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THE IMPACT OF IN-GROUPS AND OUT-GROUPS ON KNOWLEDGE SHARING IN RUSSIA AND CHINA

Abstract

Management researchers have suggested that knowledge sharing has an important role to play in developing competitive advantage for organisations. It could be argued that the need to build advantage is even greater in the transition economies that are increasingly internationally oriented. Yet, it has been suggested that people in transition economies such as Russia and China have a propensity not to share knowledge. We proffer that Russians' and Chinese' willingness to share knowledge is highly influenced by group membership. By examining the extent to which group membership influences the processes of knowledge sharing in the Chinese and Russian cultural and institutional environments, we theoretically explore how in-groups and out-groups facilitate and impede knowledge sharing.

Key Words: China, In-groups, Knowledge Sharing, Out-groups, Russia

INTRODUCTION

In examining the process of knowledge sharing as it applies in Russia and China, this paper specifically addresses how membership of in-groups and out-groups in Russia and China facilitates and impedes knowledge sharing. Whereas previous literature has suggested that people in Russia and China are less likely to share knowledge than are Western, industrialised nations, we undertake a nuanced assessment that suggests that, in some instances, people in these nations may actually have a greater propensity to

share knowledge and that this is directly related to the insider status of those individuals involved. Our central premise is that knowledge sharing (as related to group membership) is embedded in cultural understanding and institutional determinants. These cultural and institutional factors can be key drivers or inhibitors of knowledge sharing. The paper is written as a provisional set of arguments that is designed to elucidate new ways of thinking about knowledge sharing in Russia and China.

There are several key works that examine knowledge sharing in Russia (Dickenson & Blundell, 2000; Holden et. al., 1998; Michailova & Husted, 2003) and several others that study knowledge transfer in the Chinese context (Chow et. al., 2002; Lu & Bjorkman, 1997; Tsang et. al., 2002; Wang et. al., 2001). There is also a significant body of literature that explores the key characteristics of Russian culture (Berliner, 1957; Jones, *et. al.*, 1997; Puffer & McCarthy, 1995; Smith, 1976; Yergin & Gustafson, 1994) and Chinese culture (Bian & Ang, 1997; Buttery & Wang, 1999; Guthrie, 1998; Wright *et. al.*, 2002; Yang, 2002). Yet, there is a limited amount of research that examines the interface between specific national cultural features and knowledge sharing behaviour. Nor is there much research that directly examines the interplay of institutions and knowledge sharing in transition economies. Investigating this is a highly ambitious task. We have chosen to undertake this task by analysing these interfaces through the prism of group membership.

In examining knowledge sharing in Russia, Michailova and Husted (2003) found that the potential value of knowledge sharing is often defeated by what they term “knowledge sharing hostility” which may result from: (a) the behaviour of knowledge transmitters; (b) the behaviour of knowledge receivers; or (c) the transmitter's and receiver's shared understanding of the content of the knowledge. Michailova and Husted (2003) argue that the basic problem of knowledge hoarding, as associated with the transmitter's

behaviour, is intensified in the context of many Russian organisations by two specific features. First, knowledge hoarding is a mechanism for coping with uncertainty and, second, knowledge hoarding is combined with a high respect for hierarchy and formal power. The Not-Invented-Here syndrome is a general behavioural problem in knowledge sharing, associated particularly with the behaviour of the knowledge receiver. According to Michailova and Husted (2003), in Russian organisations, this syndrome is perpetuated by a strong emotional group affiliation among individuals on the one hand and a high level of suspicion towards outsiders (and especially Westerners) on the other. Apprehension about failures is a well-known obstacle for knowledge sharing among organisational members. The authors maintain that this apprehension can be extreme in Russian companies to the extent that it often completely blocks action and justifies passivity.

However, while the work done by Husted and Michailova (2002) and Michailova and Husted (2003) progresses our understanding of knowledge sharing in the Russian organisational context, it does not consider the issue of group membership in terms of the distinction between in-groups and out-groups. This may explain why they conclude that Russian organisations can be defined as strongly hostile towards knowledge sharing. Our paper makes a valuable contribution to the literature in considering group membership as an important but largely neglected issue in knowledge sharing, especially in the context of Russia and China. We argue that the knowledge sharing process cannot be examined in isolation from locally situated meaning that arises from a range of cultural influences on the one hand and institutional contexts on the other. Our objective is to contribute to the literature on knowledge sharing in transition economies by a) applying insights from the well-established organisational behaviour literature on groups and group dynamics and b) moving the focus from a one-nation study to focusing on two major transition societies, namely, Russia and China. It is not this paper's objective to engage in a comparative

examination of the impact of group membership on knowledge sharing behaviour in these two societies. The literature review we have undertaken suggests that the mainstream organisational writings do not examine knowledge sharing and that the knowledge sharing literature does not examine groups in depth. Our intention is to address this gap in the literature. The specific research question we explore is: How does group membership influence the processes of knowledge sharing among individuals in the Chinese and Russian cultural and institutional context?

