codified and never be codified. Part B and C comprise explicit knowledge.

- a) Explicit knowledge (part B) is created by externalizing tacit knowledge (part A) from individuals to public; the knowledge is codified consciously.
- b) From part B to C, the explicit knowledge starts to spread and become popular with participators;
- c) From part C to D, the explicit knowledge is internalized to tacit knowledge. Never codified knowledge is produced.
- d) From part D to A, tacit knowledge is transferred by socialization. Discontinuous learning with social participation.

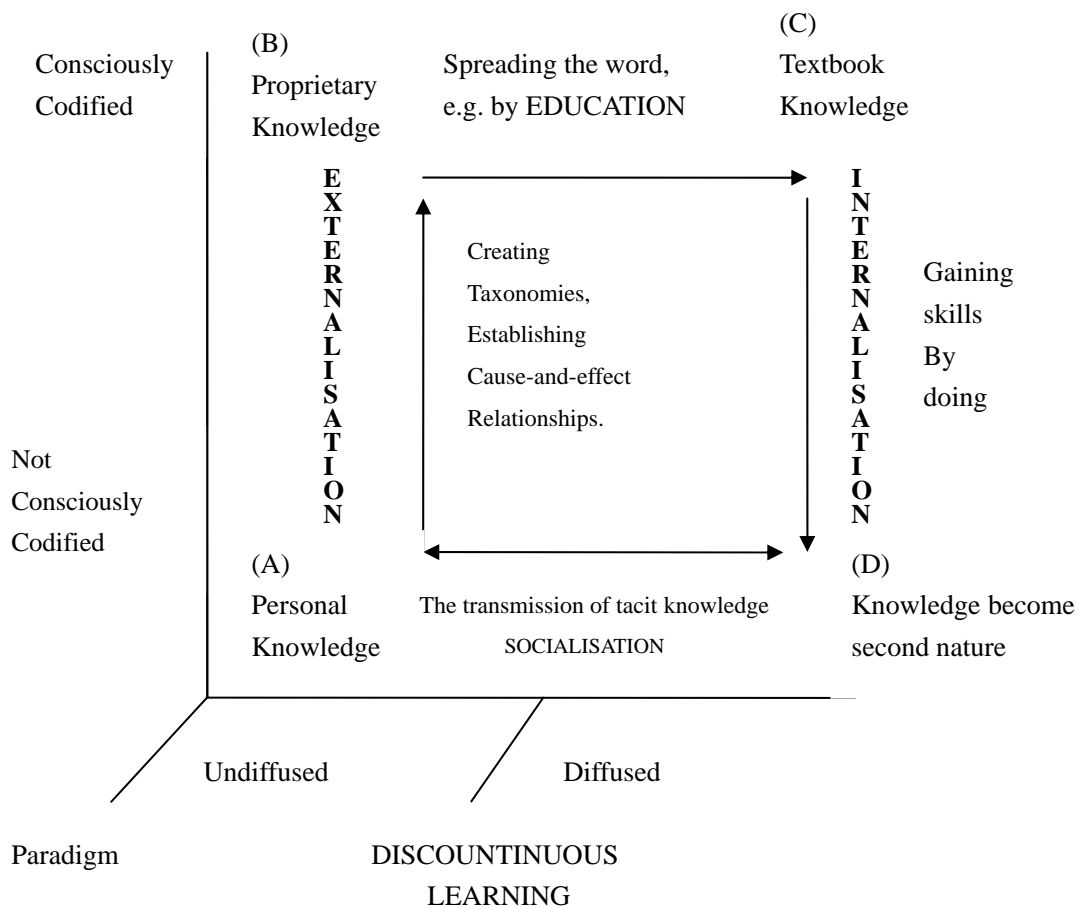


Figure 2 The learning cycle in “knowledge space”
(Boist 1985 & Nonaka 1994)

In this figure, the processes from externalization to education, internalization and socialization are continuous learning; fundamental new ways of doing things are produced by discontinuous learning (Prahalad & Hamel 1996). The outcomes of discontinuous learning usually are never codified intangible knowledge, e.g. they are the changing perception of people which can cause societies/organizations reformation fundamentally. Outcomes of continuous learning are likely the new products/services creation, etc. It is impossible or time consuming to replicate this type of knowledge generated by discontinuous learning. Therefore, discontinuous learning directs future success. To sum all, continuous learning benefits operational efficiency, whereas, discontinuous learning favors fundamental change (Tidd 2006, 47).

There are various types of learning focuses on types of problems, which reflect differently as nature of knowledge, knowing and knower. In Wenger's book (2001, 1-4), he analyzed from the angle of institutions, learning is processed explicitly and it is considered as an individual process. Since the concept of learning in most of us is merely connected with school, and training, we are constrained by learning what we expect to and we understand. When learning in context with business world, Stacey (1993) argues that formal organizations cannot be self-adaptive by definitions, only informal organizations favor discontinuous learning. Wenger (2001, 10) argues: "organizational goals by participating inventively in practice can never be fully captured by institutionalized processes". Thus, he rethinks concepts of learning in a broader and more systematic way, which is learning as a social participation; and which refers to participate in the social practices and create identity in the communities. Wenger's mode of social learning theory shows in Figure 3. They are the necessary components favor the social participation as learning (discontinuous learning) and knowing processes.

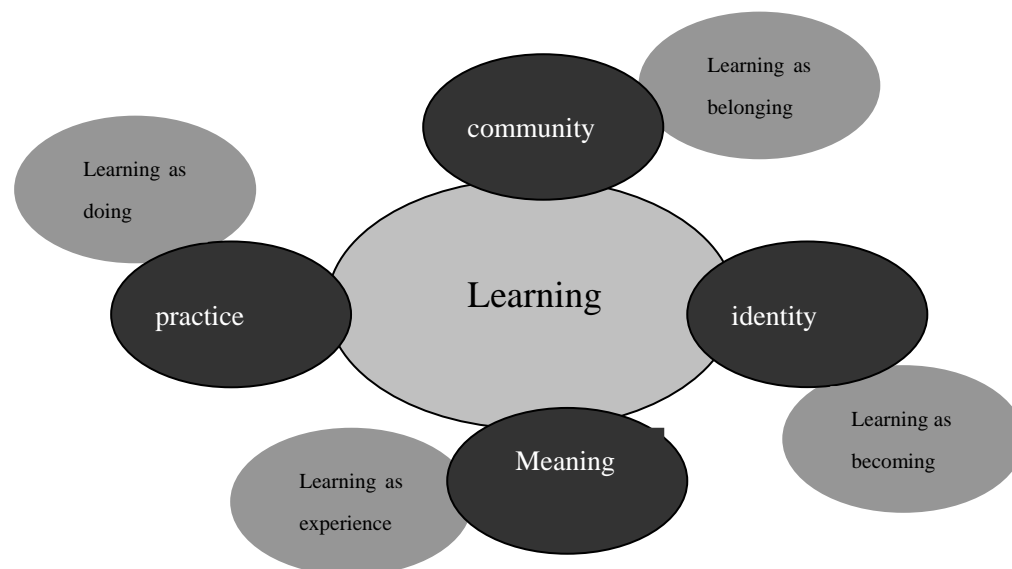


Figure 3 Social learning mode
(Wenger 2006)

- a) Practice as sharing historical and social resources, frameworks, and perspectives to sustain mutual engagement in action
- b) Meaning as experiencing the life and producing meaning both individually and

collectively.

