The role of communicative creativity in starting regional trade relationships with China: An action research practitioner case study

David W. Maguire

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DOCTOR OF BUSINESS ADMINISTRATION
(INFORMATION SYSTEMS)

PROFESSIONAL DOCTORAL
THESIS

OF

DAVID W. MAGUIRE

FACULTY OF BUSINESS AND LAW

Student Number 2008688

November, 2005
THE ROLE OF COMMUNICATIVE CREATIVITY IN STARTING REGIONAL TRADE RELATIONSHIPS WITH CHINA: AN ACTION RESEARCH PRACTITIONER CASE STUDY

BY

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CANDIDATE FOR

DOCTOR OF BUSINESS ADMINISTRATION (INFORMATION SYSTEMS)

SCHOOL OF MANAGEMENT INFORMATION SYSTEMS

IN THE

FACULTY OF BUSINESS AND PUBLIC MANAGEMENT, EDITH COWAN UNIVERSITY, PERTH, WESTERN AUSTRALIA

MASTER OF BUSINESS ADMINISTRATION (JAMES COOK UNIVERSITY, CAIRNS)

MASTER OF INTERNATIONAL TOURISM MANAGEMENT (SOUTHERN CROSS UNIVERSITY, LISMORE)
USE OF THESIS

The Use of Thesis statement is not included in this version of the thesis.
He was discovering happiness in the present. When he sat reading in the library or playing Mozart in the music room, he often felt the invasion of a deep spiritual emotion as if Shangri-La were indeed a living essence, distilled from the magic of ages and miraculously preserved against time...

- James Hilton, Lost Horizon (1933)
ABSTRACT

This Action Research project studies the role of information management and knowledge generation in establishing overseas political and trade activity to assist regional development in Australia. It is the work of a researcher whose background in information management ranges across more than 30 years working in the newspaper and regional economic development industries. It applies a hybrid term called “communicative creativity” – distilled from Wieman’s (1963) Doctrine of Creative Interchange and Habermas’s (1984) Theory of Communicative Action – to the researcher’s professional practice of facilitating the development of relationships with government and business in China. It tests the development of two entities – the economic development organization and its method of facilitating opportunities in China – against Nonaka and Takeuchi’s (1995) Five-Phase Model of the Organisational Knowledge Creation Process. The thesis describes how the researcher’s previous career and life experience in China are used in the establishment of a model that will assist his current career in regional economic development. It explains the reasons for choosing the Participatory Action Research method and uses the researcher’s personal and professional voices in a multi-vocal, neopragmatic style blended with visual rich picture presentation involving graphics and photos to tell the story. The thesis – with its style and voices – is a soft systems rich picture in its own right. The research outcome is a knowledge management model for promoting, selling, organising and conducting a trade mission into China.

Figure vii: China metropolitan scene - This image represents the new China which the research activity targets and in which it occurs.
RESEARCHER’S DECLARATION

I certify that this thesis does not, to the best of my knowledge and belief:

i) Incorporate without acknowledgement any material previously submitted for a degree or diploma in any institution of higher education;

ii) Contain any material previously published or written by another person except where due reference is made in the text; or

iii) Contain any defamatory material

I decline permission for the Library at Edith Cowan University to make duplicate copies of my thesis as required.

David W. Maguire,
November, 2005
ACKNOWLEDGEMENTS

A number of individuals and institutions have made this research possible and it is fitting they be recognised in this place.

The industry of newspaper publishing - where the researcher developed information collection and presentation methods for more than three decades - provided the genesis for his interest in learning more about the science of knowledge and lead to undertaking the DBA (IS).

I therefore acknowledge the many journalists, photographers, designers and artists I have worked beside and learned from, the editors who honed my skills, the managers who inspired me to seek higher levels of responsibility and the newspaper proprietors who extended faith in me to run their businesses.

Through all these people I acquired a great respect for fact and truth and learned about the power of information. The coagulation of all the components of the Information Age we now inhabit, and that I study with enthusiasm and invigoration, could not have come at a better time to coincide with my interests.

In no other course at the time of starting in 2000 - which was in the heat of the Dot.Com revolution - did there seem to be more appropriate units and better potential outcomes than those offered by Edith Cowan University's Doctor of Business Administration (Information Systems). I therefore acknowledge the driver of the curriculum, Head of School, Dr Janice Burn, and the small band of lecturers who opened the door for me to a formal study of the many aspects of the knowledge economy that fitted my profession.

Only through enlightening the wide range of students who pioneered the course - and other courses like it - can the real power of the Information Age be harnessed for future generations. It is impossible to measure the benefits to individual participants beyond being conferred with doctoral status and being set free on industry to ply what we have learned. However, I know that as a result of completing the course units and subsequently undertaking this research my approach to information management, knowledge collection, application and retrieval has been profoundly changed in more ways than can be listed here.

The method of the research for this paper is outlined later but it could not have been undertaken without the trust extended to the candidate by the principal supervisor, Dr Mark Williams in Perth. I have been working on this project in virtual isolation in Cairns, as distant a location as possible from Perth without leaving the Australian mainland, and Dr Williams has been supportive throughout with invaluable suggestions and changes. Most importantly he has been a ready eye and ear available whenever necessary and the telephone conversations have been inspiring. When all seems lost and there appears to be no way out, the golfer always remembers his best shots and the pilot his most perfect landing. The Mark Williams encounters have worked for me in this way.

In Cairns, I thank the founding patron of the organisation I moved from Perth to start, Cr Kevin Byrne, whose encouragement of the China strategy and its outcomes has been invaluable. Thanks also to Rebecca Curtin for her pivotal co-ordination role and Sue Dwyer for a wonderful design.

My family has been waiting for the completion of this project and hope that the David they knew will come back to them. My biggest thanks go to Jackie, Jessica and Nicholas for their patience, generosity of time and forgiveness of all that has been neglected in family life in the hope that this will all mean something.

David W. Maguire,
Yungaburra, November, 2005
STYLE & FORMATTING

This thesis is the work of a professional manager undertaking doctoral research and is presented in a style that uses images to enhance the context and overall readability of the text. It reflects my lived experience in information packaging and knowledge management and is intended to be innovative in format.

It is deliberately presented in a professional design and technical manner to incorporate modern publishing standards that reflect industry mores and patterns to enhance the document's readability. In essence, the document combines professional and academic styles in a cross-cultural format. Theory and scholarship are blended into a conservative rich modelling layout to introduce the work place into the learning space.

The Action Research methodology used supports a heuristic approach, incorporating photos, images and art. Multiple voices are engaged through selected quotes, fact boxes and voice boxes - long or short and detailed as appropriate - and are used to convey my thoughts at various stages of the project's development. These postmodern elements are applied to enhance the work's readability and appeal through the method they are incorporated into the document.