The paper is organised into three major sections. We begin with a short review of the literature on knowledge sharing with a special focus on impediments to the process of knowledge sharing. We then map the organisational behaviour literature on groups and group interaction and outline key theoretical contributions regarding the distinction between in-groups and out-groups. The second section argues for the importance of relating group membership and knowledge sharing behaviour in the Russian and Chinese context. In so doing, we investigate the interface between the two by considering both cultural and institutional influences. The third, and concluding, section of the paper outlines future research directions related to this topic.

LITERATURE REVIEW

Knowledge sharing

In the context of this paper 'knowledge' will be taken to mean "a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information" (Davenport & Prusak, 1998: 5). In similar terms, Helmers (1999: 1) points out that knowledge is "accumulation of information and experience that allows people to react to new situations by synthesizing a response from past data and actions". We adopt the definition of

'knowledge sharing' as providing one's knowledge to others as well as receiving knowledge from others (Davenport & Prusak, 1998).

It is impossible to address meaningfully knowledge sharing in groups and organisations without acknowledging that knowledge resides with individuals. Understanding knowledge sharing is, to a large extent, about understanding the thinking and the experiences of the individual who possesses, provides and seeks knowledge. This is not to say that social factors are irrelevant (see Spender's work on social knowledge (1996); Dibello & Spender, 1996; Spender & Grant, 1996). However, staying at the individual level best serves the purposes of this paper and explicitly addressing other levels of analysis would divert our attention from answering the research question posed in the beginning of the paper.

Knowledge sharing is in reality not as natural and self-evident as often presented in the knowledge management literature. To say that organisations can be built and exist on shared knowledge is an unrealistic and idealised view. An assumption that underlies much of the knowledge management writing is that people will happily transmit the knowledge they possess to others or tap into the collective corporate knowledge base in order to find a solution to their problem merely because such systems have been made available to them (Sbarcea, 2001). Instead, individual resistance to knowledge sharing is a phenomenon that widely dominates organisational reality. Referring to knowledge sharing across specialities, Postrel (1999: 304) describes the situation in the following metaphorical way:

“Mutual ignorance across specialities is usually optimal, but there are key interactions where shared knowledge is important, and those key interactions are just the ones that attract scholarly and managerial attention. This answer to the theoretical puzzle leads to

a knowledge-based view of management as being concerned with selecting, operating, and governing ‘islands of shared knowledge in a sea of mutual ignorance.’”

There are several difficulties in the process of knowledge sharing and those that are relevant for our discussion are addressed below.

First of all, knowledge is always developed locally. Thus it is, by definition, embedded in a certain cognitive and behavioural context. Without understanding the context, one cannot inquire into the reasoning and the assumptions behind the particular piece of knowledge. This makes knowledge sharing highly problematic and sometimes impossible. Acquiring an understanding of the context is in itself a complicated and effort demanding process. The initial cost of becoming familiar with a particular context might be rather high and since the process of keeping familiarity with the particular context is a continuous one, there are additional incremental costs associated with adding new features to the state of “knowing” the context. Additionally, since the context is a dynamic construction, it may become subject to sudden and radical changes rather than continuous and incremental ones. In this case, new learning investments (and thus new high costs) may be needed in order to become familiar with the changed context.

Second, knowledge is asymmetrically distributed in any organisation. Often those who possess the knowledge are not inclined to invest time and energy to share it without expecting to get something in return (promise of reciprocity), as these resources are finite and thus, scarce in people’s workday (Davenport & Prusak, 1998; O’Dell & Grayson, 1998; McLaughlin, 1995). Both the society and the firm face the problem of how to use widely dispersed knowledge, and, therefore, how to extend the span

of utilisation of resources in a way that exceeds the span of control of any one mind (Tsoukas, 1996: 12). Closely related to this is the phenomenon of 'bounded rationality', i.e. being faced with a problem, people tend to come up with a solution which is 'good enough' or 'satisfying' as opposed to engaging in higher search costs in order to locate the optimal solution to the particular problem (March, 1978; Simon, 1957). Neither individuals nor groups or organisations operate continuously on an entirely 'rational' basis. Instead, they exercise different skills and preferences for dealing with knowledge of a particular nature in a particular manner. At a more concrete level, the knowledge that is sought may exist somewhere in the same organisation and even in the same department, but because people are not aware of where it resides and because there are costs associated with locating it, it may remain non-accessible to them.