- c) Identity as who we are and become a part of the communities
- d) Community as the social constructions that an enterprise pursues and their participation creates competence (Wenger 2001).

This mode still works even the positions of the characteristics are switched.

2.2.2 Knowledge Sharing& Learning on CoPs

To generate knowledge and build competence by effective Knowledge Management, a knowledge-based organization must be available for developing learning abilities. Large companies usually build learning organizations for nourishing knowledge activities within companies, e.g. Microsoft Company tried to design new management teams that assured individual freedom and supported individual creativity; provided organizational culture for internal sharing of experience and skills, enhanced individual and collective knowledge sharing by processes synergy (Fernandez, Segura, Salmeron & Moreno 2006). For Small and Medium size entrepreneurs who can process knowledge activities across boundaries and geographic diversity, Communities of practice appear to be compatible and more effective with knowledge management than other organizations.

“Communities of practice are groups of people who share a passion for something that they know how to do and who interact regularly to learn how to do it better” defined by Wenger (2002). Communities of practice are showing useful perspective on knowing and learning, and a growing number of people consider it as a key to improve company performance. Wenger (2002) summed up three crucial characteristics that constitute a community of practice on his website:

1. Domain, an identity defined by shared domain of interests;
2. Community, members engaged in activities, interact and learn together;
3. Practice, members are practitioners, and they develop a shared practice: stories,

experience, problem solving, etc.

Apparently, the characteristics of Communities of practice are well fitted into the social learning theory as informal learning organizations. They develop practices through a variety of activities, such as sharing information, experience, reusing assets, create knowledge and identify gap, etc. In addition, Communities of practice can be applied in all sorts of organizations, governments, education and websites; which gain ground as focus for knowledge sharing and learning in many firms, such as in Shell and Nokia companies (Skyrme & Wyllie, 1997).

Communities of Practice are everywhere and integrate with our daily life, which are informal and seldom explicitly focused. When they exist, they may not have a name or issue any member cards, since Communities of Practice can be a café meeting; it can be an organization or networking. Like families who build up their own lifestyle by practices, schedules and conventions; workers cooperate and interact with colleagues for completing projects, which all belong to Communities of Practice. Wenger (2001, 10) mentions: “Information stored in explicit forms is a small part of knowing, and knowing involves primarily active participation in social communities, then the traditional format does not look so productive”. Therefore, the difference between Communities of Practice and other learning organizations is Communities of Practice evolving learning within social context, which can favor learning from broader perspective. The other learning organizations are designed based on designers’ own perceptions and definitions, which constrain and judge them and others.

Moreover, Malhotra (2002) defines that Knowledge Management has dual nature in terms of Knowledge Management by design (corporate intranet, etc) and Knowledge Management by emergence (self-organized, Communities of Practice, etc). He distinguishes that the frontal predicate and preplan for knowledge harvesting and exploring, models are created through integrating data and processes based on engineering excellence; the latter create culture infrastructure for functioning continuous knowledge sharing, renew business modes through contrasting exist business models and sustain core values by interaction based on community. Therefore, the Knowledge Management by emergency is more suitable

for today's environment, such as Communities of Practice.

2.2.3 Knowledge Sharing & Learning on CoPs on Alibaba.com.cn

Alibaba Company has set up two main portals for e-commerce: Alibaba.com and Alibaba.com.cn. Alibaba.com is a global Business to Business (B2B) marketplace for trade among global companies; Alibaba.com.cn is the B2B marketplace which mainly trade between Chinese companies and foreign companies, it gets more and more popular. The mission of the company is providing solutions for business affairs. The headquarters are located in city called Hangzhou, eastern part of China; there are 16 sale and service centers in mainland, and also subsidiaries were started in Hong Kong and US. Till today, the company employs more than 4,400 full time workers, holds more than 800 millions company resources and service spans 220 countries and regions (Alibaba 2007).

The main theme on Alibaba.com.cn are trading leads between Seller and Buyer; besides there are: Join the entrepreneurs, Find partners, Real market, Business news, Businessman, Forum, Blog, Alibaba assistant and related subject matters. For instance, in Business news, there is information about most profitable sectors in China; how to manage online shop and how to find suppliers. There are focuses of businessman today, like market news, management skills, business opportunities and ideas, etc. Data and information is updated properly; effective management by sorting most popular articles and comments. In forums, the communities are distinguished by sectors, functions, interests, etc. They are named as legal communities, administrant communities, and technique communities and so on. All the registered users have right to post articles and comments there, any positive activities are rewarded with fortune points; more points the users get, more chance they get best place to expose their products/ service. The members within communities are motivated by positive attitudes of members, shared interests, and instant courage from community maintainers. The Alibaba Company organizes live shows from the website for members by interviewing successful businessman and tells the stories behind the success. Moreover, there is blog for writing diaries;

members can start blogs by telling their difficulties, business experience and stories. Therefore, many members find suppliers/customers and win trust through getting to know each other by writing blog here. And there are chatting tools supporting voice and writing communication as well.

The website is mean for those Small and Medium-sized enterprises in China who do business and have common interests. In most themes, members share and interact with each other within communities. All the members are practitioners and those who will be practitioners. They share stories, experience and help each other to solve problems together here. Communities on Alibaba.com.cn belong to Communities of Practice based on definitions of the three characteristics of Communities of Practice.

By observing the practice on Communities of Practice on Alibaba.com.cn, there is culture audit happening there, the responsible supervisors keep conducting questionnaires/surveys for finding the needs of users and analyzing insufficiency of service; and interviews and sessions about businessman who are from all sorts of backgrounds are held time to time here. All the members who join the same communities are based on common interests and working sectors. Everyone can get involved in these places, because their knowledge is respected and valued, no matter they are beginners or seniors; awards and incentive are offered to those who help others by giving useful information and solving problems, so the participants are active that they can build mutual reciprocity and trust. These Communities of Practice encourage people to cooperate with each other while to compete in a good manner. Besides, Alibaba.com.cn integrates with “online” communities which sustain active collaborative relationship across boundaries and geographic diversity. Such Communities of Practice create own knowledge sharing culture with tight relationship and member commitments instead of regional and technological difference (Malhotra 2002). These behave shows Communities of Practice on Alibaba.com.cn sustain knowledge sharing based on literature definitions.

