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Intellectual Capital for
Communities
In the Knowledge Economy

Knowledge collaboration in digital spaces: the case of a UK / China project

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The Study Motivation

- **Innovation**
 - **A pre-requisite for global competitiveness**
 - **A means to recover from economic recession**
 - **More likely to emerge from networks rather than single organizations**
 - **More likely to be found through engagements in emerging markets**
- **How to tap into these new resources?**
 - **Partnering**
 - **Investing in long-term relationships**
 - **Developing mutual cultural understanding**

The Study Domain

- **Software and Services outsourcing (SSO)**
 - **A truly intangible industry**
 - **Includes:**
 - **Software development/maintenance**
 - **IT-enabled business processes**
 - **Infrastructure support**
- **Highly profitable ~ \$US 758 billion in 2011**
- **Globally distributed work**
 - **> 100 countries offering services**
 - **Temporal, spatial and cultural challenges**
 - **Knowledge creation/sharing challenges**

The Study Company

- **VancelInfo Technologies (now Pactera)**
 - Major player in SSO market in China
 - First to be listed on NYSE in 2007
 - Consistently ranked within the top 10 SSOs in China
 - 16,000 staff at time of study
 - With 2012 merger now 24,000
- The case study company had these selected attributes:
 - A number of long-term collaborative projects with clients including some located in the EU/UK
 - Several examples of innovative products/services relating to the collaborative projects/partnerships
 - Work on these collaborations took place in a distributed manner, i.e. across time, space and cultures
 - The company had developed practices to effectively manage inter-cultural collaboration

Understanding the Case

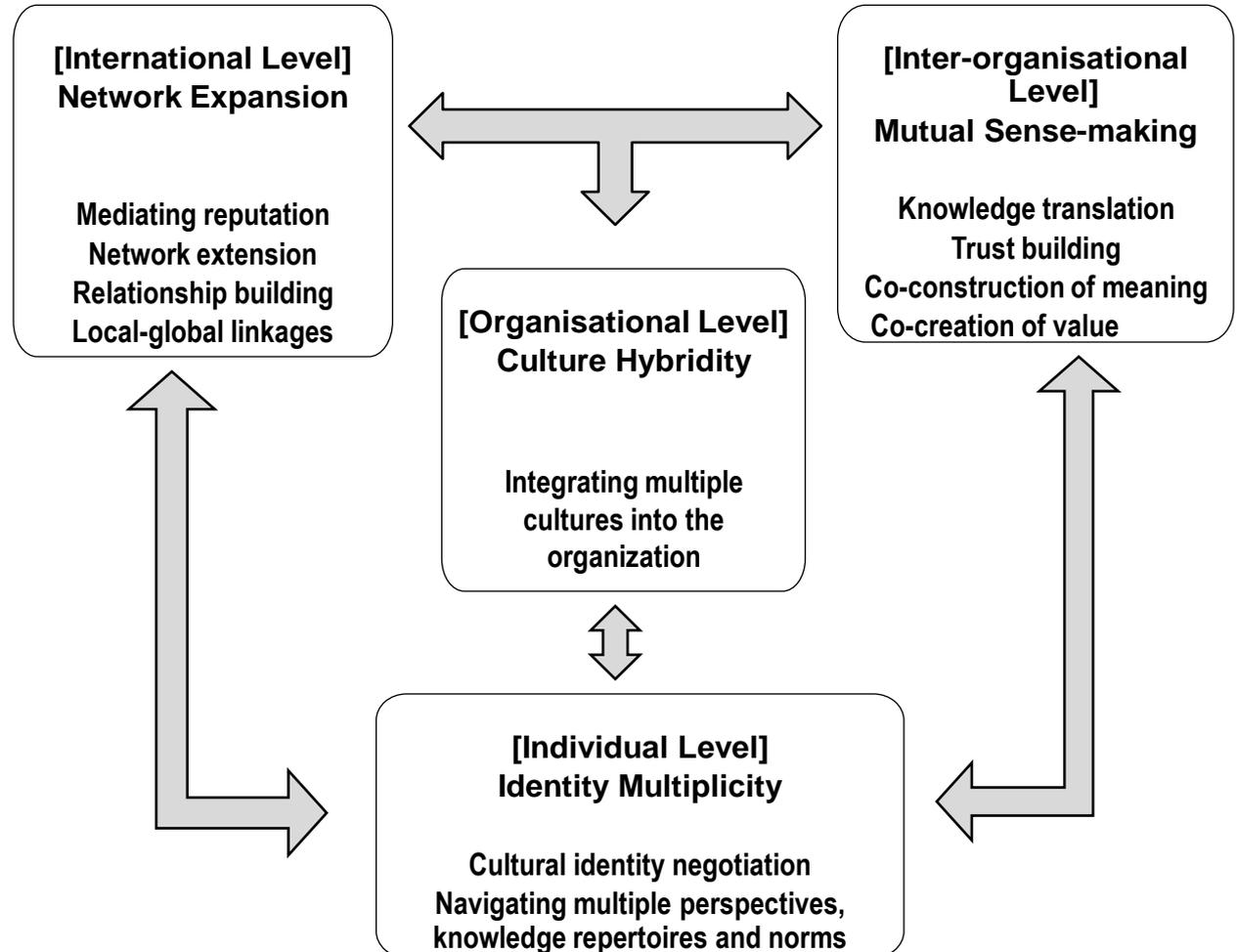
- **Collaborative innovation (across distributed value chains)**
 - **Premise 1: mature client-vendor relationships exhibit “partnering” behaviour, i.e. strategic alignment of objectives for mutual benefit**
 - **Premise 2: mature client-vendor relationships can accommodate the working environments for innovation to occur**
 - **Case Study Evidence: MSN app for the iPad project at VancelInfo demonstrated high levels of organizational learning through:**
 - **Encouraging a hybrid organizational culture and participatory team culture**
 - **Using extensive communication methods**
 - **Developing knowledge sharing techniques and learning by doing**