With images as part of the text in a soft systems rich modelling style, the text itself is a rich image reflecting my lived experience. A desktop publishing technique has been applied to the finished work to enhance the reader's experience of my professional domain.

The writing style reflects a journalistic discipline that eschews the personal pronoun, and is intended to be direct and tight. The personal pronoun is, however, used in Voice Boxes to convey a parallel stream to the main text. The thesis composition aims for continuity through the chapters with signpost introductions and summaries that guide the reader through the work.

The Voices Boxes are distilled from my notebooks. They cover the period of the project and follow on from a series that record my experiences as a professional manager. They are also a reporter's notebooks because that is what I am through training, inclination and, ultimately, practice wherever I ply a trade of labour. Collecting notes is a personal discipline. The majority are in notebooks. But they are also in hotel notepads, on paper napkins, on the back of aircraft boarding passes, on meals chits and drink coasters. They are in the script of scribbles or longhand or personally derived shorthand. All are records of thoughts, observations, sayings, notes from readings, quick references to passages of others' thoughts and random flashes of ideas. All are annotated and retained for future reference.

The main body of the text is sign posted, or labelled, for the grammatical category 2nd Person Discourse to recognise the narrative form. The Voice Boxes are signposted as 1st Person Voice using the grammatical personal pronoun and are positioned randomly on pages. Illustrative quotes from others - than the author - are sign posted as 3rd Person Observations and placed at the bottom of pages as footers. These voices occurring sequentially through the continuum of the thesis are not all immediately contextually obvious but, when viewed as a whole, are meant to enhance appreciation of the thesis as an entirety.
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It was not so much any individual thing that attracted him as the gradual revelation of elegance, of modest and impeccable taste, of harmony so fragrant that it seemed to gratify the eye without arresting it. Only indeed by a conscious effort did he recall himself from the artist’s mood to the connoisseur’s...

- James Hilton, Lost Horizon (1933)
The core of this thesis is a personal journey of discovery that cuts across the hills and through the valleys of a professional lifetime to open out onto a new plain of practice and opportunity. Its touchstones are the concepts of information management and organisational knowledge, the philosophies of Habermas (1984) and Wieman (1963), the processes of Nonaka and Takeuchi (1995) and the principles of the action-oriented suite of problem-solving methods available through Action Research.

This prologue is an account of how, through the heuristic process of phenomenological inquiry, my authorial voice brings to the fore my personal experience, insights and intense interest in the development of trade relations with China. It tells how the broad parameters of the research have developed, how the research is contextualised within the wider reach of my professional experience and gives an overview of the outcome, the evolution of an information model for conducting a trade mission into China. It focuses on the researcher is the primary instrument of inquiry.

Heuristic inquiry centres on intense human experiences, intense from the viewpoint of the investigator and co-researcher (Patton, 2002) and the combination of personal experience and intensity that yields an understanding of the essence of the phenomenon. As Douglass and Moustakas (1985) have noted, heuristics is concerned with meanings, not measurements; with essence, not appearance; with quality, not quantity; with experience, not behaviour. Patton prescribes that the reports of heuristic researchers are filled with the discoveries, personal insights and reflections of the researchers. The uniqueness of the form of inquiry is the extent to which it legitimises and places at the fore these personal experiences, reflections and insights.

The nature of the subject matter in this Prologue is contained in the penultimate chapter of the thesis, however is presented here as a means of giving the reader a contextual entry to the body of the work.

The journey I am taking - described in part in this work - is a continuum that is remarkable for the power and complexity of the circumstances I have experienced, for the different hands dealt by opportunity and for the seeming innocuousness of the parts that come together to make up the intertwining personal and professional whole.

Underlying it is my common, professional discipline that has developed along the way. Put simply, that is made up of a combination of an ever-deepening sense of heuristic inquiry, my pursuit of excellence in interpreting and communicating my understanding of that inquiry through writing, and my intent to elicit from the end-user a reaction to what I present. Do not mistake this as an exercise in the art of language, for that is missing the point. This journey is the pursuit of personal improvement and the ability to influence change on a larger canvas using the power of communication and the organisation of information to elicit knowledge.

There is no whole without the parts. The result of this phase of inquiry - a template for developing an information model for conducting a trade mission into China - is a shining example that there is no exception to that rule. In seeking to explain the whole, it helps to figuratively dismantle the model and its influences.

I am not disposed to undervaluing the intellectual components of the model by simply reporting that it "came about as a result of" a set of circumstances and needs. The model has been constructed from my tacit knowledge accumulated on the full journey of discovery of my personal and professional life.
This bank was built on by drawing from the range of relevant explicit knowledge at my disposal. The model has been constructed through combining both forms of knowledge and tested in the laboratory of live application.

Yes, circumstance and need are the driving forces that caused the model to be created. But the process of design and application caused me to draw deeper than I thought possible on the well of knowledge that I either, forgot was there, or, didn't know that I still retained. It is only through writing this thesis that I am able to reflect in wonderment on the volume of the dormant bank of information that I drew from to create the model.

The model was built on the blank canvas of a notion that to generate an improvement in a regional economy in an era of the globalisation of trade, it needed to engage with the rapidly emerging power of China. A deliberate strategy had to be developed to go to the market and learn about the opportunities. I was in the driving seat of an organisation whose role was to promote and facilitate economic development, hence the opportunity to frame the method and develop a strategic mode of practice which has resulted in the information model derived from this research.

The shape of the model – in four parts and with four sets of individual components – has been created with the reflective hindsight possible after conducting a trade mission from Cairns to China. I have tested, refined and subjected it to further analysis in subsequent practice and through the process of building this thesis.

The model is imbued with the tacit and explicit knowledge I have compiled as both a media practitioner and an economic development practitioner. My media practice has given me knowledge of the strength of applying market information. My economic development knowledge has provided the motive and canvas to apply the China subset of my media knowledge, derived from being a professional practitioner in Hong Kong, to make economic gains for my region.
The elements of this thesis contribute to the whole that is an information model for conducting a trade mission into China. The parts are inextricably linked to my practice as a media professional and my situation as an economic development practitioner.

One of the prime roles of the economic development organisation is to promote the export of goods and services and China was targeted as a ready market. However, there was no previous experience within the Cairns economic community for engaging in an organised manner with China so we started with a blank canvas.

As the creator, organiser, driver and facilitator of the trade mission, I brought information management, China knowledge and enthusiasm about the realistic sense of the proposed trade engagement to the table. I was surrounded by keen supporters who recognised the trade potential and couldn't wait to become engaged but relied on my organisation efforts to put the method of engagement – a trade mission - into a marketable and achievable product.

I knew from past experience and extensive personal research that it is one thing to go to China but entirely another to make gains in the form of tangible outcomes that eventually create wealth and jobs. Therefore there needed to be two stages of development and the first, and most important, was establishing the method of engagement, which required visiting: to experience and become familiar with the terrain, the cities and their masses of population, political and business practices, language challenges, transport networks and the multi-layered cultural structures. The second was to recognise the market's potential and start developing the all-important contacts that, once nurtured, could lead to tangible business outcomes.