“A community of practice exists because it produces a shared practice as members engage in a collective process of learning” and “Practice is about meaning as an

experience of everyday life” as Wenger (2001) said. The communities on Alibaba.com.cn are Communities of Practice; and Communities of Practice are constituted by the identity, community and Practice features. Meaning as experience exist on Communities of Practice on Alibaba.com.cn, it is just like enterprises engage in all sorts of activities that result in progress of business management. The features on Communities of Practice on Alibaba.com.cn well inosculate with Wenger’s social learning theory for knowledge sharing and learning.

Forasmuch, Communities of Practice on Alibaba.com.cn sustain knowledge sharing and learning according theoretical definitions.

2.3 Knowledge Creation

Several months ago, large amounts of children toys were called back by US toy companies, which were returned to Chinese manufacturers. The reason for this action was claimed by media that the materials in the toys were harmful, which made by Chinese manufacturers firstly. For this effect, China had made big effort to investigate the situations. In fact, mostly unqualified parts of the toys were those design problems from US companies. Later on, despite all media had been reclaimed the reasons; however, China side did have problems with painting and related staff. During all the happenings, these cases shocked the whole China and the world. There was one owner of a toy manufacture company, who had been partnership with biggest US toy company Mattel for more than 20 years; because of this event, he had to bear around 30 million dollars’ debt. Finally, he hanged himself in the factory as an end and about 5,000 workers lost their jobs in one night (Xin & Xue 2007). The consequences are caused by lack of knowledge-base resources which are the perception of quality standard by companies in China, e.g. Companies in China should learn a profound lesson by the aftereffects and accelerate knowledge creation.

2.3.1 Intangible Assets

Globalization of the economy, more strong competitors are intensified in the same business sectors and across others. Particularly, in the information booming society, product and sector information can be got accessed easily. Customers are more awaking of products and compare prices with similar ones, which cause the lower price competition among companies. Consequently, all companies try to optimize resources and seek for synergy. The most common phenomenon, world industries are moving towards cheaper labor countries to manufacture products, so as to minimize costs and maximize profits, finally result in competitive price on products and cost control. There were cases without number, much investment were put on R&D to invent products by companies, while the products were launched in the market, similar products were appearing in the markets with lower price soon or even earlier. Then, prior companies were caused to suffer the loss or even be bankruptcy. To the end, no one wins, suppliers are not satisfied with too low margin; companies are losing market share to imitators who offer lower price; imitators are facing other imitators and customers are getting worse quality and similar products (Nationwide Investigation Group Oxford 2006). All the above revealed that low price strategy will not be long run for all the companies. For those companies who are merely competing with prices without unique features in their products/ services. Every part of the companies can be imitated. Thus, it can be seen only intangible assets, such as knowledge inside human, the ability to adaptive and the invisible assets can not be imitated; and it is the best way to differentiate with others and to be competitive for long run.

Intangible assets are defined as invisible, which can not be seen, touched or physically measured; and there are two forms: Legal intangibles such as patents, trademarks, copyrights, etc and competitive ones such as knowledge, know-how, etc (Wikipedia). And intangible assets are resident in unique practice and hard to replicate (Dess, Lumpkin & Eisner 2007, 93). Tidd (2006, 31-32) claimed that intangible assets are characteristics that can not be shown on a balance sheet, but are the source of earning capabilities in a firm. Petty and Guthrie (2000, 161) emphasis that intangible assets are critical for success and competence of most

business today; and manage intangible assets become an important research area.

Intangible assets can not be measured precisely, as it can only be seen in action and performance. For companies themselves, some techniques are used to value intangibles. For instance, use balanced scorecard by measuring customers, internal business process and learning/ growth; calculate intangible value by comparing the company's return on assets (ROA) with published average return on assets for the industry; relative value, such as having 80% of employees involved with the customer in some meaningful way and so on (Montague institute review 1997). Consider all these techniques are rather suitable for large companies which have normative operational systems and processes or for companies to self measure internally. For this research intangible assets are measured by human capital (such as employees' competencies and commitment), external capital (image, customer relations, and other external relationships) and organizational capital (internal processes and management of the company) (Roos et al 1997).

2.3.2 Competitive Advantage

China is considered as one of the most productive manufacture country worldwide with cheap labors advantage. GDP of the country keeps around 10% increasing rate each year, but still, the income of people have not increased that much comparing with GDP. Although the country belongs to one of the largest exporters in the world, it results in import and export imbalance and brings large fortune for factory owners instead of salary improvement of majority employees. That is all because the rapid developing economy of the country is based on man-made pressing down salary, applying of traditional technology and misuse of resource (CHO 2006). Compare with those companies which outsource production to China, which are responsible for product development and holding knowledge-based resources (technique know-how, marketing skills, etc.); China always takes the role of cheap manufacturers as competitive advantage.

Trends are radical and discontinuous changing, which become unpredictable. This turbulence environment is a threat for global companies who can not cope with

the change, as well as opportunity for self-adaptive companies, especially for Small and Medium-sized enterprises to create sustainable competitive advantage for survival and growth. Not long ago, cheap products made from China were claimed by European departments, which have been disordered economy development of western countries. Then EU (European Union) and some international authorities took action by constraining goods importing from China. Quota policy is carried out on certain goods, and some goods are limited to export to EU for protecting EU local market (China News 2007). Global companies have already alertly turned their destination towards other cheap labor countries right away, such as India, Malaysia, etc. And US make dollar depreciation against China RMB, which leads to inflation in China. The price of raw materials are increasing, the profit of Chinese suppliers are squeezed extremely low by global bargainers right now. The phenomenon shows that the products made from China can not be offered at competitive prices any more. China is losing its competitive advantage, without lower price and without high technology; products are neither unique nor better designed quality.

Tidd (2006, 28) claims that: “Any organization which operates in a competitive environment needs a competitive advantage in order to survive and prosper”. The situation just like Japan after the post-War devastation, it started to produce cheap products by cheap labor advantage. In the mid-1960s, inflation increasing forced by US, caused the country losing competitive advantage. Until late mid-1970s, Japan successfully transferred into quality producers and become economic superpower today. Thereof, one critical factor led to the success of Japan, the country invested largely on knowledge-bases accumulation and learning capabilities (Shukla 1997, 13). China lacks knowledge assets. Therefore, Small and Medium-size entrepreneurs in China should focus on sustainable competitive advantage by finding customized ways to increase its knowledge base and learning capabilities.

