

2 Conceptual Framework

This chapter carves out and operationalizes the concepts and theories this study is based upon.¹³³ Chinese employees in the present study are conceptualized as knowledge workers (2.1) rather than as “employees” in order to approach knowledge conflicts from a new angle. While the concept’s central concern is to make the knowledge worker more productive,¹³⁴ it essentially points to the fact that knowledge is crucial not only to the organization but also to the knowledge worker himself. Applying this concept thus is suitable to draw attention to the issue of knowledge property between the two parties.

As the object of the conflicts in FIEs is valuable knowledge, knowledge itself is conceptualized. Considering that the present study takes place within a business environment, knowledge is conceptualized from a business management angle (2.2). In order to understand the role culture actually plays when drawing the boundaries of knowledge, this study’s understanding of culture is further illuminated (2.3). Finally, the concepts and theories are integrated and applied to the present study (2.4).

2.1 Knowledge Worker

Knowledge workers are mostly defined by activity.¹³⁵ In terms of activity, they can be differentiated from manual workers. Although activities of knowledge

133 Note that concepts and theories implicitly reflect the environment and circumstances in which they have been coined. The concepts and theories used currently do not have a specific Chinese counterpart. The existing concepts and theories of Western (North American and European) origin are found suitable. Yet their application to China is not regarded critical as the concepts and theories are in essence relatively open, being comparatively less anchored in the context they have been created in and not severely loaded with contextual assumptions. For an example for a theory being strongly anchored in the context in which it has been created see e.g. Tsui (2012: 41) who regards agency theory as being based on strong assumptions about American culture. In contrast, the latitude of the knowledge worker rather than pursuing specific tasks is one of the concept’s constituting elements. The concept of knowledge is rather abstract than specific by nature and so are the theories relating to culture which are inherently open for cultural differences.

134 See chapter 1.3.

135 In line with Pernicka et al. (2010) and Pyöriä (2005), the author observed that no matter which context or discipline, no straight-forward or unitary definition of the knowledge worker exists

and manual workers often overlap, knowledge workers can be characterized by predominantly being concerned with knowledge.¹³⁶ This is observable by activities such as negotiating, making phone calls, taking notes or calculating.¹³⁷ The common thread in most of the scholarly definitions analyzing activity and what takes the most part of the knowledge worker's daily working time is *communication*.¹³⁸ This thread is also taken up by the present study.

The most striking feature of the knowledge worker in contrast to the manual worker is his *latitude* in determining his tasks and pursuing his work. Tasks are inherently emerging and situations are rather unique, novel, rare, and complex. Only the knowledge worker himself¹³⁹ is able to define what the task is or should be, determine the processes he follows to fulfill the task, and specify the outputs of his work. He thus needs to be able to work autonomously with only scarce interference by his superiors.¹⁴⁰ This entails that a knowledge worker may know the details of his or her area much better than their superior or their employer.¹⁴¹

For autonomously determining and pursuing their work, knowledge workers first and foremost need information. They have to define their individual information need and pursue their own information management. With the growing variety of products and services, more and more information have to be gained externally. Especially if a tailor-made and complex product is to be produced, communication and interaction with the customer is becoming ever more necessary.¹⁴² These developments make gathering information increasingly challenging.

In contrast to the manual worker, who, of course, also needs knowledge for pursuing his work, knowledge has a distinct significance to the knowledge worker. Knowledge is both input and output of his work. Knowledge as input constitutes his means of production and enables him to perform. Not only is certain knowledge required before being able to start work, additional knowledge has to

to date. The concept apparently doesn't fit into a strict and closed definition or categorization. Indeed, it is particularly this indefiniteness which allows for condensing and highlighting existing ideas for particular research purpose as it is done here.

136 North and Guldenberg 2008: 22, Davenport 2005: 10, Machlup 1962: 326.

137 Machlup 1962: 41.

138 Machlup 1962: 326, North and Guldenberg 2008: 22, Davenport 2005: 10-11, Willke 2001: 21.

139 The study refers to both male and female knowledge workers. For the purpose of standardization, the male form is generally used for the first person singular.

140 Davenport 2005: 12-17, North and Guldenberg 2008: 27-30, Alvesson 2004: 1 and 23, Drucker 1999: 142-146.

141 Davenport 2005: 1-4 and 20-21, Drucker 1990: 217, Alvesson 2004: 23.

142 North and Guldenberg 2008: 72, Drucker 1999: 123-125 and 130-132, Adams and Oleksak 2010: 35, Alvesson 2004: 24-25.

be permanently acquired and updated in rapidly changing business environments.¹⁴³

Knowledge has also a distinct significance as output. How the output is evaluated determines the knowledge worker's future career. But the crux is that this output is hardly visible or measurable. Knowledge is produced through communication, and its quality is more important than quantitative concerns. The quality of knowledge can only be measured in a subjective way based on the judgments of persons directly engaged with it, that is, rather by the knowledge worker himself than by his superior.¹⁴⁴

The relationship to the organization is another important point of differentiation from manual workers. The traditional understanding of the relationship between an employee and an organization is a simple vertical one, being strongly informed by hierarchy as expressed by the organization chart. This relationship is generally referred to as employer-employee relationship.¹⁴⁵ This expression strongly relates to the legal agreement between both sides, where their rights and duties are described which can be enforced with the relevant laws. Although still in use, this employer-employee concept rather suits the context of mass production where it has originally been coined.¹⁴⁶

Knowledge work makes an organizational hierarchical structure flexible. It is the task rather than the organization chart or work descriptions that decide which person is in charge, for which period, and for which purpose. Organization structures suitable for knowledge work are informed both by the necessity of command as well as *the logic of the situation*.¹⁴⁷ The organization alone thus cannot determine work structures in a uni-directional way.