The development of any realisation of trade prospects required the trade mission and this was my contribution. The second stage was in the hands of the business operators, although its development was entirely linked to the first stage and the knowledge built up as a result by the participants.

For business to become involved in export trade its shareholders need a strong level of comfort of the potential for tangible outcomes. Therefore, Stage 1 – Initiating and Selling, was crucial to the trade mission’s success and was where the aims of the exercise were set and the content was shaped into a concept to sell to prospective participants. Here is where my knowledge of China and the commodities my region could sell into its market come to the fore. My China experience was well known to the business community and was a factor in helping people's decision to join the mission. Other factors I used in the selling process included the considerable weight of a range of China trade experts to tell about their experiences and successes.

Stage 2 – Packaging and Preparing was the “where do you go, what do you do there, and why” phase of the model whose structure set the shape of the trade mission on the ground in China. Its formation called on my own, and externally supplemented, knowledge of transport systems, accommodation houses, meeting locations and internal logistics, visa rules, political and business protocols and a myriad of China-specific minutiae such as the availability of translators and money-changing and cash facilities. It was also the stage where semi-committed mission members were firmed up, company dossiers were translated into simplified (not traditional) Chinese, itinerary booklets were designed, multi-lingual PowerPoint presentations prepared and gifts for every official Chinese meeting attendee were collected and wrapped. This pre-departure stage was the most knowledge intensive and drew on my full experience of China.
Stage 3 – Going and Doing was when the planning was actioned and the participants began experiencing and learning. My role in this stage was connecting the links that were put in place during planning, and facilitating meeting discussions and outcomes to derive the best benefit for the participants. It was during this stage that relationships for the future were nurtured and information about the mission's progress was relayed back home through the media.

Stage 4 – Finishing and Wrapping provided for completion and was a time to reflect on the mission's outcomes. The complete visit was assessed and the learnings from practice were considered for future implementation. This reflective stage is highly valuable. It provides me with good and bad feedback and informs my perspectives of value, relevance and future possibilities. It also gives me an opportunity to gauge what potential there is for continuing engagement with China outside a trade mission. It supports the establishment of a continuum between my organisation and the partnerships we started in China, partnerships that can now be maintained by phone and e-mail to develop the opportunities that were recognised.

The model that I have developed as a result of this activity is below. It is a simplified overview of the more detailed version that is contained in Chapter 5.

AN INFORMATION MODEL FOR CONDUCTING A TRADE MISSION TO CHINA

<table>
<thead>
<tr>
<th>STAGE 1</th>
<th>STAGE 2</th>
<th>STAGE 3</th>
<th>STAGE 4</th>
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<tbody>
<tr>
<td>Stage</td>
<td>Initiating &amp;</td>
<td>Packaging &amp;</td>
<td>Going &amp;</td>
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<tr>
<td></td>
<td>Selling</td>
<td>Preparing</td>
<td>Doing</td>
</tr>
<tr>
<td>Theme</td>
<td>Action Planning</td>
<td>Action Specifying</td>
<td>Action Taking</td>
</tr>
<tr>
<td>Method</td>
<td>Initiate</td>
<td>Create</td>
<td>Activate</td>
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<tr>
<td>Objective</td>
<td>Aims</td>
<td>Where</td>
<td>Doing</td>
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<tr>
<td></td>
<td>Content</td>
<td>What</td>
<td>Experiencing</td>
</tr>
<tr>
<td></td>
<td>Clients</td>
<td>Why</td>
<td>Learning</td>
</tr>
<tr>
<td>Outcome</td>
<td>Concept</td>
<td>Structure</td>
<td>Action</td>
</tr>
</tbody>
</table>

Table Prologue 1: The developed Four Stage Information Model for conducting a Trade Mission into China, stating the Method, Objective and Outcome of each stage.

The model brings in all the elements of a career to this stage built on my professional management skills and imbued with the nuances and influences of what seems to be a lifetime of using, creating, packaging and marketing information. All of the concomitant experiences that have built this career are used in some form in the practice that has resulted in this research project.

My first profession as journalist and media manager has provided a bedrock of practice of hunting and gathering information, then packaging and publishing it for a popular audience. A seminal example of this is demonstrated later in the thesis in which I recount my experience as a newspaper editor in Hong Kong on the night of the Chinese government crackdown on demonstrating students in Beijing's
Tiananmen Square. In assessing the relevance of such experiences, this research caused me to reflect on the stages of my career. The outcome was a holistic examination that reached back to childhood and my father demonstrating one of the earliest communication technologies, the Morse Code set, that he used during World War II. It stretched forward into discussions with interested observers about the widening recognition of the power of information at the dawn of the knowledge economy.

More formal knowledge development has come through my academic studies which to date have been undertaken in the area of business management and international tourism management. The penultimate study of the DBA in information systems is the driving force of this research outcome with the resulting model derived from the organisation of a chaos of readings and professional practice throughout a working life.

My second profession as the manager of an economic development organisation is a contextual platform from which I can continue practising what I learned in the media: information hunting and gathering, organising and packaging to be used to promote economic gains for a region. In the completion of the career continuum to this stage, the information management knowledge I garnered from the first profession is common to the second and is now being used to engage with China from which a pool of knowledge was acquired in the first profession. Bingo!

It is not possible to undertake research at this level without experiencing profound changes and development within self. These changes have been wide-ranging and touch at the core of fulfilment, affect attitudinal approaches to work and life and positively change perspectives of the future.

I have a sense of satisfaction in completing this research because I have applied what must be the fullest extent of my relevant personal and professional experience to its outcome. There is always within a writer a sense of him harbouring - through life's experiences, observations, dreams, fantasies and harsh and pleasant realities - thoughts that he has enough material "in him" for a number of books. My China channels have been wrung dry in the compilation of this research, from designing and executing the China trade mission and then articulating it in this thesis. Playing the China card has meant a lot more than it seems. By reigniting my China knowledge to engage in trade work, I needed to be fully aware of today's China-Australia relationship and that meant a personal focus on tariffs, immigration, international student trends, mineral and agricultural exports, diplomatic players and trade development agencies.

My China channels have therefore been overflowing with knowledge in order to fully deliver benefits to my trade mission participants. This knowledge has been distilled into the information packs I have developed for the mission, has been adjusted and re-packaged for regurgitation into bi-lingual PowerPoint presentations, has been applied in developing new strategic political and trade relationships in Beijing, Shanghai and Guangzhou and has been reignited in the rekindling of old relationships with trade and media contacts in Hong Kong.