And review the strategies in the past days, trends were first predicted and then strategies were chosen to fit into companies. Technology was thought the cutting-edge competence. Companies usually patented technology into proprietary knowledge; however, competitive advantage still goes by time.

Based on Porter's theory (1985), general competitive advantage is divided into two types, which are cost leadership and differentiation. And these two were considered as the only competitive advantage in business world for long time. Either applies strategy of cost leadership or differentiation, it was not encouraged to apply both at the same time earlier. However, later on, there were examples of companies who can manage to do both at the same time. However, a practical view was given by Coyne (1986) who argued: "any company making a repeat sale in the competitive market must enjoy an advantage in the eyes of customers who are making the repeat purchases". Thus, he identifies three conditions and only these three conditions which can assure sustainable competitive advantage:

- 1 . Customers must perceive a consistent difference in important attributes between the producer and its competitors;
- 2 . The difference directs consequence on a capability gap between producer and its competitors;
- 3 . Both the difference of important attributes and capability gap can be expected to endure over time (Coyne 1986).

These conditions decide the links that attributes satisfy customers and suppliers' capability directs those attributes; attributes can be quality of the products, image, availability, price, etc. Thus, competitive advantage lies in the application of resource capabilities by suppliers which produce the attributes for customers (Tidd 2006, 30). Coyne suggests four types of resource capabilities as below:

- a) Regulatory (patent, trademarks, etc.),
- b) Positional (such as, reputation),
- c) Functional (specification, etc)
- d) Cultural , Organizational characteristics (adaptive ability, etc), which have been used in analyzing in the role of intangible resources in businesses success

The resources which make sustainable competitive advantage for companies are the path dependent positional capabilities and time-consumed to gain (Tidd 2006, 31)

2.3.3 Intangible Assets Result in Competitive Advantage

In Tidd's (2006, 35-36) book, he introduces the technique to analysis intangibles assets. It is based on the strengths on main product/delivery system attributes and the intangible assets which produce them. Tide places the resource which may produces the attributes in the frame of capabilities which result in competitive advantage based on Coyne's theory:

1. The regulatory capability.
 - a) Tangible, on balance sheet, assets.
 - b) Intangible. off balance sheets, assets (patens, licenses, trademarks, contract and protectable data)

2. The positional capability. With a high path dependency.
 - a) Reputation of company.
 - b) Reputation of product.
 - c) Corporate networks.
 - d) Personal networks
 - e) Unprotectable data.
 - f) Distribution network.
 - g) Supply chain network
 - h) Formal and informal opening systems.
 - i) Processes.

3. The functional capability. Resources which are either skills within company, suppliers or distributors.
 - a) Employee know-how and skills in operations, finance, marketing and R&D.
 - b) Supplier know-how
 - c) Distributor know-how.

- d) Professional advisor's expertise.
4. The cultural capability. Organizational characteristics.
- a) Perception of quality standard.
 - b) Tradition of customer service.
 - c) Ability to manage change.
 - d) Ability to innovate
 - e) Teamworking ability
 - f) Ability to develop staff, suppliers and distributors.
 - g) Automatic response mechanisms.

Following with the example table 2 as below, this shows the relationship between attributes and resource capabilities. And each resource generates each attribute. The resources in the matrix are either by companies themselves or combination with others (Tidd 2006, 36). The relationship shows that intangible assets are producing the attributes and the attributes lead to competitive advantage. Thus, intangible assets result in competitive advantage. Companies can identify the strategic competence according to the matrix of attributes and resource.

Table 2. The matrix of attributes and resources (Tidd 2006, 36)

The resources which produce, or do not produce, the key attributes.				
Key products/ Delivery Attributes	Regulatory Capability	Positional Capability	Functional Capability	Cultural Capability
Strength				
1. e.g. availability		Value chain Configuration	Forecasting skills	High perception Of quality
2. e.g. quality				
3. e.g. specification	Patent “abc”		Technology “xyz”	
Etc.				
Weakness				
1.				
2.				
Summary of the key resources				

3 METHODOLOGY

3.1 Research Approach

This study concentrates on research knowledge management activities for Small and Medium-sized enterprises. As most of knowledge management activities have been done in developed countries and those efforts are focus on how to build learning organizations within companies, which are suitable for large companies. Rare attention was paid and consideration was made to the capabilities of Small and Medium-sized enterprises.

Although there are tailored knowledge management systems are made to Small and Medium-sized enterprises, which can only operate in developed countries which can provide perfect infrastructures and policies. Those experts in this field usually suggest the strategies that are need support from governments and based on the favor conditions. Such as, governments issue policies and financial support for building learning organizations and offer incentives for Small and Medium-sized enterprises. Yet, there are no such unified infrastructures, policies and incentives serving for Small and Medium-sized enterprises in developing countries. So Small and Medium-sized enterprises has to survive depends on themselves. Therefore, this research is very important for helping people to understand Knowledge Management situations of Small and Medium-sized enterprises in developing countries and finding them the effective knowledge management places. Since knowledge times come, knowledge-based competition concerns more on human capabilities than single technique development, which makes everyone stand in the same line and get an equal chance to compete. The knowledge management and creation can accelerate economy development of developing countries.

This research examined the knowledge creation situation and knowledge activities in one of the developing countries; try to find a better way to effectively manage knowledge for Small and Medium-sized enterprises in those countries.

China as one of the developing countries, which become one of the most popular trade partners worldwide. To sustain prosperous of business trade, China starves for much improvement about knowledge to satisfy demands of partners and reach the international standards. Thus, China will be the representative country in this research.

Moreover, researches are done on building learning organizations for managing knowledge within companies in some countries, so as to accumulate knowledge creation. However, due to the formal learning organizations are limit to nourish tacit Knowledge. Since explicit knowledge is only a small part of knowledge and knowing, tacit knowledge which takes up the rest. Therefore, there is necessary to explore more effective knowledge creation places.

Thus, Communities of Practice concept emerges from world by its capability of effective creating tacit knowledge. Communities of Practice are the places where information, knowledge and experience are shared, new knowledge is developed and transformed and absorbed (Malhotra 2002) .Many companies try to build Communities of Practice within their organizations today. Whereas, the Communities of Practice that satisfy the effective knowledge processes, which are not capable of being built merely by technology support. By the reason of human factors are needed mostly, which cause merely few companies successful creating them.

However, recent years, much attention and research have been put on designing Communities of Practice within companies from many countries, such as Singapore, Netherland, etc. And all the researches focus on that knowledge creation by Communities of Practice within organization, or combination with partners.