A relationship to the organization which is of horizontal rather than vertical nature seems adequate considering that the knowledge worker is an *asset* for the

143 Scholars disagree on the amount of knowledge required beforehand. For Davenport (2005: 12) education plays a leading role in this regard. Knowledge workers must be highly educated or expert, as it would be difficult to perform without a college degree. Drucker (1990: 141 and 146-154) goes even further by stating that the knowledge *required* for a certain job eventually determines whether a job qualifies as knowledge work. For instance, a surgeon although doing mostly manual work requires highly advanced and thorough theoretical knowledge. Machlup (1962: 326) disagrees with the importance Drucker ascribes to the knowledge needed beforehand. Instead, the amount of communication during working life should be the focus of knowledge work (see Joseph 2005: 249). Davenport 2005: 12-13 and 21-22, North and G ldenber  2008: 71-72, Willke 2001: 21-23.

144 North and G ldenber  2008: 139, Drucker 1999: 142, Drucker 1969: 269-270, Davenport 2005: 48-49, Alvesson 2004: 23.

145 This is even more pointedly expressed by the German "Arbeitgeber/Arbeitnehmer" (literally "work provider"/"work taker") terminology.

146 North 2011: 121.

147 Drucker 1969: 271, Alvesson 2004: 23.

organization rather than a cost. Costs need to be controlled and reduced, whereas assets need to be developed. This need shifts the knowledge worker in the position to demand not only the securing of his livelihood, but also the organization's contribution to his development.¹⁴⁸ The future development of knowledge workers therefore always plays at least a latent role during their current work, be it with the current or a future organization.

In contrast to traditional means of production, a certain part of knowledge is essentially "owned" by the knowledge worker alone and not by the organization, simply by being in the employee's head.¹⁴⁹ Knowledge workers thus have significant power to decide to which extent they make use of their knowledge for contributing to the organization's success. As knowledge is their competitive advantage on the labor market, it is viewed as highly valuable property and used carefully. It is generally only shared to the extent that the own position is not threatened. One will be reluctant to share it without being assured that one still has a stake in it while using it within the organization.¹⁵⁰

The "ownership" of knowledge further allows knowledge workers to be mobile. If manual workers have valuable experiences, these are virtually only valuable at the place where they work. Most often, manual workers need the job and the organization much more than the job needs them. In contrast, the own knowledge makes knowledge workers independent from a certain organization.¹⁵¹ As a result of this potential mobility and a generally good labor market, employers are often more dependent on their (non-manual) employees than vice versa.¹⁵² The relationship between knowledge worker and organization is thus increasingly complex. All these idiosyncratic features complicate the setting of the boundaries of knowledge in an organization.

These features also complicate the identification of the amount of knowledge workers in a certain country. While workers have traditionally been identified by the industries in which they work, knowledge workers do not necessarily work in knowledge-intensive industries only. In fact, many knowledge workers are employed by manufacturing enterprises, where they generally carry out tasks not directly related to the manufacturing activity itself.¹⁵³ Instead of industries,

148 Drucker 1969: 135, Drucker 1999: 148 and 163, North and Güldenbergs 2008: 136.

149 Drucker 1999: 159.

150 Davenport 2005: 21-22.

151 North and Güldenbergs 2008: 140, Drucker 1999: 149, Davenport 2005: 12-13, Drucker 1990: 218-219.

152 Davenport 2005: 16, North and Güldenbergs 2008: 140.

153 Machlup (1980: 229) observed that knowledge-intensive industries employ workers of many kinds of occupations, many of which are not knowledge occupations. Likewise, knowledge workers contribute to industries other than knowledge-intensive industries. Davenport (2005: 5-11) confirms that in traditional industries, high proportions of workers in manufacturing

most countries use occupation as a statistical indicator. In Germany, occupations such as engineers, scientists, teachers, consultants, bankers, managers, journalists, doctors, lawyers, and artists among others count as knowledge workers, accounting for approximately one third of total employed persons.¹⁵⁴ The United States employ a similar definition by occupation, whereas the United Kingdom defines knowledge-based jobs according to skills and education figures in terms of college degrees. In contrast, Canada's definition is less strict, including all sorts of managerial, professional, technical workers and even clerks.¹⁵⁵ Still, the identification of knowledge workers by occupation remains arbitrary, making it difficult to specify the exact number of knowledge workers in a particular country.¹⁵⁶ Scholars' opinions also deviate. While most scholars adhere to the more obvious knowledge-intensive occupations,¹⁵⁷ Machlup strongly extends the occupations associated with knowledge work including "the entire body of executive, administrative, supervisory, technical, and *clerical personnel*, from the chairman and president of the firm to the switchboard operator and stock *clerk*"¹⁵⁸. Within existing definitions, the occupation which apparently is most contested is the clerk who is explicitly excluded by some countries or scholars and included by others.¹⁵⁹ When identifying China's knowledge workers below, it will turn out to be most suitable for the present study to use a definition which includes clerks and related workers and to only consider persons with a college degree or above.

2.2 Knowledge

Knowledge is the critical object of this study. Especially in a business context, the knowledge property question easily causes conflicts. Both the employee and the organization have a stake in the knowledge within and surrounding a certain enterprise and workplace. Most severely, knowledge can only hardly be ascribed to an entity, neither to the knowledge worker nor to the organization. This derives from the following properties of knowledge.

firms never touch the manufacturing process, but instead provide knowledge-based services such as marketing, distribution, or customer service. Drucker (1990: 217) estimates that many knowledge workers, maybe even the majority, will continue working in industrial enterprises. Cortada (1998a: xiii) extends this even to agriculture, making the traditional separation between agriculture, industry and services less meaningful for identifying knowledge workers.