It has been further used in the often frustrating back and forth process of writing, changing and compromising on the phrasing of international political relationship agreements between Cairns and China. It has been further informed through bi-lingual strategy sessions - using an interpreter - with industry groups looking for guidance on the development of their education links and their tourism systems. In order to better engage, I have started learning to read and write the Mandarin dialect, China's official language.
I know what works in China and I have analysed through extensive reflection my every action in implementing an engagement with its people. Working with China is again a part of my everyday working life but the process of reflecting on how I organise to engage with China has become a second nature as a result of undertaking this study.

Accepting that the depth of this reflection, as I write it, is profound, the practice of reflection has seeped out of this exercise into the wider range of topics that I encounter as a regional economic development practitioner. Reflection, contemplation, internal and external analysis are now integral to my working life practice. I look at projects from an information management and organisational knowledge acquisition viewpoint. The learning and the doing have become inseparable in a multi-directional whirlpool.

As with the development of the information model for conducting a trade mission into China, I now look for an information model to accompany most projects that are developed by the regional economic organisation. The categorisation of streams of information has become a part of my sense of order as a base for proceeding to stages in a project. The five-phase model of the organisational knowledge-creation process that was developed by Nonaka and Takeuchi (1995) - which is used in both chapters of findings in this research - has provided a soft tool to measure in an informal way the efficacy of future business proposals and how they may be implemented.

But what does this all mean to me, the researcher as the inquirer? In essence, this is a story of personal discovery as much as it is a story of professional development. Embedded in its hidden processes - for not everything can be writ - is a tale of intense personal development that touches elements such as attaining higher presentation skills, developing better selling skills, and adapting old information packaging skills to new markets.

An even more profound outcome for me is a greater understanding of self as both a perceived and an actual authority.

This is a boldly presented paper in that there is a higher than usual - for academic papers - percentage of artistic graphic and pictorial content. This is included in a soft systems rich picture style befitting my multi-media background. Further adding to the departure from a more conservative style is the use of three “voices” - appropriately labelled - to convey the diverse thoughts and perspectives within.

In this transformative stage of self, I have used excerpts from a 1930s fictional novel as metaphors for the discovery that is revealed through this inquiry and the transformation of location and cultures that occurs. James Hilton's *Lost Horizon* (1933) is about discovery of a different world where knowledge and learning are celebrated. It captures the discovery mood in which most of this research was undertaken and reflects my artistic inner feelings and thoughts. I have chosen to use at the start of each chapter passages from *Lost Horizon* that are metaphors for the content.

I rediscovered the book while on tour in China through quotes from it printed on bookmarks left on the pillow in my room in Shangri La hotels. It inspires this story of my discovery of China and encapsulates the spirit of learning and satisfaction I have gained from it.

Like *Lost Horizon*, this thesis is a story of a time of discovery. It concludes with an information model that will be adapted at each new iteration because its genesis is a collage of a set of needs and circumstances that were faced by one community seeking to generate a range of benefits from external trade and cultural engagement.

In the spirit of Shangri La, my learning will continue in the world of information management and knowledge development.
I had begun by making notes of our various conversations...so that I shouldn't forget details; later, as certain aspects of the thing began to grip me, I had the urge to do more, to fashion the written and recollected fragments into a single narrative

- James Hilton, Lost Horizon (1933)
INTRODUCTION

An Outline of this Thesis

This introduction begins with a brief description of the research inquiry and the claims to original knowledge the author is making. It derives from the first 12-18 months of selected experiences in the researcher’s role as executive officer of a new economic development organisation.

It was intended to be a study in the “communicative creativity” needed to start a regional economic development organisation and that prime focus remains important as a pillar of the study. However, the strongest result of the establishment of the organisation has emerged as the researcher’s management of developing trade and diplomatic links on behalf of his region in the People’s Republic of China.

In light of the new emphasis, the thesis title has changed during the research from:

“The role of communicative creativity in developing a regional economic development coalition for Far North Queensland: An Action Research professional practitioner case study”

to now be:

“The role of communicative creativity in starting trade relationships with China: An Action Research professional practitioner case study”.

The changed approach evolved during the process and was necessitated by the growing depth, breadth and importance in terms of outcomes of the body of professional work in China on behalf of the economic development community of Cairns. The researcher had been directly responsible for both building the business of the economic development organisation and its business links - and subsequent outcomes - in China. The change of emphasis has put the initial organisational construction period into a “process” context whereas in the initial iteration of the study it was to be the prime focus. The change has added another dimension to the research and strengthened the thesis by completing a first phase “beginning-middle-end” cycle.

Figure Introduction 1: The architecture of the new Shanghai represents a postmodern city that is the trading centre of China’s wealthy coastal regions and is a focus of trade mission visits for its blend of European and Eastern cultures.
Researcher's China Experience Lineage

Experience

1987
Hong Kong newspaper editor dealing with China's impacts on a colony deemed to return to motherland control

1989
Tiananmen Square incident dealing with the impact of China's crackdown on calls for greater populous democracy

2002-2004
Develop expertise in managing information to assist development of relationships in China

1991
Move to Cairns helps to highlight the town's potential to deal with the powerful forces driving South East Asia's economic growth

1998-2002
Move to Perth and start DBA (IS) to start building a platform of knowledge to deal with developing China trade links

Outcome
a continuum of information management experience and knowledge acquisition in dealing with China

Figure Introduction 2: A rich picture model of the researcher's China experience lineage, based on La Vertu (2005), displaying the components of his knowledge aggregation from newspaper editor to development and utilisation towards establishing a China trade mission model.

The reader needs to know that the researcher's expertise is not in the science area of information technology, his mechanical knowledge of systems is negligible and he is a typical "end-user" of "off-the-shelf" systems. He has, however, extensive experience in managing complex information exchanges in the organisational structure matrix of daily and weekly newspaper publishing through a journalism and management career of more than 30 years duration.

Through this period he was a user and production manager in the early 1980s of the first generation of word processing and pagination computer technology to produce newspapers in one of the world's largest publishing organisations. For more than 20 years he was a senior editor and manager responsible for the introduction of colour printing in newspapers in Australia and Hong Kong. This technology had a significant impact on the application of software in the newspaper design process and caused paradigmatic adjustment to the profession of journalism. Towards the end of the newspaper phase of his career, he oversaw commissioning of the most technologically advanced for its time four-colour newspaper printing press in Australia.

This is the penultimate paper of the researcher's study for a Doctor of Business Administration (Information Systems) degree with Edith Cowan University, Perth, Western Australia. It is the result of a Participatory Action Research method approach to the investigator's application of his general management and knowledge management expertise in establishing a new organisation in a discipline area in which he had no prior experience and its subsequent application in China.
His general management experience was acquired through terms running newspapers in Cairns and Perth and supplemented by a Master of Business Administration (JCU, 1997-2000) postgraduate degree, a Company Director's Diploma (1997, University of New South Wales), and internal company courses with a human resources bias.