Consider the special situation in China which is organizational diversity. Companies in China are organized thread and thrum. Even Learning Communities/organizations built by large companies in China who have physical capitals may not be able to sustain continuous knowledge sharing and learning

activities, due to limit understanding about knowledge. Certainly, it is extremely difficult for Small and Medium-sized enterprises in China to build learning facilities within companies because of lack both physical capital and knowledge. And there is furious competition phenomenon among colleagues which are negative concepts about knowledge sharing of employees and loose culture within companies.

Own to the nature of Communities of Practice, they can be everywhere; and they can be the places where Small and Medium-sized enterprises share and learning knowledge effectively in China which are informal, inexpensive and best in context with online. For such kinds of online Communities of Practice often evolve common knowledge sharing cultures, that are more related to collaborative and tight relationships than regional and technological differences. In this thesis, Small and Medium size entrepreneurs in China are the targets in the research. And Alibaba.com.cn was built for Small and Medium-sized enterprises, and it serves as one of the most popular trade portals for Small and Medium-sized enterprises in China right now. Eventually, this research selected up online Communities of Practice on Alibaba.com.cn in China as the case study.

There is little contribution about Knowledge Management systems for Small and Medium-sized enterprises in China. This study aims to look for the Knowledge Management phenomenon in China, and researches the knowledge creation for Small and Medium-sized enterprises by knowledge sharing and learning on Communities of Practice on Alibaba.com.cn. And the implications of this research will guide Small and Medium-sized enterprises in China with better solutions for knowledge creation.

The hypothesis of the research is: Knowledge sharing & learning create human capital, external capital and organizational capital.

Due to intangibles nature of the topic and its complexity, there is no definite answer to the research questions. This research applied qualitative method by message board interview. The questions test whether knowledge sharing and learning result in intangible assets, check whether these intangible assets fit into the

four capabilities to produce competitive advantage and analyze the durability of competitive advantage which are produced by these intangible assets

3.2 Research Method

The research method is that I involved as a member of Communities of Practice on Alibaba.com.cn, to check policies and knowledge sharing and learning environment, and then interview the other members. The questions were put on help message board, since this tool can distribute messages fast, widely and the closest way to reach targets; then messages were sent to mailbox of the chosen targets, for example, those who belong to same sectors/communities, they would be noticed by the message at the same time. Besides, the messages are posted on the community forum as well for writing replies. If the message receivers interest in the topic, they can go there check and reply.

The purpose of this research was to aim at Small and Medium-size entrepreneurs azonic, due to the questions can only be sent to one sector/ community per time. Therefore, the questions were sent to targets across sectors randomly by several times. The members can use the help message board sending messages only 5 times maximum per day, the research took several days to collect data. The preconditions for joining the survey are noted in the message, which are for Small and Medium-sized enterprises which own less than 2,000 employees, revenue less than 3 billions RMB and total capital under 4 billions RMB; and the members must have already involved knowledge sharing and learning within the communities on Alibaba.com.cn.

To avoid targets join the interviews for the purpose of advertising their companies and products. The questions did not require details about the company name, brand, etc. Merely distinguish the interviewee by industrial sectors and job positions.

Qualitative interview can get creative answers, explore more deep levels. However,

for those targets that have experience with the knowledge management process but not experts and have no clear concepts about intangible assets, the methods may limit the results by lack of expression. Thus, there is necessary to seek for more details. After the first round research, the answers would be analyzed how much the targets understand about the intangible assets properly. If they understand them faintly, the opinions about what they gain from knowledge sharing and learning might be partial or can not even be expressed out. Thus, there is need to carry out second round research, to guide targets with the available intangible assets by multi-choice questions.

To track the knowledge creation and point them out, a second round research was carried out. The second round research was conducted in the form of a multiple-choice questionnaire. The questions were made by listing all sorts of intangible assets in a random order. The questionnaire was made by online survey software first and then it was distributed to the targets. The questionnaires were sent to the fourteen interviewees as private messages this time. A response was received from all the fourteen interviewees.

In this research, all the questions were formed in English first, and then they were translated from English to Chinese. After targets answered the questions, then they were translated back to English. The error of translation was tried to be reduced maximally.

The research questions of two round researches are shown in Appendix 1 and 2, the replies of the first round questions are listed in Appendix 2, and the table of the results of multiple-choice survey was put in Appendix 3.

4 RESULTS & DISCUSSION

In the first round research, there were 15 replies to the questions; among the answers, one reply was removed since it did not satisfy the preconditions. The rest of the replies met the research conditions.

To sum up the data, the replies of question one and two show that the targets are working in different sectors, different positions and departments within the companies. The keywords for understanding the concepts of intangible assets by the targets: sustainable, potential capabilities, invisibles, important, future development, creative capabilities, relationship, human resource, and base for intangible assets. The keywords for the question what the targets have gained through knowledge sharing and learning on Communities of Practice on Alibaba.com.cn: skills, friends, trust, adaptive, company gets known by others, new things, new customers, experience, information, networks, avoiding mistakes, knowledge, motivation, honest feeling, ideas, customer resource, self understanding, need and deep level things.

In the results of the first round research, the opinions about what are intangible assets by the targets are varying, some of them understood the concepts correctly and the others understood them partially. The replies for the question whether they have harvest through knowledge sharing and learning were positive, but the descriptions are simple and short. Considering the situations, it was possible that they did not have enough time to answer the questions in detail, or they could not express themselves in words. However, the results reveal that the targets from different sectors all have knowledge creation by participating knowledge sharing and learning on Communities of Practice on Alibaba.com.cm.