154 North and Guldenberg 2008: 9-11.

155 Davenport 2005: 5-7.

156 Davenport 2005: 6-12, Machlup 1980: 229.

157 Davenport 2005: 11-12, North and Guldenberg 2008: 27-28 and 33.

158 Machlup 1962: 41 [emphasis added].

159 Also observed by Davenport (2005: 6) and Cortada (1998a: xiv).

Knowledge can be located on an individual as well as a collective level and is therefore also hard to ascribe to a certain entity. On the one hand, knowledge is constructed by individuals and cannot exist independent of them.¹⁶⁰ On the other hand, the subjective thoughts of an individual can only be considered knowledge if it can be shared with others.¹⁶¹ This dual character of knowledge particularly manifests itself in the organizational context. Whereas the traditional research perspective aggregates individual knowledge to a collective knowledge carrier, modern research advocates that both individual and collective knowledge exist simultaneously and accordingly focuses on the interaction of individual and collective knowledge structures.¹⁶² Knowledge is not static but in a constant flow between these two levels.¹⁶³ What follows is that knowledge can at most *temporarily* reside either at an individual or at a collective level, as it is eventually only of use when flowing between these levels.

The location of knowledge can be further assessed with the intangible capital¹⁶⁴ approach. Intangible capital comprises the *non-physical sources of future economic benefit*, including many items that are important to the creation of future value to an organization but are not generally reported on the balance sheet.¹⁶⁵ The concept of intangible capital has been coined to break down the abstract concept of knowledge into identifiable categories and components. In the present study's empirical investigation as well, the components proved valuable for operationalizing knowledge.

The traditional and most commonly used categories are human, social and structural capital.¹⁶⁶ Human capital is seen as an organization's total workforce and its knowledge about the business.¹⁶⁷ It is embodied in the skills, knowledge, and experience of employees and mostly refers to the tacit knowledge embedded in people's minds.¹⁶⁸ As the potential value of intangibles lies in the eyes of the beholder,¹⁶⁹ it is thus the employee's skills, knowledge and experiences which allow him to identify and unfold the value for the organization.

Social capital is embedded in relationships between people (of the same enterprise or with supplier, customers etc.) as well as in networks being constituted

160 Berger and Luckmann 2007, Knoblauch 2005: 352, Schnettler 2007: 168.

161 Knoblauch 2005: 348.

162 Drepper 2007: 599-602, see Alvesson 2004: 46.

163 Gupta et al. 2008: 3.

164 In the present study, the term "intangible capital" is treated synonymously with "intangible assets" and "intellectual capital", following e.g. Ariely (2008: 2966) and Adams and Oleksak (2010: 39).

165 Hunter 2006: 67, Ostrom and Ahn 2009: 19

166 Reinhardt et al. 2001: 795-796, see e.g. Ariely 2008: 2966, Adams and Oleksak 2010: 49.

167 Reinhardt et al. 2001: 796.

168 Hunter 2006: 67, Edvinsson 2003: 153, Hsu and Mykytyn 2008: 2049.

169 Ariely 2008: 2967-2971.

by relationships of people.¹⁷⁰ The use of social capital can facilitate the achievement of individual aims. Core organizational capabilities can also be developed through cooperating individuals.¹⁷¹

When knowledge is captured by and institutionalized within the organization or otherwise precipitates at the organizational level, structural capital is formed. Structural capital refers to items such as intellectual property,¹⁷² processes, routines, corporate structure, and corporate culture.¹⁷³ It is largely embodied in the organization and rather unlocked from individuals. In case of individuals leaving the organization, structural capital can – in contrast to the other parts of intangible capital – stay with the organization.

The composition of capital as just described is in stark contrast to the industrial era, in which physical assets created most of the value, most of which could be owned and controlled by the enterprise. In the knowledge era, an enterprise not only relies on employees to complete daily work, but employees themselves are a part of the capital, which is needed for identifying and unfolding the value of an enterprise's intangible capital.¹⁷⁴ With increasing competition, it is precisely this interaction between the different components of intangible capital which provides the unique competitive edge. Although some aspects of the organization might be imitated or misappropriated by competitors, the whole system can hardly be duplicated.¹⁷⁵ Even though knowledge can be identified as intangible capital, the ascription of a certain piece of knowledge to either the organization or individuals remains a challenging endeavor.

The form in which knowledge occurs makes it also hard to ascribe it to a certain entity. Knowledge can occur in an explicit, implicit or tacit form. What is referred to as explicit knowledge occurs in a symbolic form of codification, verbalization or documentation. Whereas explicit knowledge can be readily articu-

170 See e.g. Patulny 2009. Social capital is also often referred to as relational or customer capital (Hsu and Mykytyn 2008: 2048, Ariely 2008: 2966, Adams and Oleksak 2010). In this study the term social capital is preferred as it also includes the relationships and networks within an enterprise

171 Reinhardt et al. 2001: 805-806.

172 The part of structural capital – and of intangible capital as a whole – which is easiest to capture is knowledge qualifying as intellectual property. With the explication as a precondition, valuable information can be protected as trade secrets, and patentable knowledge, trademarks and copyrights can be registered with the relevant authority. Patents, trademarks, and copyrights even share a common bond with physical capital, as they assert an ownership right that can be defended against unauthorized use by others. Possession of such property rights provides their owners with a potential form of competitive advantage, which cannot be freely be used by others.

173 Hunter 2006: 67.

174 See also Adams and Oleksak 2010: 46-47, North 2011: 56, Reinhardt et al. 2001: 804-805.

175 Adams and Oleksak 2010: 31 and 46, Reinhardt et al. 2001: 796, see Edvinsson 2003: 153.

lated, other forms of knowledge cannot. The most prominent contribution to these other forms of knowledge is Michael Polanyi's "tacit dimension". The Hungarian polymath's starting point in his book "The Tacit Dimension"¹⁷⁶ is the fact that "we can know more than we can tell"¹⁷⁷. Putting forward the example of face recognition, he asserts that although human beings can recognize a face among plenty of others, they are not able to describe it in a way that other persons are able to easily recognize this person. When focusing too strongly on details, people are not able to see the whole entirety. Only "tacit knowing"¹⁷⁸ allows for shifting the attention from the parts to the whole, which involves recognizing relations between the parts. Likewise, human beings are able to recognize a complex problem by focusing on the relations between single pieces of information rather than on each single piece. They are able to approach the solution by being directed by one's sense of orientation, and to anticipate the still vague implications of one's discovery.¹⁷⁹ Based on indwelling and empathy,¹⁸⁰ tacit knowing can hardly be articulated.