Third, efficient knowledge sharing involves direct commitment on both sides of the exchange, both on the transmitter *and* the receiver side. To start with, if the potential knowledge transmitter is not aware that someone in the organisation would be interested in the knowledge she/he possesses, she/he will not actively participate in sharing this knowledge. Similarly, if the potential receiver is not aware of the existence of a particular piece of knowledge, she/he will not be able to seek it. The closer the relationship between the knowledge provider and receiver, the more knowledge the provider is willing to share (Bouty, 2000). Trust is crucial here in the sense that the provider needs to trust that the receiver will not exploit the shared knowledge for purposes other than those agreed upon, implicitly as well as explicitly (Bouty, 2000).

Fourth, an individual's ability to appreciate new knowledge is a function of their individual pre-existing knowledge. Cohen and Levinthal (1990) refer to this as "absorptive capacity": if an individual does not

possess the needed pre-existing knowledge, new knowledge may be acquired in principle, but not well utilised because the individual does not already have the appropriate contextual knowledge necessary to make the new knowledge fully intelligible. Von Krogh et al. (2000) describe people as dealing with twin processes of assimilation and accommodation. Assimilation, in this respect, refers to the process of integrating input from the environment into one's existing experiences. When individuals encounter new situations for which they have no ready or clear responses, accommodation dominates instead. This is a process by which people give meaning to new input, distinguishing it as something that lies beyond what they already know. When accommodation becomes too challenging, individual barriers to appreciating new knowledge appear.

Fifth, knowledge sharing is a voluntary act (Dixon, 2002: 37). Nonaka (1994) suggests that efficient knowledge sharing depends on the willingness of individuals to identify to the organisation the knowledge they possess and to share knowledge when required. Human behaviour is inherently opportunistic; issues such as adverse selection and moral hazard may influence the individual's motivation to share knowledge in a negative manner.

Knowledge resides in people's minds where it tends to be more tacit as opposed to being relatively well articulated (Gersick & Hackman, 1990; Leonard-Barton, 1992). This separation in the typology should not be interpreted as implying that tacit knowledge can be rigidly compartmentalised in the real world (Brown & Woodland, 1999). Polanyi (1966: 6) has pointed out that knowledge is an integrating force that binds and shapes *all* knowledge. Hansen et al. (1999) refer to this as the codification vs. personalisation dilemma. Codification processes are largely based on technologies and rely primarily on intranets, electronic repositories, databases, etc. The personalisation strategy emphasises knowledge

sharing among individuals, groups and organisations through social networking and/or engaging in communities of practice (Brown & Duguid, 1991; Hansen et al., 1999; Wenger 1998).

A largely ignored issue in the literature on knowledge sharing is how it is affected by group membership and group dynamics. The following section of the paper maps the organisational behaviour literature on group composition and group processes before the paper links the latter to knowledge sharing processes in in-groups and out-groups, particularly in the Russian and Chinese context.

Groups, group interaction and in-groups vs out-groups

“Knowledge” is not a central construct in the organisational behaviour literature. There are, however, a number of aspects that are implicitly included in discussions of different issues in the literature on groups and group dynamics.

A group has been defined as two or more people who interact and are dependent upon each other to achieve some common objective. Interdependence is the crucial aspect that determines the difference between a group and a collective. Within a group each person influences and is influenced by each other person (Shaw, 1971: 10). A group differs from a team in that a team is a specific form of a group that has highly defined tasks and roles. Shaw (1971: 5) suggests that groups may be defined in terms of having one or more of the following characteristics: perceptions and cognitions; motivation and need satisfaction; group goals; group organisation; interdependency of group members; and, interaction. Tosi et. al., (2000: 233) reduce this to four factors critical to group formation including: personal characteristics; interests and goals; potential to influence; and, opportunity for interaction. Shaw (1971: 9-10) further argues that if a group exists it may be assumed that its members are a) motivated to join the group expecting that it will satisfy some of their needs, and b) are aware of its existence i.e. that their perceptions are veridical.