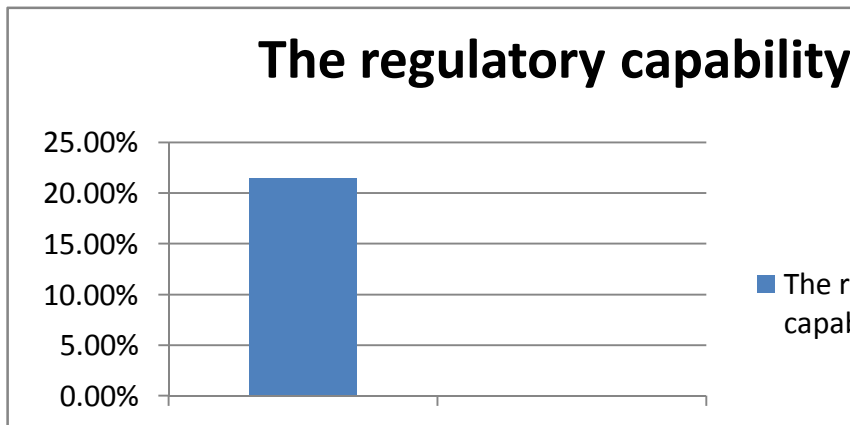


Figure 4 The regulatory capability

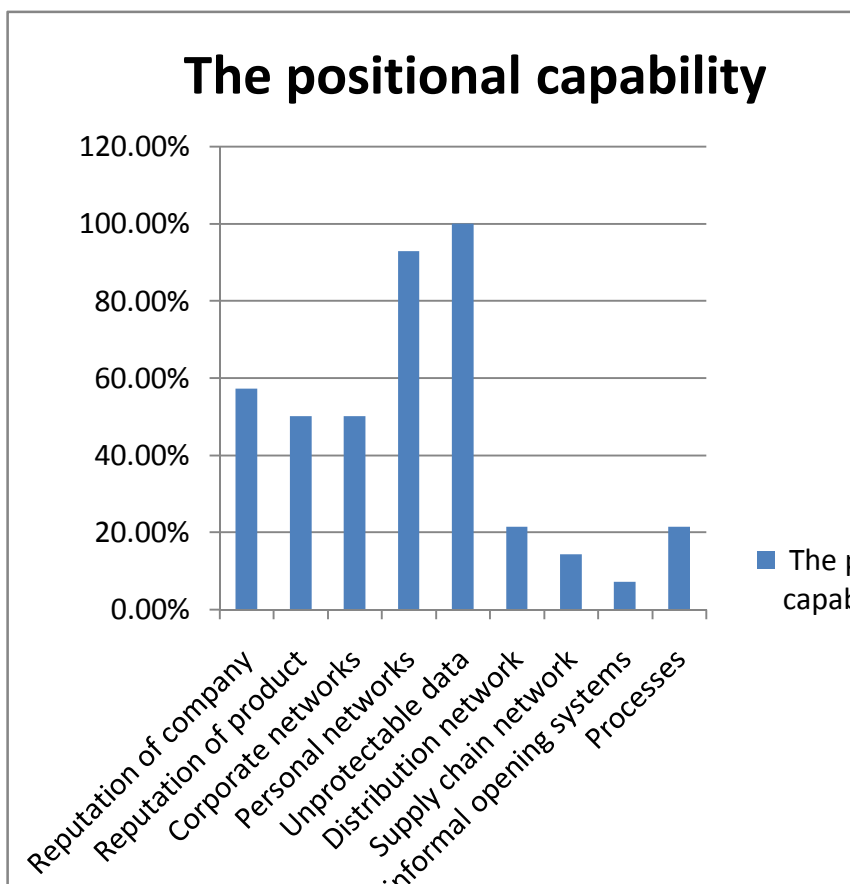


Figure 5 The positional capability

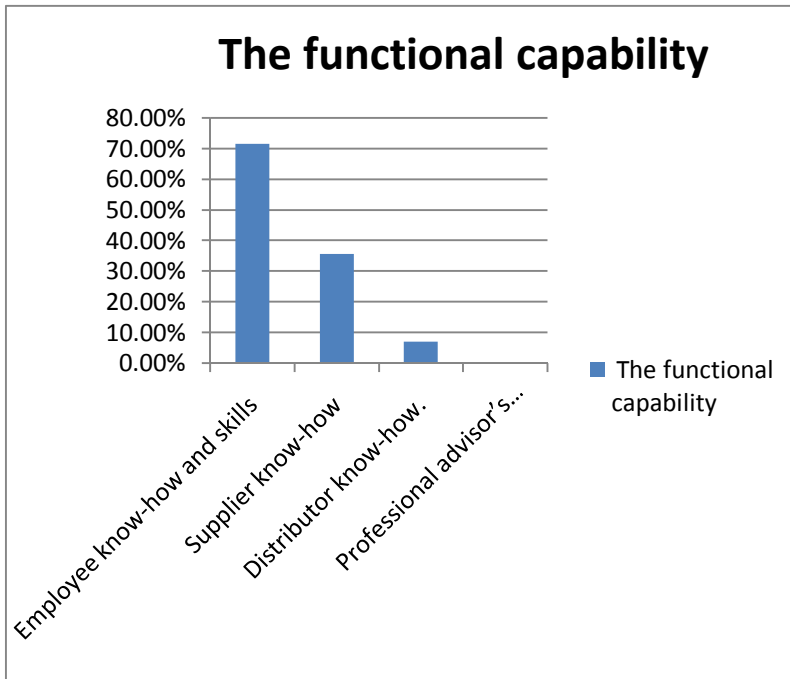


Figure 6 The functional capability

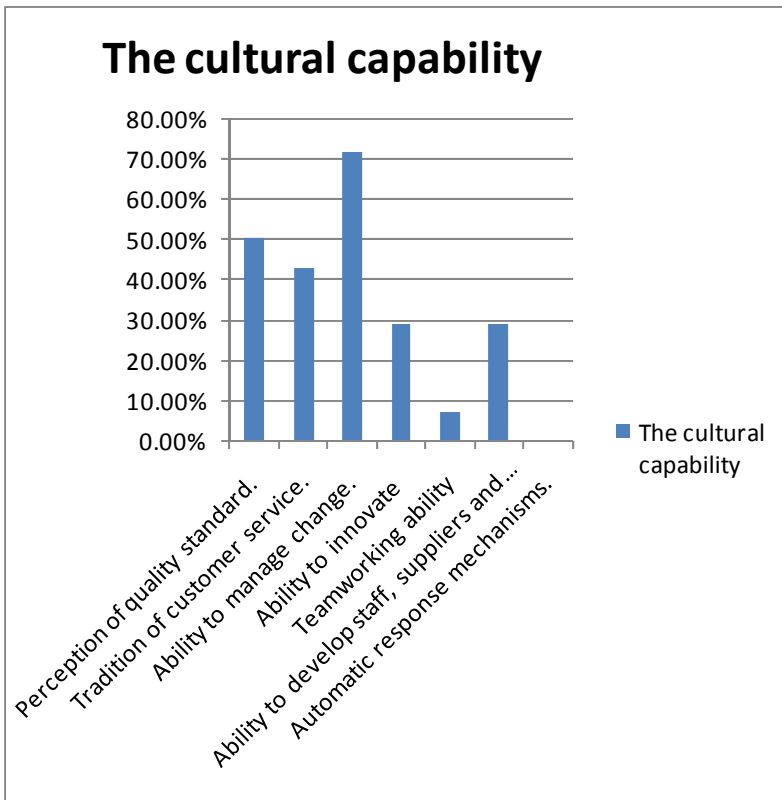


Figure 7 The cultural capability

The results generated from data in appendix 3, as figures 4,5,6,7 shows above. Among the voted resources, such as reputation of Company with 57.1%, reputation of product with 50.0% and so on are popularly voted by members, which belong to positional capabilities. Employee know-how and skills in operations finance, marketing and R&D was voted with 74.1% which belong to functional capabilities; perception of quality standard with 50% and so on, which belong to cultural capabilities. All these are intangible assets, many of them are voted above 50%. In conclusion, there are large amounts of knowledge creation on Communities of Practice on Alibaba.com.cn. The outcome of knowledge creation shows that many intangible assets are created through knowledge sharing and learning on Communities of Practice by Small and Medium-sized enterprises. And these intangible assets were voted with high percentage which proves they are acquired popularly. Based on the theories from Porter (1985) and Tidd (2006), the intangible assets are strategic assets that build competitive advantage for companies. Thus, knowledge creation by Small and Medium-sized enterprises on Communities of Practice builds competitive advantage for them. In addition, such as reputation of company and product, corporate and personal networks and unprotectable data are high path dependent intangible assets which can produce sustainable competitive advantage for Small and Medium-sized enterprises.