Understanding the Case

Applying the creolization framework

Case Study Evidence:

- VancelInfo extends its global and local networks and creates synergistic interlinkages
- VancelInfo assimilates foreign contextual knowledge to provide product/service value
- VancelInfo creates a strongly hybrid organizational culture aligned to the client
- VancelInfo’s recruitment strategy favours multiculturalism and diversity

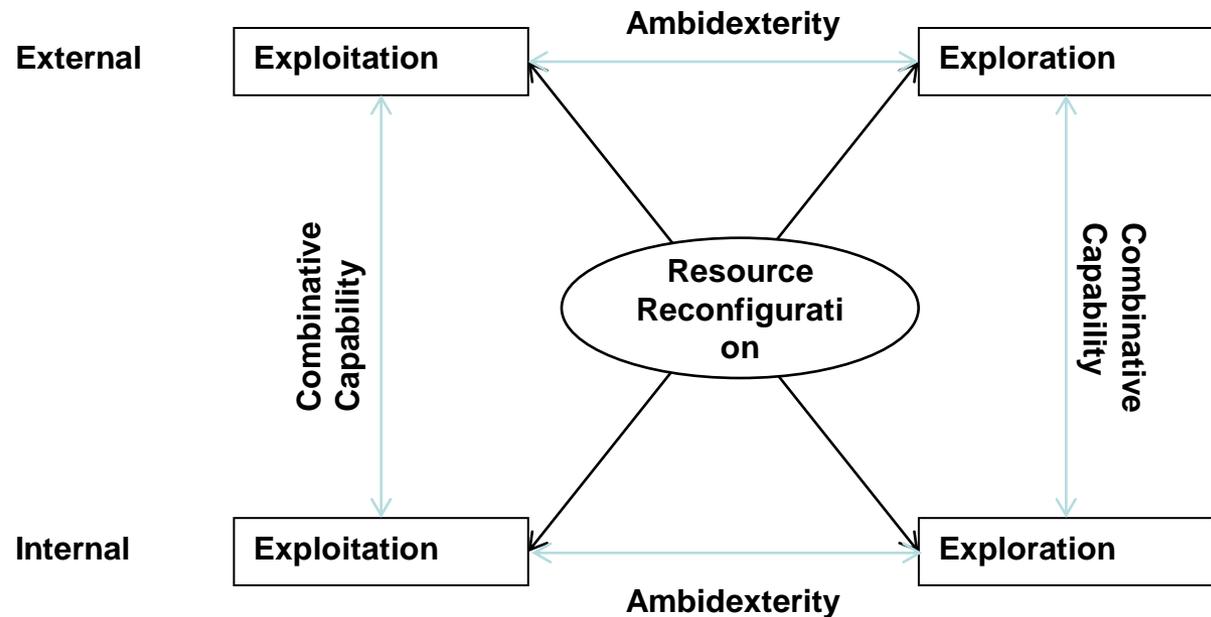


Understanding the Case

Case Study Evidence:

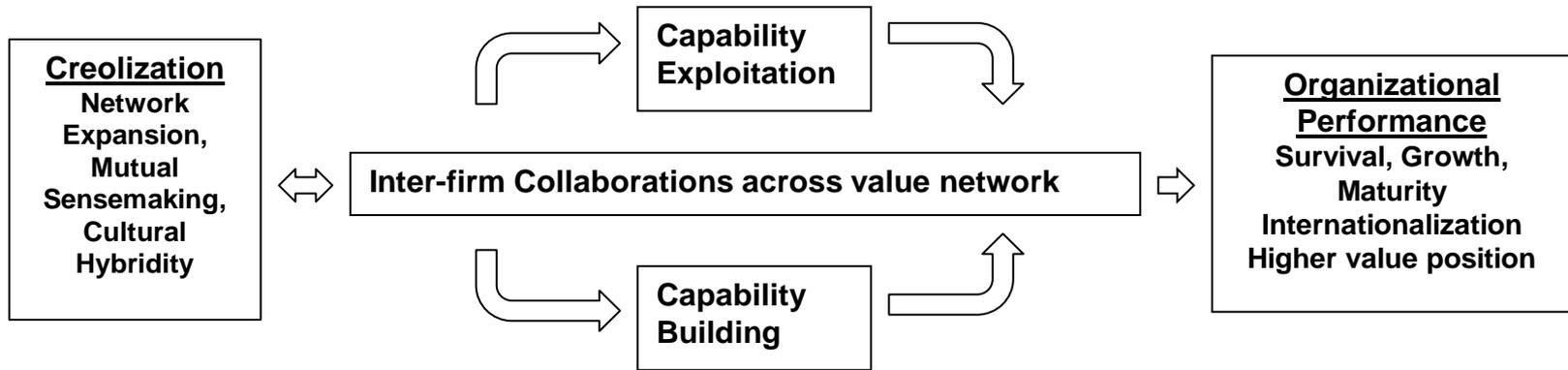
- VancelInfo exhibits capability exploration and exploitation along its value network through utilising skills gained in client engagement to create new value propositions
- VancelInfo encourages cross-fertilization of capabilities through combining internal and external knowledge creation activities
- VancelInfo creates transformative processes through combining capabilities, resources and knowledge

Applying the concept of reconfigurative strategy



A more comprehensive explanation is found in Zheng & Abbott (2012)

VancelInfo's Performance



- **VancelInfo exhibits characteristics of a born-global company**
- **Born-globals are typically small firms that achieve rapid internationalization in global markets**
- **Case study evidence shows examples of VancelInfo's born-global performance**
 - **Market survival**
 - **Growth and maturity**
 - **Internationalization**
 - **Higher value proposition**
- **The reason for these performance achievements may lie in the creolization and reconfigurative practices identified in the study**

Conclusions

- **The study gives insights into knowledge sharing/creation across diverse value networks**
- **The study demonstrates how value creation takes place in modern business climates challenged by time, space and cultural differences**
- **The study gives insights into how a new organizational form, the born-global, develops specific practices and capabilities for achieving global performance**
- **The study shows how collaborative innovation in foreign client-vendor relationships can be achieved**

Implications for EU/UK Clients

- **Linear models of client-vendor relationship building may not be applicable in the case of born-globals**
- **Clients should consider long-term engagements with vendors and more complex networked arrangements**
- **Clients should assess the intercultural capabilities of the vendor company in addition to other organizational capabilities**
- **Clients should align value propositions offered by vendors with corresponding value returns *they* can offer vendors**

References

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