Cartwright and Zander (1968) identified eight orientations for the analysis of group interaction. Shaw (1971) refers to a ninth but notes that of the nine, only three have contributed greatly to the theoretical analysis of group behaviour – systems theory (including interaction theory), psychoanalytical orientation, and empirical-statistical orientation. Interaction theory understands the group as a system of interacting individuals. Three basic elements are identified, including: activity, interaction; and, sentiment. Interaction theory suggests that all aspects of group behaviour can be understood by analysing the relations among these three basic elements. Systems theory describes the group as a series of interlocking elements such as positions and roles, with much emphasis on group inputs and outputs (Shaw, 1971: 14-17).

Moreover, a number of theoretical approaches have been adopted that have assisted in understanding groups and group behaviour. Of these, the most comprehensive analysis is exchange theory. Thibaut & Kelley's (1959) exchange theory assumed that the existence of a group was based solely on the participation and satisfaction of individuals in a group. The key concepts of the theory revolve around interpersonal relationships, interaction, behaviour sequence, and behaviour repertoire. The central feature of interaction is the interpersonal relationship and two persons are said to have formed a relationship if they meet to interact on several occasions (Shaw, 1971: 28). It should be noted, however, that some authors have advocated that membership in a group *per se* may be rewarding to an individual apart from the group activities or purposes (Shaw, 1971: 97). This need to feel part of a group or be affiliated with others, referred to as the "affiliation want", is said to be one of four instincts that govern people's lives (Trotter, 1920). Later theorists questioned the need for affiliation but nevertheless posited such a need as playing an important role in social groupings (McClelland et. al., 1953; Maslow, 1954).

In-groups and out-groups

Organisational behaviour literature, and group dynamics literature specifically, devotes some discussion to the notion of in-groups and out-groups. Triandis (1988) defined an in-group as a group of people who share common interests and have a concern for each other's welfare, and whose members may include family, distant relatives, co-workers, and members of political and/or religious groups to which an individual belongs. Tajfel's (1982) suggests that individuals form in-groups based on mutual interests and common traits since they are most likely to receive reinforcement for such traits from similar others. This view of in-group/out-group relationships is supported by Tsui and O'Reilly (1989) and Zenger and Lawrence (1989). It is further argued that in-group members will view their long-term welfare in terms of the successes of the group (Earley, 1993).

Importantly, Triandis (1988) notes that in-group membership is culturally variable. Earley (1993) reaffirmed that people in individualist and collectivist cultures place differing value on in-groups and out-groups. His findings suggest that the performance of individualists who thought they were working in an in-group or out-group was lower than the performance of individualists working alone, whereas collectivists' performance was lower in an individual or out-group context than in an in-group context.

Graen et. al., (1972) defined the concept of in-group and out-group membership in the context of a vertical dyad linkage model of leadership, in which an individual's relationship to a work group is largely a function of each member's association with an in-group or out-group. In this theory, group membership status depends upon an individual's relationship to the group's leader. Within vertical dyad linkage theory, leader-member relationships are classified into in-group and out-group categories (Tosi et. al., 2000: 476). In in-groups, relationships between leaders and subordinates are close and participants note

more positive orientation to the job, whereas in out-groups relationships, the subordinates are less involved in decision-making (Dienesch & Liden, 1986; Liden & Graen, 1980).

Moreover, the literature on intergroup conflict highlights changes in attitudes and behaviour between groups (the in- and out-groups) when there is intergroup conflict (Feldman & Arnold, 1983). It is suggested that four types of dynamics occur. First, there is substantial selective perception about one's own group and a systematic distortion of perceptions about the other groups i.e. positive attribution is given to one's own group and negative attribution to groups of others. Second, there is a shift from a problem-solving orientation toward other groups to a win-lose position (Filley, 1977). Third, there is increased hostility toward the rival group. Levine & Campbell (1972) refer to this as an ethnocentrism in which members of other groups are seen as contemptible and inferior. Fourth, interaction and communication between the groups decreases which makes it easier for groups to maintain their negative stereotypes of other groups. Importantly, whatever information is passed between groups is very carefully rationed and sometimes deliberately distorted (Feldman & Arnold, 1983).