The validation of hypothesis in this research could guide Chinese Small and Medium-sized enterprises a direction for their future development. The research helps Small and Medium-sized enterprises in China which depend on cheap labor advantage, to re-define their competitive advantage and re-create strategies for the business. This study corrects perceptions of Small and Medium-size entrepreneurs who think only land and money, these physical capitals can bring wealth and competence to their companies; analyzes situations, environment and trend of intangible assets in the future; as well as, denies the thinking that intangible assets

can not be gained without larger numbers of tangible assets by exploring knowledge processing activities by Small and Medium-size entrepreneurs on Communities of Practice on Alibaba.com.cn. The results show that Small and Medium-size entrepreneurs can build competitive advantage and sustainable one though knowledge management on exist and informal Communities of Practice.

About the limitation of this research, it merely searched a small corner of knowledge management. The whole theory was based on ideal situations. The research took stance from the knowledge sharing and learning environment within Communities of Practice point of view. Whether knowledge sharing and learning create knowledge, it can affected by the environment as well as limited by the learning individuals, their learning capabilities; even the environment is perfect, if the members learning ability is low, the learning results will be affected directly. Another limitation is that the members there are not familiar with the academic concepts of related topic. Therefore, the performance of showing their ideas is constrained even they are experiencing the things. Whereas, the second round research was carried out, try to reduce the bias.

However, this research is just the first step to bring attention to the phenomenon of knowledge processing activities on Communities of Practice by Small and Medium-sized enterprises in China. And the research gives out a new perception for Chinese Small and Medium-sized enterprises to accept and understand; Also the information for outsiders to know the way that Small and Medium-sized enterprises manage knowledge in China. Further exploration was expected. Since, the intangible resources are gained by Chinese Small and Medium-sized enterprises from knowledge sharing and learning activities on Communities of Practice in China, there is necessary to research from different angle to provide more evidence. Such as analyze from learning capabilities aspects and do research further. And

later, research can be carried out on how to protect, sustain, enhance and measure intangible assets in future for Small and Medium-sized enterprises in China. There is a demand to explore and research more for these kinds of effective Communities of Practice for Small and Medium-sized enterprises in China as well.

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APPENDIX 1

The first round research questions as below:

Preconditions for qualified targets:

- a) Small and Medium-sized enterprises which own less than 2,000 employees, revenue less than 3 billions RMB and total capital under 4 billions RMB;
 - b) For who must have already involved knowledge sharing and learning within the communities on Alibaba.com.cn.
- 1 . What sector does your company from? Offering Products/service?
 - 2 . What is your position in your company?(such as owner, management, production, etc)
 - 3 . How do you understand intangible assets?
 4. What do you learn from knowledge sharing& learning here? (Such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

APPENDIX 2

Questionnaire:

Based on what you have mentioned, rethink them in details, do they belong to these as below?

- Tangible, on balance sheet, assets (machinery, revenue, etc)
- Intangible, off balance sheets, assets (such as patents, licenses, trademarks, contract and protectable data, etc)
- Reputation of company (Companies get known by other related suppliers, distributors and customers, etc)
- Reputation of product (Products get well known by direct and indirect customers or end users, etc)
- Corporate networks (increase networks with suppliers, partners, distributors, and customers domestic or abroad)
- Personal networks (make friends and they may be potential customers or who can bring benefit for your company directly and indirectly; build trust, etc.)
- Unprotectable data (information about market situation, price changing of raw materials, data about competitors' achievement, etc)
- Distribution network (find distributor for your products, and increase more distributor resources, etc)
- Supply chain network (find products/service suppliers, manufacturers, etc)
- Formal and informal operating systems (knowledge about improving operational systems, etc)
- Processes (optimize operational process, management process, so than are better than competitors, etc)
- Employee know-how and skills in operations finance, marketing and R&D. (increase operational skills, financial management skills, marketing skills and professional skills of individuals/teams in research areas).
- Supplier know-how (increase knowledge/individuals or teams about how to

find suppliers, how to coordinate with suppliers, how to develop more supplier resource, etc)

Distributor know-how (increase knowledge of individuals/teams about how to distribute products/services, how to choose the right distributor as partners, etc)

Professional advisor's expertise (increase expertise of individuals/teams in handling legal, marketing, financial, IT staff, etc)

Perception of quality standard (increase knowledge about identify quality levels, quality control and the international quality standard for your products/services, etc)

Tradition of customer service (improves in service quality and standards, or service innovation, etc)

Ability to manage change (become adaptive to environment change, such as policies updating in the countries where the customer from, change price levels of raw materials, human resource reformation, etc)

Ability to innovate (gain ideas and knowledge about how to innovate your company products, services, operational process, management and strategies, etc)

Teamworking ability (increase understanding about behaviors and psychology of colleagues, partners, leaders and underling and know how to deal with relationship, etc)

Ability to develop staff, suppliers and distributors (increase knowledge about rule, train and explore staff, capable of finding more suppliers and distributors and deal with relationship with them, etc)

Automatic response mechanisms (know about automatic response mechanisms; start to apply these systems, etc)

APPENDIX 3

Sample results

● Sample 1

1. What does your company do? Offering Products/service?

“Our company import Australian wools, car cushion, carpets, etc. we offer product.

2. What is your position in your company? (such as owner, management, production, etc)

“I am from sale department. I am the only sale person in my company.”

3. How do you understand intangible assets?

“I think intangible assets are sustainable.”

4. What do you learn from knowledge sharing& learning here? (such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“I am a junior in the company, from knowledge sharing& learning on Communities of Practice here, I have learned new skills and get to know business friends.”

● Sample 2

1. What does your company do? Offering Products/service?

“My company offers both products and service.”

2. What is your position in your company? (Such as owner, management, production, etc)

“I am responsible for sale and operation in my company”

3. How do you understand intangible assets?

“They are your potential capabilities.”