His knowledge management expertise was built as a journalist in newspapers, radio and TV scriptwriting, then through managing newspapers in the countries previously mentioned. It was further explicitly developed through the DBA (IS) course that he undertook, which provided an opportunity to immediately apply in the workplace the learning from weekend classes at the Churchlands campus of Edith Cowan University.

This research project has been undertaken concurrent with the researcher leaving his employer of 20 years and the industry after more than 30 years to change professions and relocate to a remote part of Australia to start a new business from no physical or employee organisational base and in a field relatively pioneering in Australia. The operating and living environment chosen by the researcher removed him from the following professional, academic and personal support structures:

- severing ties with a corporation which provided steady employment, career development, adequate remuneration and peer support
- dislocating access to the range of academic services and institutions offered by the Edith Cowan University and the wider Perth lecturing and student network
- removing his family from work and school networks in Perth and therefore creating many temporary, but some continuing, external personal pressures

The test of whether his acquired basic management experience was adequate to sustain a transition to a new career was complicated by the impact of other concurrent changes. Had he changed jobs, stayed in the same city and maintained lifestyle attributes and habits with only the job being the variable, the transition might have been smoother.

This is not a study in changing jobs or location, albeit the environmental adjustments that were required added to the challenges. It is about testing the organisational knowledge-creation process and the communicative creativity in establishing a regional economic development coalition for the Far North Queensland region where the research has been undertaken. The challenges in building a new business from nothing have provided substance for this research and form the basis for the subsequent focus on developing trade links with China.

The claims to original knowledge that are being made are:

- the application of knowledge management in establishing a regional economic development organisation, and
- the application of knowledge management in developing trading relationships with entities in China

The economic development organisation came into existence in August 2001 through the intent of its founders to create a co-ordinating body to facilitate use of resources and efforts for the betterment of the economy of the remote city of Cairns and the greater region of Tropical North Queensland, an area stretching from Tully through to Thursday Island at the tip of Cape York Peninsula.
The opportunity to undertake research into this organisation came about by a change of circumstances. The researcher had completed at Edith Cowan University the course work units of a Doctor of Business Administration (DBA) focused on information systems while working as a senior newspaper manager.

The company had supported his postgraduate studies to achieve a Master of Business Administration (James Cook University) and subsequently approved further full support for the DBA. To this point, he had spent 20 years working as newspaper journalist, editor and business manager up to the level of managing director in locations Brisbane, Hong Kong, Cairns and Perth. However, at the pre-planning stage of a thesis topic to complete the doctorate, another job opportunity came up and he left newspapers.

The appeal of the opportunity was that it offered a chance to start a new organisation in a business sector he didn't know. It was a challenge that would use the managing, marketing and information expertise he learned in the newspaper industry. There were no preconceptions of how this new role would change his professional and personal life but he determined that by leaving the only industry he had worked in would, at the least, make life interesting.

One aspect of the adjustment that wasn't unknown was the location, the city of Cairns in Tropical North Queensland. He had worked there for seven years during which he had moved from one side of the business - journalism and editing - into newspaper management. He advanced from being editor of the paper - a position controlling 40 reporters, sub-editors and photographers and overseeing the editorial content of a daily paper, a weekly TV guide and four regional weekly papers - to wider management of 220 staff, including the aforementioned editorial people plus advertising sales representatives, printers, accountants, IT technicians, cleaners, truck drivers and receptionists.

He determined during this career when changing from journalism to management that, over and above getting the full support of the company, more formal training was needed to enable his best performance in the new role. Material trappings come with senior business management but so does the weight of responsibility which in this instance came in the form of directorships of a number of subsidiary companies.
To be fully aware of the liabilities of holding these directorships, he undertook a tertiary accredited professional course with the Australian Institute of Company Directors' (AICD), completed it well enough and gained a credit towards a business management degree. This set him on a course of postgraduate study that was undertaken part-time as he continued managing newspapers in Cairns and Perth.

As the time got closer to commit to a thesis topic for the DBA (IS), he discussed with potential supervisors the possibility of a study involving the newspaper industry. He had reservations based only on intuition that his superiors would not be easily convinced as to its value. Irrespective of their support for the study, it was another thing altogether to having aspects of the business probed by academics.

It was not unreasonable for DBA (IS) staff to think that one of the two most senior newspapermen in Western Australia would contribute to learning in information systems by opening up research on his own product. It was possible, had he stayed in the job. However, not only did he leave the company, but also the state.

And the newspaper industry offered some significant research topics, including:

- Organisational Management challenges posed by the computer press era
- Pen and Ink to Technology: Software skills training challenges for section and page designers
- Four-colour remote press management: off-site relationship building through computer technology

The first 12 months, which is the bulk of the research period, provided a series of stark contrasts in the working environment of his new career compared to the previous career.

He departed Perth on a Saturday morning and arrived in Cairns that afternoon. The following day he met the chairman of the new organisation and received a tour of the office. On the Monday he attended a full board meeting after which there was a full press conference – newspapers, TV and radio – to introduce to the community the new economic development leader.

Figure Introduction 3: The Cairns City which is the gateway from Asia into Northern Australia with direct flights almost daily from Hong Kong and the host of a long history of Chinese culture.
A Soft Systems Rich Picture of This Research Continuum

Newspaper editing knowledge

China in transition

Application of all knowledge

Information knowledge learning

Cairns economy knowledge

Reflective practitioner research

Knowledge Economy

Learning is the new currency

China trade mission knowledge

Economic development knowledge acquisition

Trade development knowledge

Figure Introduction 4: A rich picture model of this research continuum, based on La Vertu (2005), which shows the researcher's journey through the professions of newspapers and economic development, encountering along the way the experience of research and reflective practice towards a new learning paradigm.
He was the organisation's first employee and a three-square metre office had been appropriated in a small complex that housed other organisations funded by federal and state governments to pursue economic development objectives. He had a desk, chair, phone and model 486 computer linked to a slow internal network.

By way of contrast, he had come from an office four times the size plus an anteroom and separate boardroom, office facilities including "small meeting" areas, hospitality resources and an Ethernet-link to a global newspaper network.

He was now without staff whereas only days before he had a personal secretary and 10 department managers reporting directly to him. His diary had been maintained and his office car and personal life supported to the degree that there should be no reasonable impediment to him achieving the best for the global organisation.

In the new life, he now had to brush up on the on-line diary provided by Outlook to get to appointments on time and the record of his daily meetings remained unorganised in notebooks (he retained the habit from reporting days of recording all meetings).

The records show that in the first 369 days (including weekends) of operation – from start-up to the end of the first financial year - he wrote 1009 A4 pages of notes in nine 120-page books. In the first 36 days, he took 159 pages of meeting notes. The average note-taking working day for the period is 3.79 pages, or 2.73 pages per day including weekends.