A smaller body of literature has analysed the existence of in-groups and out-groups even in situations where there is no direct conflict. For instance, in Bouwen's (2001) article on knowing in an organisational context, reference is made to the in-group/out-group nature of departments within organisations and it is proffered that such distinctions can be manifest in power strife between such departments. Moreover, Granitz and Ward (2001) argue that individuals will be more likely to share in ethical reasoning and moral intent with members of their own functional group (the in-group) than with members of other functional groups (the out-group/s). Further, when perceptual sharing is compared to actual sharing, their results demonstrated that individuals understate their sharing of ethical reasoning and

moral intent with out-groups and overstate their sharing with in-group members (Granitz & Ward, 2001).

The literature on in-groups/out-groups is closely related to the literature on trust. According to Dixon (2002), the better a group of people knows each other, the more people in the group will call on each other's knowledge. It is argued that people's perceptions of their own interdependence with other groups influences both their beliefs about group members' trustworthiness and their affection for group members, and this in turn, effects interpersonal trust development (Williams, 2001). However, Williams (2001) suggests that the similarity-trust, dissimilarity-distrust paradigm that has shaped previous literature is inadequate for explaining how trust may develop between members of dissimilar groups. She suggests that cooperative and competitive out-group interdependence is more critical than in-group identification for understanding the range of influences that dissimilar group membership can have on trust development because out-group interdependence may generate either positive or negative beliefs and feelings about an out-group (Williams, 2001).

In-groups and out-groups in the Russian and Chinese context

The distinction between in-groups and out-groups influences relationships to a high extent in the transition economies. Individuals feel a moral obligation towards their in-group and a lack of interest in those that are considered the out-group. The boundary between the individuals' in-group and other groups is very distinctive and salient (Iyengar et. al., 1999). Strong trust will be felt in in-group others but weaker, or complete lack of, trust in out-group others (Chen et. al., 2002). There is often hostility toward out-group members (Triandis, 1988). Thus, it is argued that the in-group becomes the mode of transaction for these societies (Boisot & Child, 1999: 246).

In China, one's membership of in-groups affects all daily activities be they in the economic or social sphere. The value of in-groups is inextricably linked to trust and dependency with others . Those who fall out of a personalised network are regarded as out-group members and they do not share benefits of networking with in-group members. Moreover, due to the interdependent relationships in an in-group, individuals are motivated to save face for in-group members (Sheer & Chen, 2003). Littrell (2002) suggests that the in-group is the source of identity, protection, and loyalty, and in exchange for such loyalty, knowledge can be expected to be shared within the group but would be expected to be restricted to those considered to be outside the group. Indeed, the only way in which one is able to access knowledge from an outsider is to work towards the ascription of insider status or work through intermediaries who already possess insider status. Achieving insider status is critical in order to achieve very diverse outcomes (Krug & Belschak, 2001; Leung et. al., 1996).

In Russia, strong collective instincts were born in the countryside in the pre-revolutionary time. Long before the Soviet state, collective farming was encouraged by the Tsars because of their fear of anarchy. Ethics of the *obshina*, the commune of villagers, was embedded in the peasant psychology and often carried from the farm to the factory when peasants migrated to cities (Smith, 1990). People who belonged to the *obshina* lived together, worked at the fields together and were accustomed to a common fate. Socialism has perpetuated this group thinking and behaving through ignoring the importance of individuals. Ashwin's (1996) research found that Russian workers identify three distinct forms of collectivity: the symbolic collectivity of the enterprise as a whole; the collective identification of the ordinary workers; and, the collectivity of the immediate work group. Most importantly, she also highlights that in each case the collective is defined negatively in relation to the outside. Evidence of the

in-group focus has been notable also in Russian organisations in the years of post-socialist transformation. Elites who are insiders have been able to co-opt resources of state organisations to develop their own companies (Avraamova, 1995; Sedaitis, 1997) through utilising their in-group membership).

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Cultural Influences

National culture influences a person's actions, either by the in-built values toward which the actions are oriented, or in shaping a repertoire of strategies of action favouring or discouraging certain patterns of action (Hofstede, 2001; Smith, 1992; Triandis, 1989). Attitudes and behaviour exhibited in relation to knowledge sharing are greatly affected by national cultural characteristics. We focus the discussion that follows on personal networking for three particular reasons: a) networking is culturally embedded; b) networks are explicitly related to group membership; and c) personal networking has a number of distinct features in the Chinese and Russian context.