4. What do you learn from knowledge sharing& learning here? (such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“We build relationship and trust through knowledge sharing and learning here.”

● **Sample 3**

1. What does your company do? Offering Products/service?

“We are wholesaler who exported 100% pure wool scarf.”

2. What is your position in your company?(such as owner, management, production, etc)

“I am from sale department.”

3. How do you understand intangible assets?

“I think intangible assets are invisible and abstract.”

4. What do you learn from knowledge sharing& learning here? (such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“I become capable of adaptive to changing environment from knowledge learning here, while by sharing my experience and stories, which make my company well know by others and help people avoid mistakes as well.”

● **Sample 4**

1. What does your company do? Offering Products/service?

“I am from CNC fabrication sector, offer processing service.”

2. What is your position in your company?(such as owner, management, production, etc)

“I am the owner of the company.”

3. How do you understand intangible assets?

“Intangible assets are important than tangible ones.”

4. What do you learn from knowledge sharing& learning here? (Such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“Through knowledge sharing and learning here on Communities of Practice, I have got to know many things that I have never known earlier, and I make lots of friends here across many sectors, some of them have already become customers today”

● **Sample 5**

1. What does your company do? Offering Products/service?

“I am from lighting sector, we offer products.”

2. What is your position in your company? (such as owner, management, production, etc)

“I am from purchasing department.”

3. How do you understand intangible assets?

“I think intangible assets are very important.”

4. What do you learn from knowledge sharing& learning here? (such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“I have learned lots of experience here, make lots of friends.”

● **Sample 6**

1. What does your company do? Offering Products/service?

“I am from consumption products sector; we offer both products and service.”

2. What is your position in your company?(such as owner, management, production, etc)

“I am from purchasing department.”

3. How do you understand intangible assets?

“I think intangible assets are important than tangible assets.”

4. What do you learn from knowledge sharing& learning here? (such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“I can get more information here.”

● **Sample 7**

1. What does your company do? Offering Products/service?

“We are producing gate in and out control systems by face identity, offer both products and service.

2. What is your position in your company?(such as owner, management, production, etc)

“I am the shareholder and general manager as well in the company.”

3. How do you understand intangible assets?

“I think intangible assets are image for internal company, include good company culture and management styles, it drives the future development.”

4. What do you learn from knowledge sharing& learning here? (Such as the skills to be adaptive, find suppliers which you can not find earlier, get good

reputation about your company, etc)

“I have gained information here, have made friends with people, and have learned some experience.”

● **Sample 8**

1. What does your company do? Offering Products/service?

“Our company produces metal arts and crafts, such as cuff buttons, bottle openers, etc.”

2. What is your position in your company? (Such as owner, management, production, etc)

“I am a sale manager in the company.”

3. How do you understand intangible assets?

“For example, the creative ability of the employees in the company belongs to intangible assets, the intangibles assets can transfer tangibles one, which contribute to companies.”

4. What do you learn from knowledge sharing& learning here? (such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“I make friends and build networks here, find business friends.”

● **Sample 9**

1. What does your company do? Offering Products/service?

“We are sale agency, offer sale service.”

2. What is your position in your company?(such as owner, management, production, etc)

“I am the owner of the company, I work for myself.”

3. How do you understand intangible assets?

“I think intangible assets are important, but I think I must have enough tangible assets first.”

4. What do you learn from knowledge sharing& learning here? (such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“I have learned other’s experience; I can avoid mistakes; I become adaptive.”

● **Sample 10**

1. What does your company do? Offering Products/service?

“I am doing e-commerce by direct sale mode.”

2. What is your position in your company? (Such as owner, management, production, etc)

“I work for myself.”

3. How do you understand intangible assets?

Blank

4. What do you learn from knowledge sharing& learning here? (Such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“I have learned lots of knowledge about networks, and I get motivated about what I do by others encourage here. We build trust, I feel honest.

● **Sample 11**

1. What does your company do? Offering Products/service?

“We are from service sector.”

2. What is your position in your company?(such as owner, management, production, etc)

“I am the owner of my business.”

3. How do you understand intangible assets?

“Intangible assets are one of the most important foundations; it takes up to 50% of companies.”

4. What do you learn from knowledge sharing& learning here? (Such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“I have learned other experience and stories; I have got ideas from them. Through sharing here, make my business known to others. I also gain lots of useful important information.”

● **Sample 12**

1. What does your company do? Offering Products/service?

“We are from toy sector, we produce toys.”

2. What is your position in your company?(such as owner, management, production, etc)

“I am from sale department.”

3. How do you understand intangible assets?

“I think intangibles assets are sale relationship, government relationship, famous people relationship, networks, etc and neither of them can be lack. Of course, the owner and employees are intangible assets as well.”

4. What do you learn from knowledge sharing& learning here? (such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“I have learned and gained lots of staff here, include customer resources, etc.

● **Sample 13.**

1. What does your company do? Offering Products/service?

“We are doing e-commerce.”

2. What is your position in your company?(such as owner, management, production, etc)

Blank

3. How do you understand intangible assets?

“I think intangible assets are those things can not be seen always.”

4. What do you learn from knowledge sharing& learning here? (such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“From knowledge sharing and here, make me understand myself more and my company situations, know what we need.”

● **Sample 14**

1. What does your company do? Offering Products/service?

“We are from restaurant sector, offer service.”

2. What is your position in your company?(such as owner, management, production, etc)

“I am a department manager.”

3. How do you understand intangible assets?

“Good results from tangible assets are based on good management concept from intangible assets.”

4. What do you learn from knowledge sharing& learning here? (such as the skills to be adaptive, find suppliers which you can not find earlier, get good reputation about your company, etc)

“Too many things, just can not tell by one time, we have share and learn more deep level things here from all aspects, and make friends.”

APPENDIX 4

knowledge creation	Response percentage	Response count
Tangibles, on balance sheet, assets	21.40%	3
Intangible. off balance sheets, assets	0.00%	0
Reputation of company	57.10%	8
Reputation of product	50.00%	7
Corporate networks	50.00%	7
Personal networks	92.90%	13
Unprotectable data	100.00%	14
Distribution network	21.40%	3
Supply chain network	14.30%	2
Formal and informal opening systems	7.10%	1
Processes	21.40%	3
Employee know-how and skills in operations, finance, marketing and R&D	71.40%	10
Supplier know-how	35.70%	5
Distributor know-how	7.10%	1
Professional adviser's expertise	0%	0
Perception of quality standard	50.00%	7
Tradition of customer service	42.90%	6
Ability to manage change	71.40%	10
Ability to innovate	28.60%	4
Teamworking ability	7.10%	1
Ability to develop staff, suppliers and distributors	28.60%	4
Automatic response mechanisms	0.00%	0