Knowledge management scholars as well as scholars from other disciplines have frequently built on Polanyi for establishing the dualism of explicit and tacit knowledge.¹⁸¹ Scholars apply the terms tacit and implicit interchangeably as they only need a tool for (roughly) analyzing a non-explicit form of knowledge.¹⁸² In

176 Polanyi 1966.

177 Polanyi 1966: 4.

178 Polanyi 1966: 1.

179 Polanyi 1985: 14-30.

180 Polanyi 1985: 24.

181 For Willke (1998: 12-13), the human being must not necessarily know that he possesses this kind of knowledge, and he must not be able to explain how he applies it. Activities such as riding a bicycle, skiing or diagnosing a mechanical problem are rather hard to explain in terms of how they are performed. Note that Willke further describes tacit knowledge as experience, history, practice, and learning "in the sense of know-how" (1998: 13), while Polanyi's (1985: 16) tacit knowing provides the basis for both practical knowledge (knowing how/"Können") and intellectual knowledge (knowing that/"Wissen"). North and Guldenberg (2008: 24) refer to the human being's personal knowledge being based on ideals, values and feelings. Deeply embedded in the individual's actions and experiences, it unconsciously informs subjective insights and intuition. Being stored in human heads it is only very hard to articulate and transfer. These scholars – albeit the latter without citing Polanyi – tie in with Polanyi's "tacit knowing" for establishing a form of knowledge which in contrast to explicit knowledge is hard to articulate.

182 Strikingly, the above mentioned German scholars use the German term "implizites Wissen" [implicit knowledge] instead of the literal translation "stillschweigend wissen" [tacit knowing] (tacit literally is "silent"; from the Latin verb *tacere*, which means to be silent). At first glance, this is not surprising as the translator of Polanyi's book likewise uses "implizites Wissen", without referring to why he considers this the more adequate translation. In fact, however, "implicit" is the antonym of "explicit" and means (in both English (*Webster's Revised Unabridged Dictionary* (1913: 736)) and German (*Duden* (Wermke et al. 2006: 443)) language) being involved or implied, but not being expressly articulated.

contrast, Li and Gao¹⁸³ sharply distinguish between “implicitness” and “tacitness” of knowledge. Implicit knowledge might not be articulated and rests implicit for the organization due to various reasons, including employees not willing or not being motivated to reflect on their work while actually being able to articulate this knowledge. Since the present study pays most attention to knowledge in its non-explicit forms, the three-fold distinction is thus more helpful than the conventional dualism.

Furthermore, knowledge is hard to ascribe to either the (non-manual) employee or the organization, as it is inherently practical and embedded in its context. When information is integrated into a practical context, it is refined through practice and thus knowledge develops. Knowledge itself is practice, and this practice originates in communication and is further reassured by communication. Theoretical and any other abstract knowledge *de facto* does not yet constitute knowledge. Practical knowledge on how to apply theories and abstractions and a context of experiences are what can be considered to be real knowledge. Without the practical context, development or transfer of knowledge would be impossible.¹⁸⁴

Conventional knowledge management approaches do not consider the contextuality of knowledge. Knowledge is rather seen as a *functional resource* with the underlying assumption that knowledge can be instrumentalized and detached from its context.¹⁸⁵ Meanwhile, numerous (knowledge) management scholars cast serious doubts that knowledge can be managed – at least in a simple, direct, rational, hierarchical, or controlling manner.¹⁸⁶ Knowledge in its ambiguity indeed appears hardly to be managed as it often occurs in a tacit and uncoded form, is embodied in individuals to a large extent,¹⁸⁷ takes place inside the individual’s mind¹⁸⁸ and is possessed¹⁸⁹ and owned¹⁹⁰ by individuals in organiza-

183 Li Meng and Gao Fei (2003) take the usage of “tacit” by Nonaka and Takeuchi (1997) as point of departure who developed a famous model according to which “tacit knowledge” can be externalized. Yet Li Meng and Gao Fei argue that the study, which was pursued in the context of Japanese manufacturing enterprises, in fact denotes implicit knowledge, as it can be articulated through proper knowledge management by middle managers. Li and Gao rightly see the reference to Polanyi as inadequate, as Polanyi focuses on hard-to-articulate knowledge.

184 Willke 2007: 28-34.

185 See e.g. Gupta et al. (2008: 3) who define knowledge management as the collection of processes that govern the creation, dissemination, and utilization of knowledge, and Probst et al. (2006) who identify further components of knowledge management, that is, the identification, acquirement, development, sharing, use, and preservation of knowledge. Schilcher 2006: 134-137, Alvesson 2004: 41.

186 See e.g. Reinhardt et al. 2001: 794, Land et al. 2008: 29, Schilcher 2006: 134-137, Alvesson 2004: 166-187, Schanz 2006: 124, Kakabadse et al. 2003: 85, Rooney and Schneider 2005: 33, Ariely 2008: 2969.

187 Ariely 2008: 2968-2969, Schilcher 2006: 134.

188 Gelepithis and Parillon 2008: 1484.

tions. Processes of knowing, learning, and sharing depend to a large extent on the employees' motivation, willingness, and ability and can only be supported by the management of the environment.¹⁹¹ As a matter of fact, only the context of knowledge rather than knowledge itself can be managed. Due to its ambiguous nature, it is generally hard to determine to whom knowledge belongs within an organization.

2.3 Culture

The question of what "culture" is has been put forward and has been answered in endless ways.¹⁹² Within various conceptualizations of culture, the author identified three themes along which culture appears to be usually defined. Accordingly, culture is defined by its spatial unit of reference, by its (im)materiality, as well as by its relation to the human being.