In the period covered by the notebooks, he attended about 840 scheduled meetings, which is an average of more than two a day. Some of these meetings exceeded two-hours in length. There were many casual, non-diaryised meetings whose times were not recorded and which are fleetingly noted in the records as phone numbers and names, future dates or personal notes to the researcher for future reference.

In reality, however, while the professional circumstances changed with the move to another industry, the researcher remained an information manager. His output was now measured in creating economic development circumstances and criteria and his weekly publishing deadlines were displaced by a monthly commitment to write agendas, seek guest speakers and organise board meetings that became the primary reporting event.

His full career can be seen as a single continuum in learning to collect primary information, developing packaging and marketing skills for its use and managing its dissemination. This research project provided a watershed period to compile a specific report using the skills accumulated over those many years. It is informed by the refinement provided through the DBA (IS) course that was not about journalism or publishing but gave formal structures for the researcher to categorise his accumulated practical knowledge.

This continuum started with the researcher as cadet journalist in a radio station. His first job involved learning how to be a journalist using notebooks and tape recorders, the tapes being integrated with written introductions to be replayed in hourly news bulletins, which the researcher also read as a news announce. The power of this information was highlighted in another aspect of the job that involved the researcher creating teletype tapes for transmission of stories to a range of radio stations around Australia. In this period, the year of 1970, the prime electronic form of conveying information was the telephone and the teletype machine which used paper tapes onto which a series of holes representing letters of the alphabet were punched. It was only a little more technologically advanced than the Morse Code machine his father had used in World War Two and, fortunately, souvenired from the service to demonstrate nostalgically to his children, thus providing an early lesson in communication technology.
Researchers' Communication Experience Lineage

Childhood
World War 2 veteran father's experience as an army and air force communications operator demonstrated at home on an old Morse Code machine he salvaged from service.

Early career radio journalist
Training to read radio news, to record interviews to tape machines and also to punch teletext tapes for transmission of news around Australia using an adaptation of Morse Code messaging.

Regional development career
Implementing wider dissemination of development practices through web pages, e-mail, PowerPoint presentations and digital imaging.

Newspaper career
Implementing new era technology using word processing and pagination design computers and colour newspaper production on electronic presses.

Figure Introduction 5: A rich picture model of the researcher's communication experience lineage, based on La Vertu (2005), establishing his childhood learning as a basis for subsequent careers in information management.

The newspaper phase of the researcher's continuum finished with him managing a multi-million-dollar business that published a weekly newspaper in the Western Australia market.

The second phase started with a new career setting up the economic development entity. An entire regional community has witnessed the development of this organisation through the public activities undertaken by the researcher that have been recorded in newspaper articles, highlighted in radio current affairs, displayed on nightly television news and are now permanently on display on the organisation's website, www.advancecairns.com. The organisation's critical information flows have been to the board (primary) and the public (secondary) and this study records the outcomes of much of the methods of communication applied, through the researcher's written output.

This study examines two specific areas, these being:

- organisational establishment of the knowledge-creation process, and
- communicative creativity applied to building trade links with China through which economic development achievements are being driven

Construction of this Thesis

The presentation reflects the researcher's publishing background and is therefore enhanced by design values that add a conservative graphic style to the finished product. The challenge has been to balance what might be acceptable to examiners and enhance the look of the thesis without detracting from the product's substance.
This approach was adopted to stay true to the nature of the work that was being researched which is the marketing of a region and its attributes to potential investors. As the reader will see, the collateral developed to undertake that marketing is wide-ranging in style.

In reference to writing, the first person style is used extensively in Action Research writing however the researcher is a journalist trained to report and will therefore ignore this style wherever possible.

The Content of the Chapters

The following is an outline of the main points of each chapter. Further guidance to chapter content is contained at the beginning and end of each.

In Chapter 1, the research subject is introduced, outlining the physical environment of the research, its prime foci on the establishment of an organisation and this then providing the basis from which to launch trading relationships with China. A discussion of the role of economic development in Australia's regions is informed by reference to relevant readings that are broadened to include the global perspective. The role of industry cluster development is then discussed, citing Michael Porter's The Competitive Advantage of Nation's series, the relevance being to highlight importance of the application of this method in developing capacity in regions. The chapter concludes with a description of the historical role of the Chinese in the research environment, pointing to the existing cultural links that provide a sympathetic background against which to initiate trade, and includes a current Fact Box of statistics about China.

In Chapter 2, the researcher's professional attributes brought to the inquiry are outlined. These are embedded in a description of the processes of his working life and lead to a discussion informed by reference to relevant readings about knowledge workers, the knowledge and information economy and its predecessors in history. A Critical Definitions table sets out a context of terms relevant to the philosophical nature of the research. The text then describes the nature of knowledge and data extant, and not, available to the researcher in his new role and then further discusses aspects of knowledge management in organisations, through tacit and explicit to knowledge creation and concluding with a brief look at some thoughts on the philosophy of information.
The second stage of this chapter starts to put in context the researcher's experience of China through his role as a professional newspaper editor and recounts a Personal Case Study of information management in a newspaper office. The chapter concludes with a review of the researcher's reasons for taking an academic route to enhance his professional development, outlines some achievements and concludes with highlights of two conferences that informed his knowledge of regional development.

In Chapter 3, the research approach and methodology is described and justified. The method used is Action Research underscored by the principles of "communicative creativity" which combines the commonalities of Habermas's theory of communicative action and Wieman's doctrine of creative exchange. The application of these principles is tested against the theoretical framework of Nonaka and Takeuchi's Five-Phase Model of the Organisational Knowledge-Creation Process. A discussion informed by reference to relevant readings outlines the researcher's reason as a sole operator for applying the Participatory Action Research method and then tests the appropriateness of the method against Patton's criteria of suitability for this research subject. The Wieman and Habermas principles are then discussed and the outcomes of these dialogues are distilled.

In Chapter 4, the results of the first of the two-phase research process are recorded. In this phase, the organisational knowledge creation process for establishing the early stages of the economic development organisation is measured for criteria matching against Nonaka and Takeuchi's Theory of Organisational Knowledge Creation and tested against their Five-Phase Model of the Organisational Knowledge Creation Process. The economic development organisation's establishment is divided into three stages with only the first two tested in this Chapter. The conclusion is that the organisation's establishment phase proved to be generally compliant with the model's criteria, however it is noted in Chapter 3 that other research has found that a quantitative measure of this model has not been successfully undertaken. The results, therefore, are highly qualitative.

In Chapter 5, an information management model for undertaking trade missions into China is the result of the second-phase of the research and is the final stage of the China engagement continuum that has been developed through the research. The chapter outlines the information management process undertaken to aggregate the components of the model and tests it as the third stage of the organisation's development against Nonaka and Takeuchi's Five-Phase Model. Further qualitative tests are made against the relevant Wieman and Habermas criteria for "communicative creativity". Circumstance descriptions of the components of the four stages of the China Trade Mission Model are used to justify the delineation of each stage.