While Russia's European orientation has meant that it has not quite had the same degree of collaborative tendencies as China (Veiga et. al., 1995) both nations are considered to be highly in-group focused. China's in-group orientation comes essentially from a Confucian tradition (Bian & Ang, 1997) and was reinforced by Marxist-Leninist-Maoism. As stated above, Russia's in-group orientation results from the strong sense of commonality developed in the pre-revolutionary times and was easily detected in the socialist collectivist-autocratic system in which there was no place for the individual and her/his own way of thinking and behaving (Garrison & Artemeyev, 1994). Personal networks in Russia and China, *blat* or

guanxi, differ from the West in terms of how extensively they are rooted and activated in social and business life and how business success is influenced by the quality and cultivation of networks (Michailova & Worm, 2002). While it can be argued that personal networks certainly also exist in the West, the form and function they take in Russia and China are much more ritualised and an all-pervasive discourse. An important aspect to relationship building is the achievement of insider status (becoming part of the in-group). According to Buttery and Wang (1999), in China having acquired a good friend with whom one has trust, the foundation is laid for doing business. A major development occurs when one brings the former outsider into one's close network of friends – they become an insider. Russians, like the Chinese, also prefer strong personal relationships in which there is a shared set of norms and rules (Puffer & McCarthy, 1995; Yergin & Gustafson, 1994). Triandis (1989) argues that persons in such group-focused cultures tend to have only a few in-groups that are stable over time, yet once formed the relationships are often valued over personal needs.

In Russia and China, business transactions follow the development of personal relationships. Russians and Chinese prefer to get to know people and ascertain whether they are worthy of having trust bestowed on them before they will consider someone as a suitable partner in a business venture. Both Russians and Chinese view relationship building as their first priority in business. Generally Russians and Chinese will only share knowledge if they already have a relationship with an individual and have taken them into their in-group. The notion of trust (*xinyong* in China, *doverie* in Russia) is, in turn, reflective of the knowledge that the trustor has of the trustee. The decision to trust a person and share knowledge with him/her depends greatly upon having knowledge of that individual. This knowledge is usually provided through the relationship network (*guanxiwang* in China or *set' blatnyih* in Russia). Emotional trust, which is more important in Russia and China than cognitive trust, is based on sentiment-based ties

between individuals (for instance, friendships) and can be extended to others through the relationship network (Gao & Ting-Toomey, 1998). A distinction is noted in Russia in that Russians may actually build relationships on the basis of having some negative information about an individual i.e. trust results from a form of protecting information (Michailova & Worm, 2002: 9). Where a relationship is built on trust as a positive affirmation it can be expected that knowledge will be shared amongst those who trust. Where a relationship is built upon protecting knowledge, the converse will occur i.e. knowledge will not be shared with the individual who is in a relationship simply by virtue of knowledge being held by the other individual in the relationship.

Both Russians and Chinese focus on relationships created over long periods of time that are built on frequent exchanges rather than the sporadic, discrete in time exchanges favoured in more individualist societies. This is significant for knowledge sharing in that Chinese people are much more likely to share knowledge when they have a long-term relationship established and an in-group exists. Whereas in most Western nations task relationships between managers and subordinates are separate from other dealings, in Russia and China interactions with another are viewed as part of a whole relationship, i.e. hierarchical relationships that exist in the workplace are also replicated in a social setting. When two individuals have a relationship or are in-group members, they know a great deal about the other individual's private life; there simply is not the sharp divide between public and private noted in Northern European and Anglo Saxon cultures.

Institutional Influences

While the foregoing examines the effects of a few cultural conventions on knowledge sharing it should also be noted that the Communist socio-political institutions also have reinforced the disposition towards

not sharing knowledge with those outside one's in-group. Throughout the Communist eras in Russia and China people were encouraged to conform, not to deviate from the group, to accept top-down authoritative decision-making, to perform to a given standard but not beyond that, and not to admit mistakes. The Chinese had elements of these practices in their Confucian heritage that placed emphasis on acquiescence to authority, social harmony and conformity at all costs. The Russians also had a cultural heritage of being strongly group focused, a tradition that was publicly operationalised by the Communist political leadership. Moreover, it has been argued that in both Russia and China the cultivation of personal connections has proved a substitute for reliable government and established rule of law and that, in the absence of effective state institutions as regulators of transactions, and in dynamically changing contingencies, personal networks and in-groups have become endemic to doing business (Xin & Pearce, 1996).