The ascription of a *spatial unit of reference* to culture originates in cultural anthropology of the 19th century. Culture refers to the whole way of life of a collective – an ethnic group, a community, or a nation. It is the "complex whole which includes knowledge, belief, art, moral, law, custom, and any other capabilities and habits acquired by man as *a member of society*".¹⁹³ Accordingly, as a member of society a human being is automatically subject to the influence of the respective culture. This internal homogeneity and seclusion from the outside triggers the impulse to pronounce its uniqueness in comparison to other cultures.¹⁹⁴ Although cultural anthropologists and other (ethnographic) researchers are rather interested in a collective *per se*, they essentially search for its particularities, which are only particularities in comparison to other collectives.

More recently, cultural collectives have mostly been equated with nation states. As the state has come to be understood as being the self-evident and quasi-natural unit of authority, the political boundaries are used to mark every sphere of a society including its culture. Nation states have become "cultural containers",¹⁹⁵ considered homogenous from the inside and different to the outside with cultural differences being mostly derived from the specific historical

189 Ariely 2008: 2969.

190 Ariely 2008: 2969, Adams and Oleksak 2010: 43.

191 Sollberger 2006: 67, Kakabadse et al. 2003: 86, see Rooney and Schneider 2005: 33-34.

192 Thoroughly defining "culture" is particularly necessary, as it is among the words used most frequently in society as well as in social sciences and humanities (Nünning 2009).

193 Famous definition of the cultural anthropologist Edward Burnett Tylor, quoted from Kroeber and Kluckhohn 1952: 81 [emphasis added].

194 See Reckwitz 2004: 5-6.

195 Beck 1998: 13-14.

origins.¹⁹⁶ This territorialization of culture has been reinforced by comparative empirical investigations, which ascribe “cultural dimensions”¹⁹⁷ or “cultural standards”¹⁹⁸ to certain nations, making the cultural differences between nations seemingly measureable and comparable. Locating culture at the level of the nation state easily leads to the use of cultural arguments for the sake of “essentializing differences”¹⁹⁹.

To overcome the territorial ascription of culture and the cultural segregation of nation states, concepts such as inter-, multi-, and transculturality have been created. These, however, are still based on the premise of the nation state and more or less take it as reference point. The same applies to the convergence theory which assumes that national culture will converge into a global culture, diminishing local differences. Others see the global cultural system as *strengthening* differences, albeit providing a global reference system to communicate about the differences.²⁰⁰ In any event, the discourse reflects the ongoing search for a definite spatial unit of reference for culture, that is, global, regional, national, local, including the intercultural communication between or the transcultural transcending of each.

The question of the *(im)materiality* of culture or its “substantialization”²⁰¹ comes to light in various approaches to culture. In the context of the Enlightenment and partly even up to the 20th century, culture was seen as a “material” or “visible” artifact. The bourgeoisie culturally distinguished itself from the gentry and the proletariat, referred to as “high culture” (*Hochkultur*). Similarly, cultural anthropologists, mostly of the 19th and 20th century in their effort to study the whole way of life of a collective, concentrated on artifacts such as laws and customs.²⁰² In the 20th century, culture was regarded as a specialized system of society related to intellectual and “visible” activities such as art, education, and science.²⁰³

A stronger immaterial understanding of culture became prevalent mostly in the second half of the 20th century. Culture was viewed as a mentality, a readable text, a nexus of meanings or values and norms, a symbolic code,²⁰⁴ or the “col-

196 Beck 1998.

197 Hofstede 1984, Hall 1989, Trompenaars and Hampden-Turner 1997, House et al. 2004.

198 Thomas 2005.

199 Beck 1998: 54.

200 Beck 1998: 59-60 (referring to the American cultural anthropologist Richard Wilk).

201 Hörning and Reuter 2004: 9.

202 See e.g. the definition of the cultural anthropologist Tylor, quoted from Kroeber and Kluckhohn 1952: 81.

203 Reckwitz 2004: 4-6.

204 Hörning and Reuter 2004: 9-10, Hörning 2004: 139-141.

lective programming of the mind”²⁰⁵. The cultural anthropologist Clifford Geertz, for instance, defined culture as a system of symbols and meaning, as “webs of significance he [man] himself has spun”²⁰⁶, and man being “an animal suspended in those webs”²⁰⁷. This shift triggered more attention to culture as an invisible category, and loaded with this meaning culture spread across many disciplines.

A connecting thread within conceptualizations until recently – and most obvious in the latter approach – is that culture is mostly defined as a rather fixed, abstract and generalized²⁰⁸ whole or system, operating detached from human beings and determining their behavior. These culture-as-system approaches²⁰⁹ largely neglect that culture only exists in *relation to the human being*. More often than not it is far from clear if norms and rules *indeed* prove relevant for an actor, how they influence actions, and what the preconditions for such an influence are.²¹⁰ Indeed, the most apparent flaw of culture conceptualized in this rather abstract way is the neglect of how culture is actually connected to human beings and vice versa.

For an elaboration on this link it proves useful to draw on social theory, and, more concretely, on practice theories. Practice theories seek to overcome the dualisms in social theory, such as individual and society, action and structure, subjectivism and objectivism. Although no unitary and coherent theoretical approach to practices exists,²¹¹ the hitherto existing practice accounts provide useful and complementary ideas about the nature of practices in social life, and accordingly how the link of the individual and the social can be established. In the following, the link is established by alluding to the most relevant practice accounts of the sociologists Bourdieu and Giddens as well as to Schatzki’s more philosophically informed account on social practice.