In the Epilogue, the development of the final model and the researcher's failures encountered along the way are discussed. Also outlined is the researcher's new professional practice which has emerged from the project, discussion about the research method, personal reflections and a summary.
Here we shall stay with our books and our music and our meditations, conserving the frail elegancies of a dying age, and seeking such wisdom as men will need when their passions are all spent. We have a heritage to cherish and bequeath.

- James Hilton, Lost Horizon (1933)
 CHAPTER 1

INTRODUCTION TO THE RESEARCH SUBJECT

WHAT’S IN THIS CHAPTER

• The research subject is introduced, outlining the physical environment of the research, its prime foci on the establishment of an organisation and how this then provides the basis from which to launch trading relationships with China.

• A discussion of the role of economic development in Australia’s regions is informed by reference to relevant readings that are broadened to include the global perspective. The role of industry cluster development is then discussed, citing Michael Porter’s The Competitive Advantage of Nation’s series, the relevance being to highlight importance of this method in developing capacity in regions.

• The chapter concludes with a description of the historical role of the Chinese in the research environment, pointing to the existing cultural links that provide a sympathetic background against which to initiate trade.

• A Fact Box of current statistics about China assists the reader to assess the magnitude of the nation with which Cairns seeks to initiate trade.

3rd Person Observation:

Regional success and decline seem to result from a different regional capacity to exploit the local financial, natural, physical, social and human capital to facilitate local as well as foreign direct investments.

- Mario Pezzini, Head of Territorial Reviews and Governance Division, OECD

2nd Person Discourse:

In mid-2002, the researcher started a local government-funded, not-for-profit economic development corporation serving Far North Queensland region and based in Cairns. It is a collaborative undertaking of regional private sector development bodies and relevant local, state and federal government agencies. The corporation was set up to be the peak economic development agency for the region and a key point of contact for government agencies and potential investors.

The practice of economic development represents unexplored territory in Australia and has been given relatively little attention by academics and policy makers (Beer, et al, 2003). It is this context in which the Cairns organisation was established and will be discussed later.
Cairns is a developed "first world" city in the Tropical 16 degrees latitude, providing an appealing climate regime and time zone attractive to many Australian and Asian business people. The region's liveable environment in a politically stable country in proximity to the strengthening industrial nations of Asia constitutes a geographical advantage.

The region hosts a strong tourism industry together with a burgeoning international education service sector, and a light manufacturing industry with world-class high-speed catamarans and ferries and super-yacht refits emerging from local shipyards. Other manufacturing and processing facilities service the agricultural/horticultural industries that extend from the coastal plains to the highlands.

It is close to the markets of South East Asia and the Pacific, with low costs of labour compared to other Australian states, and to major Asian centres, such as Hong Kong, Tokyo and Singapore. Cairns also provides an ideal base for conducting business with Asia Pacific partners, with state of the art infrastructure, including excellent transport and telecommunications options and world-class accommodation and convention facilities.

A major sugar producer and supplier to world markets, the region's farmers and graziers also produce tropical fruits in abundance and supply a growing international market with live cattle. Boasting Australia's largest variety of commercially produced exotic tropical fruits and vegetables, the region is also home to one of the most pristine marine environments in the world which has spawned one of the country's largest fishing fleets.

CONTRIBUTION VALUES FOR THE MAIN INDUSTRIES IN FAR NORTH QUEENSLAND

<table>
<thead>
<tr>
<th>MAJOR INDUSTRY VALUES FNQ</th>
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<tbody>
<tr>
<td>Tourism</td>
<td>$2 billion</td>
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<tr>
<td>Retail</td>
<td>$1.8 billion</td>
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<tr>
<td>Manufacturing</td>
<td>$900 million</td>
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<tr>
<td>Horticulture/Tropical Plants</td>
<td>$300 million</td>
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<td>Mining</td>
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<td>Sugar</td>
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<td>Fishing</td>
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<td>Meeting, Incentives market</td>
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<td>$35 million</td>
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<tr>
<td>International Education</td>
<td>$30 million</td>
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Table 1.1: Major Industry Values FNQ: Contribution values for the main industries in Far North Queensland which gives an idea of the environment for the economic development organisation's formation.
The corporation is called Advance Cairns and has a vision to design and implement strategies to enhance regional economic activities in a co-ordinated and integrated manner. Its vision statement is: “to facilitate sustainable economic growth for the region”.

The researcher is the executive officer whose role is to work for a board to represent the region of Far North Queensland, head-quartered in the region’s capital – Cairns – in co-operation with potential customers and stakeholders to improve the economy. Thus there is a single viewpoint that drives the momentum of the organization.

He is the spokesman on matters of an economic development nature and represents the city to prospective investors, encouraging and, where appropriate, facilitating their involvement. The researcher is exposed to a wide range of industries, as can be seen through the business sectors listed in the table above, and consequently to the practitioners of, and customers for, their wares.

**Regional Development Organisational Bank**

The focus of this research is, primarily, the establishment from a nil base of an organisation to bring greater focus to the economic development of a region and, secondarily, the outcomes – in this case building relationships with China – of the created organisation. Economic development is derived as a matter of course by the efforts of local, state and federal government and their various funding streams administered through bureaucracies. Regions are isolated microcosms reflecting scaled-down versions of metropolitan areas. Their populations and gross product are proportionately smaller than their big city counterparts but their growth challenges remain the same - to provide habitat enhancing infrastructure such as roads, water, sewerage and social amenities such as education and sporting facilities, all in an environmentally sustainable manner.
The entity for which the researcher is responsible was set-up to co-ordinate and add more focus to the efforts of other organisations and to influence outcomes such as ensuring resources are directed to areas of need. A significant role was given to the organisation to promote the region to attract investors and develop domestic and international markets for its goods and services.

**Research Environment**

Regional economic development throughout Australia is a priority across all three levels of government and, while community expectations of outcomes are high, available resources are limited. Regional development consists of non-metropolitan communities improving their economic, social, cultural and environmental well being by fully developing the region's potential to benefit the residents. Key elements underlying successful regional development include cooperation between all levels of government in building community capacity to adjust to change, retaining and developing existing businesses, diversifying regional economies and working cooperatively on public and private sector infrastructure development and regional investment.

Blakely (1994) proposed that economic development agencies have only four roles available to them: entrepreneur/developer, co-ordinator; facilitator and, stimulator and these were influenced by their institutional mandate. The criteria under which the Cairns model was established included three of the four, leaving out entrepreneur/developer. It was charged with: co-ordinating the efficient activity of development efforts “through strategic and operational planning”; facilitating to “improve the attitudinal environment”; and, stimulating “firms to enter or remain in the community” through promotion, provision of information and development of positive information channels, such as a website.