Russia and China were both ruled by the Communist Party for more than fifty years, a time in which the Party placed itself (and, in the case of China, continues to place itself) above the law (Chai, 1998; Yergin & Gustafson, 1994). The lack of rule by law means that accessing external knowledge necessitates having in-group status with those that have the knowledge. The lawlessness that characterises China under Communist rule (and continues to characterise Russia post-Communism) means that rules can be interpreted very differently according to one's position in society i.e. whether one has insider status with the necessary authorities. The existing rules and regulations are easily violated and written contracts have little value. In the absence of well-developed legal and distribution systems, personal relationships, particularly at bureaucratic and local political levels, are essential to getting anything done. Although legal procedures are being established in China in the wake of WTO admission, informal contacts have not lost their significance as they provide access to not only goods and services (through substantial black

market dealing) but also knowledge. Although Russia is changing its legal system, traditional practices continue being not merely exercised, but playing a powerful role in the business discourse.

The insufficient regulatory environment in Russia and China has manifest in a “culture of fear”. This reinforces an unwillingness of individuals to share knowledge with those who are not part of their in-group and with whom they do not feel trust. China’s neutrality to others and reticence to share knowledge with outsiders is based on Confucian tradition and it was also reinforced during the Cultural Revolution. Littrell (2002: 22) notes that during this period of destruction, trust was diminished amongst Chinese because of the “often fatal denunciations from co-workers, friends, casual acquaintances, and even family, so any openness, initiative, and expressions of talent or uniqueness were effectively programmed out of the public personality of the Chinese.” Consequently, the Chinese have developed a tendency to be unprepared to share knowledge because of their perception that saying too much can result in serious repercussions from the military polit-bureau. As the people that lived through the Cultural Revolution are now in middle and senior management positions in China, their ethos of not sharing knowledge has permeated down the ranks of organisations. To overcome this inbuilt tendency, a high level of trust needs to be established before individuals will feel “safe” in sharing their knowledge with outsiders. However, while it is generally assumed that Chinese will not discuss subjects considered to be politically sensitive, they are usually relatively willing to do so with those that are part of their trusted in-group.

Russians too may be fearful to share their knowledge because of perceived repercussions of doing so. Russia’s Communist history has trained people to keep things to themselves not least because of a fear that the shared knowledge could be misinterpreted, often deliberately, and hence could harm the person providing information while being beneficial to the person receiving that information. Lawrence and

Vlachoutsicos (1990) argue that Russians do not share information with outsiders unless they have been given explicit instructions to do so. Russians have a tendency to gather much knowledge but to hoard that knowledge, perhaps to use to advantage at some point in the future. Russia's Communist heritage implied that people in in-groups were uncomfortable with members of out-groups. The historical isolation from Western Europe also made Russians very hostile towards non-Russians. Though passive towards government (Ledeneva et. al., 2000), Russians are also cynical and suspicious of authority. As such, they are very secretive in public, are suspicious of external knowledge and believe all rumours (Lewis, 1999). Further, Russia's ancestral suspiciousness of the West remains just below the surface and can easily be provoked (Holden et. al., 1998: 238). This results in a climate in which Russians will be very careful not to share knowledge with perceived hostile aggressors.

Despite this seeming unwillingness to share knowledge for fear of the repercussions, Russians are very open with those who are part of their trusted in-group. Indeed, Husted and Michailova (2002: 24) argue that the strong attachment that Russians feel towards their own group makes them resistant to ideas from outside that are viewed as having the potential to disrupt both the stability of the existing group and the order and continuity of the organisation. Moreover, if Russians do not accept knowledge from others, they believe that they can not only maintain the status quo but also preserve the integrity of their own knowledge that might be viewed as less relevant/valuable if outside information is deemed applicable.

The widespread corruption and thriving black economies in Russia and China also have implications for knowledge sharing in that any knowledge can be acquired for a price so long as one has the necessary resources and insider contacts. Gaining introduction to useful people remains extremely important in Russia; in cases when people have no resources to *blat*, people will resort to bribes (Ashwin, 1996).

Bribery, corruption and the criminal “second” society are all part of criminal legacy of the “economy of favours” in Russia (Ledeneva, 1998). In the case of China, Hilton (1996) questions whether corruption has become systemic. The use of bribery is universally condemned, particularly now that there has been the introduction of laws specifically dealing with corruption, and the government has made a point of executing thousands to make the point that it is serious about cracking down on corruption. Yet, while giving cash is usually viewed as buying someone’s services and hence is condemned, gift giving is universal (Yang, 2002). Luo (1997) argues that the difference between what is an acceptable gift and what is an improper bribe depends on arbitrary, delicately poised cultural conventions that vary according to situation. Yet, while some practices are increasingly viewed as backdoor (Guthrie, 1998: 255), many other historical conventions remain *de rigueur*. This has important implications for knowledge sharing in that it remains very difficult to develop and maintain good business relationships without engaging in some degree of favours, and knowledge sharing depends upon maintaining relationships through favours. Beyond that, though, despite anti-bribery laws, paying bribes (to a member of one’s in-group) is still a very effective way of ensuring access to knowledge as well as preventing knowledge from being shared.