For Bourdieu²¹², the link between the individual and the social is basically what he refers to as “habitus”²¹³ – a system of permanent dispositions inculcated in early childhood by the group of society (e.g. class) the individual has been born into. Although every individual has made his own experiences in the past, individuals from a specific group are *more likely* to have faced similar situations

205 Hofstede 1984: 82.

206 Geertz 2008: 31.

207 Geertz 2008: 31.

208 Reckwitz 2010: 189.

209 Sewell 2008.

210 Hörning 2004: 143.

211 Schatzki 1996: 11-12 and 2001: 2.

212 See Bourdieu 1977: esp. 15-23 and 78-95, Bourdieu 1987: esp. chapter 3 and 5, Bourdieu 1994: esp. 15-51.

213 Bourdieu 1977: 17.

or circumstances compared to individuals from other groups. The subjective past experiences form an “immanent law”²¹⁴, which constantly functions as a matrix for perception and judgment of present experiences. Instead of “mechanically”²¹⁵ acting according to a fixed set of objective and explicit rules, however, it allows the individual to strategically cope with an infinite number of situations and fulfill an infinite number of different tasks. The individual (consciously) decides how to (re)act in a specific situation within the (unconscious) range of the historically and socially conditioned possibilities and limitations. The habitus tries to reproduce structures in order to ensure the practice’s inherent logic and consistency or their “practical sense”²¹⁶.

In Giddens’²¹⁷ theory of structuration, the individual is conceptualized as a reflective and knowledgeable actor, whose actions are informed by his discursive and practical consciousness. While discursive consciousness involves the ability to consciously reflect upon actions, practical consciousness refers to (tacitly but not unconsciously) knowing the rules and tactics of practical conduct. This practical knowledge leads to routines which invoke the formation of structures. These again affect actors via their “positioning”²¹⁸ in time and space. At the same time, actors are positioned in daily life, in their life spans, and in institutional time, as well as in multiple social relations with the respective identities ascribed to them. Social practices are “ordered through time and space”²¹⁹. As actors move through time and space, starting with their practical day-to-day routine, they reproduce and transform the structures. The greater the distance of time and space of social systems, the more resistant social structures prove to be against the transformation by an actor.

While Bourdieu and Giddens posit that both the individual and the social are the result of practices, Schatzki²²⁰ develops an account of practice which – on the basis of Wittgenstein’s works – furthers existing accounts by paying substantial attention to practices *per se*. He defines a practice as “a temporally unfolding and spatially dispersed nexus of doings and sayings”²²¹. The attributes of “doings” and “sayings” are expressions of the human body. Doings and sayings constitute a nexus, also described with “context” or – even in Schatzki’s English language work – best expressed with the German word “Zusammenhang”. Prac-

214 Bourdieu 1987: 111.

215 Bourdieu 1987: 287.

216 Bourdieu 1994: 45.

217 Giddens 1984: esp. 41-92.

218 Giddens 1984: 84.

219 Giddens 1984: 2.

220 Schatzki 1996: esp. 88-110.

221 Schatzki 1996: 89.

tices can be categorized as “dispersed”²²² among different sectors and situations of social life, such as describing, reporting, and following rules. A second category of practices is “integrative”²²³, which, in contrast, relates to particular domains of social life, such as business practices, industrial practices, and teaching practices. Armed with these links between the individual and the social, it is possible to further query into how “culture” is related to human beings.

Hitherto, only the contours of a praxeological theory of culture exist.²²⁴ The most comprehensive approach is Hörning’s culture-as-practice approach²²⁵, on which this study is largely based, while also drawing on the above mentioned practice accounts.²²⁶ In Hörning’s approach, culture is understood as a *resource* of the human being taking the form of knowledge. Essentially it is knowledge about the social world, allowing for *orientation* in social life.

Hörning refers to cultural knowledge in its explicit and implicit form. *Explicit cultural knowledge* is most similar to the notion of culture-as-system.²²⁷ It includes general and apparent cultural knowledge, or Bourdieu’s “system of dispositions”²²⁸, such as rules and norms or symbols and meanings either existing in written form or being regularly articulated. These rather stable knowledge stocks function as cognitive background knowledge or previous knowledge, providing the human being with a framework of possibilities and limitations.²²⁹

Yet in modern pluralized and complex societies explicit knowledge stocks cannot be thought of as homogenous, orderly and straightforward “systems” anymore. With ongoing differentiation of society, cultural knowledge stocks become more and more disordered and fairly ambiguous. Rules and norms “inculcated”²³⁰ in childhood cannot serve as clear-cut instructions guiding the actions of an individual, assisting in clearly separating right from wrong. They become less influential compared to norms or rules of professional life or the other manifold practical contexts the human being becomes continuously entan-

222 Schatzki 1996: 91.

223 Schatzki 1996: 98.

224 E.g. Reckwitz 2004: 18.

225 Hörning 2004.

226 Within Chinese academia, merely practice theories as such appear to have been analyzed in Chinese academia to date (see e.g. Xiao Junming 1996). The culture-as-practice approach neither has been reflected upon nor used for empirical research. The author’s search on Aug 6, 2013, with the search function in the China Academic Journal Database yielded ten articles with the keyword “文化” [culture] and the keyword “实践理论” [practice theory] both in the article title. Yet none of them proved relevant considering the culture-as-practice approach.

227 See also Sewell (2008) who posits that a culture-as-practice approach does not necessarily exclude a culture-as-system approach, but can complement it in a dialectical way.

228 Bourdieu 1977: 85.

229 Raphael 2004: 269.

230 Bourdieu 1977: 15.

gled in during his life.²³¹ In fact, concrete actions often do *not* resort to official codes or explicit norms. And even if actions conform to these codes and norms, it is still open to question if they *de facto* informed the actual behavior.²³²

Due to this reasoning, Hörning proposes to consider *implicit cultural knowledge*. These are more practical norms in the sense of know-how.²³³ This know-how allows to cope with practical situations by providing criteria on how to act; it judges which (re)action is adequate in a certain concrete situation. It thus consists of common criteria which develop when people act together, providing the human being with his rather subtle competencies and strategies. This kind of cultural knowledge exists mainly within practices, but, in the sense of Giddens' "discursive consciousness"²³⁴, can without much effort be reflected upon and made explicit. Yet there is usually no need and no occasion to consciously reflect upon it in depth and externalize it within daily life.