Institutionalised work practices have also had an important influence on people’s willingness to share knowledge. Notably, not only are Russians and Chinese generally unprepared to accept knowledge from outside but they are also reticent to believe that knowledge can be acquired bottom-up in organisations. Most Russian managers have difficulties accepting the fact that they can learn from employees from lower levels (Michailova & Husted, 2003). A possible explanation in our framework is that managers and employees perceive each other as belonging to out-groups. Subordinates often intentionally hoard their knowledge, anticipating that their superiors would not promote them if they demonstrate in public

that they are more knowledgeable than their superiors. While the lack of rewards and incentives for sharing knowledge tends to work against employees initiating, the cultural traditions also reinforce the lack of institutional incentives for taking initiatives. That is, the strong hierarchical and authoritarian traditions within organisations mean that managers are threatened by participatory styles of management and employees do not want to involve themselves in decision making for fear of having their views rejected (Chen et. al., 2002; Welsh et. al., 1993). Also, in the case of China, for an employee to provide a suggestion to their senior manager would cause considerable loss of face for both parties. The manager looks inadequate and is disgraced for not having first thought of the proposal and the employee is humiliated for shaming his/her superior. While Western rewards systems are quickly being adopted in China as the number of strategic alliances with western partners increases, traditions of formality, hierarchy and command are much slower to change. Moreover, Jackson & Bak (1998) suggest that unethical behaviour continues to be tolerated in organisations in China because employees will not share knowledge of superiors' indiscretions. To this end it can be argued that there is not only disincentive to share knowledge but there is actually a clear rationale for withholding knowledge from the out-group and preserve the stability of the in-group.

Compounding reticence to share knowledge is the fact that during the Communist era both Russians and Chinese were trained to not admit mistakes. This reflects not having a Western orientation which views mistakes as learning opportunities. In China it is also associated with face saving, the need not to conform and not to deviate from the in-group. Russians and Chinese have been employed in very hierarchical, authoritarian organisations in which mistakes were viewed as costly and to be avoided, and hence, not to be admitted. The corresponding absence of feedback on performance (and opportunity to

reflect) has contributed to an unwillingness to share learning experiences and knowledge of how to avoid repeating mistakes.

In sum, there are key cultural and institutional influences associated with in-groups and out-groups that impact on the willingness or unwillingness of Russians and Chinese to share knowledge. While our research has provided a linkage between organisational behaviour literature on groups and knowledge sharing literature, there are still other avenues associated with this topic that warrant investigation.

ISSUES FOR FURTHER RESEARCH

In this paper we have examined the impact that group membership in Russia and China has on knowledge sharing. This had not been previously explored in detail in the literature. However, we have not examined the converse, namely the impact that knowledge sharing has on group membership. We suggest that as a culture of knowledge sharing emerges in transition economies, it is very likely to impact on group membership in the sense that groups could be expected to form in different ways and for different reasons and to reflect different membership patterns than have existed to-date. Thus, it would be beneficial to undertake longitudinal research to examine the changes to group membership that result from the development of organisational cultures that support knowledge sharing. Additionally, we have not undertaken a comparative assessment of the differences between Russia and China in respect to how knowledge sharing is influenced by certain cultural and institutional features. Significant future research could provide a nuanced assessment of the subtle differences in-group membership in the two nations and explore the ways in which the cultural and institutional differences between the two determine the extent to which knowledge sharing occurs.

The rationale for this paper was to develop a set of theoretical arguments in relation to the interface between group membership and knowledge sharing in the context of two transition economies. It would be highly desirable that future research generates empirical data, both qualitative and quantitative, that investigates this complex interface. Further, future research could examine other transition economies (such as the societies in Central and Eastern Europe). In so doing, researchers could examine whether these nations' closer proximity to Western Europe and their earlier shift to international political and economic institutions has resulted in organisational cultures in which there is a greater propensity to share knowledge.

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