For the purpose of this study, Hörning's understanding of culture as a "two-sided repertoire"²³⁵ is (re-)constructed as a three-fold cultural resource, which more sharply distinguishes between cultural knowledge in its explicit²³⁶, implicit, and tacit²³⁷ form, with the latter being informed by Polanyi's "tacit knowing"²³⁸. Tacit cultural knowledge provides even less discursive criteria for the judgment of adequacy of social actions. Individuals act in an intuitive way following their instinct and senses. Intuition does not originate – as colloquially referred to – "by the seat of one's pants"²³⁹, but from an unconscious combination of facts that have been formerly absorbed from the environment. Corresponding to Bourdieu's "forgetting of history"²⁴⁰, historical and social facts are absorbed in such a self-evident way that there is no necessity to consciously reflect upon them. Through tacit knowledge the individual is provided with the tactfulness and

231 While Bourdieu in his former research puts weight on disposition from early childhood, he later pays more attention to other fields, such as professional life (Raphael 2004: 271). Hörning (2004: 149) also emphasizes the multiple practical contexts building up the cultural repertoire.

232 Hörning 2004: 147 and 150.

233 See Hörning 2004: 148.

234 Giddens 1984: 41.

235 Hörning 2004: 145.

236 In contrast, Hörning (2004: 149) also extends his explicit rules to what is generally not known explicitly but can be made explicit. In this study, this cultural knowledge is put into the category of implicit knowledge.

237 Like many German knowledge management scholars (see chapter 2.2), Hörning (2004), while referring to Polanyi's "tacit knowing" and using "implizit" in his German account, does not distinguish between implicitness and tacitness.

238 See also chapter 2.2.

239 The German equivalent of this idiom "aus dem Bauch heraus" – literally "out of the stomach" – even more pointedly brings forward the general view according to which this kind of knowledge virtually arises from the individual instead of being informed by the social.

240 Bourdieu 1977: 78.

timing which he needs in practices.²⁴¹ In line with Schatzki's "understanding"²⁴² of what to say and what to do, tacit cultural knowledge connects doings and sayings into practices. Thereby, practices are inhabited by Bourdieu's "practical sense"²⁴³, which is an inner logic of practices existing only within practices. Tacit cultural knowledge can thus hardly be shifted to a discursive level. Alluding to Giddens' "practical consciousness"²⁴⁴, tacit knowing does not happen on a totally unconscious but on a reflexive level. In order to make practices work coherently in the complex social world, tacit knowledge intends to stay tacit, functioning as an underlying rationale for behavior. Interestingly, it is basically tacit knowledge as the most unarticulated kind of cultural knowledge which preserves the social order.

All three kinds of cultural knowledge constantly interact, and – eventually – only this interaction can picture the complex reality. Bourdieu's²⁴⁵ empirical research in the traditional French Province of Béarn provides a fertile example for the interaction and necessity of all kinds of cultural knowledge. At a discursive level, every child has the right to inherit a part of the family property. On a practical level, however, lots of subtle strategies of the parents, which primarily result in the eldest son solely receiving the property, prevent the family property of being split among all children, and hence, serve the tacit rationale of protecting the family property. This kind of tacit exploitation of the younger children, however, is only part of the big picture, as at the discursive level, younger children exhibit a sense of duty and feelings for their parents, rationalizing the situation for themselves. As such, considering only one level (which is most often done with the discursive level) would show only a certain part of reality.

Still, such seemingly stable cultural practices as observed in Béarn must not necessarily persist in that way for a long time. Practices consist of both a routine and an innovative character. The routine character – in Giddens' sense –²⁴⁶ refers to the repetitiveness of activities which provides a sense of trust and ontological security in daily life. Yet Hörning asserts that the repetition of a past action is never the same, metaphorically alluding to Heraclitus' saying "you cannot step twice into the same river".²⁴⁷ To cope with the contingencies of daily life, practices also productively set change in motion and allow for the continuation of the familiar in a (slightly) new way. Accordingly, practices are also innovative and creative. With implicit and tacit knowledge they judge the adequacy of (past)

241 Hörning 2004: 146.

242 Schatzki 1996: 89.

243 Bourdieu 1994: 45.

244 Giddens 1984: 41.

245 Bourdieu 1987: 264-287.

246 Giddens 1984: xxiii.

247 Hörning 2004: 144.

rules for a certain (present) situation and creatively adapt these rules. Thereby, they even have the power to transform the explicit cultural knowledge. As such, practices are a continuous mixture of routine and innovation, every action both reproduces and transforms.²⁴⁸ Only with this flexibility culture can serve as an adequate orientation in the complex social life.

As can be seen from the above analysis, the culture-as-practice approach is *not* so much focused on the *spatial unit of reference* of culture and does not primarily ask how specific, different, or alien a certain culture of a certain nation or group in comparison to other nations or groups is. This focus is usually applied in the culture-as-system approach, where the degree to which systems are different is both the starting point of cultural analysis and the determinant of the relevance of the “system” for a certain nation or group. Instead, within the culture-as-practice approach culture is not regarded as fruitful for explaining local phenomena merely on the precondition that it is significantly different from other “cultural containers”. Rather, the research interest focuses on how culture actually matters in social life, and how it can provide orientation.

Albeit being less tied to a certain clearly defined spatial unit of reference, the spatial dimension is yet not to be neglected. The body is certainly needed to exert physical and mental processes. Body and mind thus have a natural spatial dimension.²⁴⁹ Human beings in contemporary societies are “positioned”²⁵⁰ within a widening range of “fields”²⁵¹, such as home, workplace, nation-state, and the worldwide systems at a certain point in time. These provide human beings with a range of the historically and socially conditioned possibilities and limitations. All human beings move in situated contexts limiting the knowledge they have of other contexts which they do not directly experience.²⁵² Practices can transcend “the local” and “the global” and are independent of national or other boundaries being socially ascribed to certain groups.²⁵³

As a matter of fact, implicit and tacit cultural knowledge mostly constitute culture. The conventional explicit cultural knowledge usually ascribed to certain phenomena can but do not have to inform the people involved. Only as far as implicit and tacit cultural knowledge take hold of explicit cultural knowledge, it is of relevance within daily life at all. Simply put, culture in this study is the

248 Hörning 2004: 145-149.

249 Reckwitz 2010: 190. This logic can be extended to the cyber-spatial dimension, where a human being can likewise only be active within a limited number of domains.

250 Giddens 1984: 83.

251 Raphael 2004: 271.

252 Giddens 1984: 91.

253 See Bourdieu 1977: 4-15 and 1987: 180-204 and 1994: 19, see Giddens 1984: 111, see Schatzki 1996: 91.

spatiotemporal interaction of explicit, implicit, and tacit cultural knowledge within practices.

2.4 Application to the Present Study

In FIEs in China, Chinese employees are often found to leak knowledge externally and to not share knowledge internally, both to an extent being clearly regarded as detrimental to the enterprise's interests. This situation entails significant conflicts over knowledge between the FIE and Chinese employees.

In light of the frequent occurrence of knowledge conflicts, Chinese employees can be assumed to not arbitrarily decide how to draw the boundaries of valuable knowledge but to be informed by overarching criteria beyond the individual. These criteria are usually approached from the angle of culture. As culture – in its most basic sense – informs the behavior of a group of individuals from a higher level, taking up this thread seems intuitive.

Hitherto, knowledge conflicts appear to be usually explained with “Chinese culture” at a *national* level, informed by Chinese philosophy or similar reference systems. In the sense of “culture-as-system”, cultural norms and values are seen as determining the behavior of Chinese employees in FIEs. Being clearly ascribed to China as a spatial unit of reference, it is often assumed that everyone being born and raised in the Chinese national context has “automatically” internalized these cultural meaning systems. Yet such inferences to what is conventionally regarded as “Chinese culture” appear to be hardly able to explain the knowledge conflicts in a convincing way.

What is missing within these approaches is the link between the individual and the social. It is still unclear whether “Chinese culture” as conventionally defined indeed informs Chinese employees' knowledge interactions in FIEs. In the spirit of the discipline of cultural sociology, which aims to highlight the social unconsciousness, the task of this research is to bring the rather unconscious and subtle cultural knowledge to light which indeed prompts Chinese employees to handle knowledge in such a controversial way.

This cultural knowledge is assumed to provide employees with an orientation for their actions. In this respect, it is fundamentally different from what is referred to as valuable knowledge above. Whereas valuable knowledge always denotes a property relation to a certain entity (the organization or the employee or both), cultural knowledge is not the property of anyone, but provides *orientation* on how to determine the relation of valuable knowledge to an entity. Hence, cultural knowledge in this study is seen as a resource which provides orientation for drawing the boundaries of valuable knowledge between Chinese employees and their FIE.

In reform-era China, where tremendous changes in the economic and social sphere are under way, orientation is especially needed. This orientation needs to go beyond conventional conceptualizations of “Chinese culture”, which treat culture as a homogenous construct and ascribe it to China as a fixed and abstract spatial unit of reference. In the process of reform and opening up, Chinese stocks of explicit cultural knowledge have become more varied and multifaceted and cannot provide orientation in a straightforward way anymore. Conventional concepts of “Chinese culture” now seem hardly applicable in the different spheres of social life.

Especially in the sphere of knowledge interactions in FIEs, explicit cultural knowledge stocks might not provide straightforward and sufficient orientation for Chinese employees. Supposedly, Chinese employees have latitude in doing their work as it is typical for knowledge workers. Especially since FIEs are generally less familiar with the Chinese market, control by foreign superiors cannot strongly be exercised. Chinese employees might hence find themselves in an intermediary role, having considerable latitude externally since only they can pursue exchange with the external business environment. Which part of knowledge exactly is exchanged with the outside as well as which part of knowledge accumulated from the external environment is shared within the FIE is all to be decided by the individual employee.

In contrast to manual workers, who are guided by explicit rules as orientation, Chinese employees in their role as mediating knowledge workers might rather be exposed to implicit and tacit cultures for orientation in daily work. Their work appears to be less structured with a lower degree of routine. Rather, flexible implicit and tacit cultural knowledge provides them with subtle competences and an intuitive underlying rationale of how to behave within knowledge interactions. Explicit cultural knowledge stocks are drawn upon only when deemed adequate. Eventually, the interaction of all three kinds of cultural knowledge within practices might show how Chinese employees in FIEs draw the boundaries of knowledge.

Although these implicit and tacit forms of culture cannot be clearly demarcated into spatial units of reference, they all interact in a certain space at a certain point in time. The non-manual Chinese employee in a FIE in his role as a knowledge worker and intermediary is at least positioned in the following contexts: the Chinese national context, the Chinese economy and society, the industrial sector of his FIE, and the FIE. Through this positioning he is exposed to the explicit, implicit, and tacit cultural knowledge of several contexts.

Although Chinese and German employees are both positioned in the same FIE in China, contexts overlap only to a limited extent. Most significantly, German employees naturally enter China at a later age than Chinese employees. The

implicit and tacit cultural knowledge, which mainly informs the actual behavior, can hardly be understood in advance by consulting written accounts. When German employees enter the Chinese context, the context of the Chinese manufacturing sector, as well as in the context of in the FIE, they are exposed to different kinds of cultural knowledge which they can only get in touch with when being physically positioned in the relevant contexts. These different contexts the employees have become entangled in might well contribute to explaining how Sino-German knowledge conflicts are caused and how they can be solved eventually.

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Wang, C.

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