Beer (p. 145) observes the framework of the structure, or organisation, of economic development in Australia as both complex and simple. It is simple in the sense that the three tiers of government are the dominant actors, but complex in that new initiatives are spinning off continually, while previous policies and programmes are either retained or fade away. The result is a fragmented and difficult-to-navigate landscape of organisations and policies, many with apparently similar operational objectives and overlapping territories.

He cites a survey (Maude and Beer, 2000) in 1996 that asked respondents for information on their year of establishment. The result was remarkable in revealing the youthfulness of economic development agencies in Australia, reflecting, in an institutional sense, a “Third World” demography marked by high “birth” rates and high “death” rates. The creation of new agencies was paralleled by the demise of existing ones, extinguished by a variety of causes including administrative charges, financial crises, lack of community support or interest, political disputes and changing priorities in governments. The trend has continued.

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**3rd Person Observation:** *As a nation we can't do anything less than address the knowledge economy. Ignoring it would be like repudiating electricity at the start of the 20th century – NSW Premier Bob Carr (2002)*
The survey showed that most economic development agencies in Australia are small concerns with relatively few staff – two on average – and budgets around $230,000 a year. Best funded in 1996 were the nine Western Australian regional development corporations ($1 million to $9 million each) and the least was Queensland that didn’t support development agencies at all but has since rectified the situation with a regional development Cabinet portfolio that provides resources and funds to centres in this most diversified State with significant population hubs outside the capital, e.g., Gold Coast (circa 500,000), Townsville (155,000) and Cairns (130,000).

A Federal Government taskforce was set up in 1993 to investigate the prospects for a more even distribution of regional development and employment (Tonts, 1999). Its report emphasised the need to modernise transport and communications infrastructure and to improve education and employment opportunities in regional areas. It also proposed the establishment of 66 Regional Economic Development Organisations (REDOs) across Australia to develop individual regional strategies, promote regional development and improve policy co-ordination between federal, state and local governments.


Many of these findings were eventually rolled into the Keating Government’s Working Nation programme (O’Neill, 1996), the regional development component of which was strongly influenced by the taskforce and McKinsey reports. The foci of the regional development section of the programme were on promoting local leadership, infrastructure improvements, education and training programmes and the formation of REDOs to co-ordinate development between federal, state and local governments.

In the late 1990s, the Howard Government stepped into the scene with a Regional Development Program that lead to creation of an entity based in defined regions called the Area Consultative Committee (ACC) whose focus was on creating jobs. The ACCs have since strengthened, taking a wider business development and sustainable regions’ focus and have become Canberra’s prime funding agencies outside metropolitan areas. The Federal Government’s focus is to deliver sustainable macro and micro-economic management of the Australian economy and facilitate the provision of Commonwealth programs, services and funding through the Department of Transport and Regional Services.

Figure 1.3: The beaches of Far North Queensland are part of the systemic attraction to senior Chinese leaders who make regular visits to see the Great Barrier Reef, at the same time endorsing the region for their many countrymen to visit.
Western Australia and Queensland are the largest and most-decentralised states with strong regional development foci and networks linking back to State Government ministers in terms of direct political accountability and the facilitation of resources. Regional development cannot be achieved in isolation from any of the three tiers of government and while communities need, and want, to take responsibility for their own future, government support critically underpins the development process.

Local Government participation is vital to the success of regional development initiatives, and local councils, singly or in groups including regional organisations of councils, have long been at the forefront of such activity. They have allocated large amounts of time, energy and resources to promoting development in their areas and have forged important and valuable partnerships with other spheres of government, business and community groups. Local Government participates actively in inter-governmental approaches to economic development and cannot avoid but to continue fostering progress through a range of local and regional activities. The ability of Local Government to operate in this area is under the jurisdiction of the States and their allocation of resources and grants. The third tier of government in Australia is not recognised in the Australian Constitution, being established and regulated by the States, so its effectiveness is tied to the first two tiers of power (Saunders, 2003, p. 127).

The Cairns economic development entity is not unlike other regional development boards, focusing on issues affecting the growth of industry and business, and the creation of jobs. Its local base gives it an understanding of the region's resources, economic strength and economic 'drivers' to build on for competitive advantage.

On a wider canvas, regional economies around the world have been confronted by momentous changes in the latter years of the 1990s and the start of the 21st century as their ability to adapt is tested by the globalisation of trade and economic activity. Globalisation affects regions to different degrees but is increasing. International networks are forming and new international divisions of labor are emerging. In this new pattern, regions are becoming increasingly a part of world trading groups, with a growing dependency on export markets.

Although world trade continues to be an important driving force for growth it is mainly the most advanced regions – those with economic activities with a high skills and capital content – that reap the benefit of doing business on international markets (Hugonnier, 1999). Winning regions are those with a solid export base and notably with a sectored distribution of activities emphasizing mostly globalised industries such as pharmaceuticals, electrical and non-electrical machinery, basic chemicals, scientific instruments, textiles, electronics and services to firms.

Pezzini (2002) reports trends that have come out of OECD national and regional territorial reviews that highlight two major "stylized facts" about regional development:

1. In OECD countries, there are not only important differences among nations. Income levels, unemployment and poverty rates differ widely across regions, more than between countries. Between 1975 and 1995, on average, regional unemployment rates differed by more than 30% from national ones, in some countries even more than 60%.
2. Territorial disparities are relatively persistent: while some convergence is taking place between OECD countries, at the sub-national level the long-term trend towards convergence, if any, is a slow process. In fact, in the large majority of countries total unemployment has decreased while regional disparities in unemployment rates have increased.

OECD reviews of industry clusters, Pezzini (p. 3) continues, provide examples of competitive small firms advantaged in their co-operation by their network relationships. Several regions still have a continuum of small and medium-sized firms that, although close to each other, are simply juxtaposed, face high transaction costs in business-to-business relationships and are incapable of developing co-operation to exploit the advantages of networks. Rural regions face particular challenges, even when endowed with beautiful natural and cultural amenities that can constitute significant territorial assets for economic regeneration. In fact, even if farming is still important in shaping rural land use, employment opportunities in primary industries are declining and rural is no longer synonymous with agriculture.

The OECD has noted a new focus on trying to improve the "competitiveness" of regions, and hence to understand the key elements which appear to be "performing" well from those which are not. This implies attempts to divert resources from programs that focus on subsidies to programs that focus on support for investment in human and social capital, diversification of economic activity and the related creation of new enterprises, key infrastructure, the environment, and innovation.

There are important consequences for the choice of policy instruments with an emphasis on business assistance and infrastructure, networks of knowledge and expertise, diffusion of new technologies and R&D, inter-regional and international business networks, vocational training, (including an important emphasis on entrepreneurial skills).

One of the most important targets is capacity building for policy actors at the local level, including the increasing use of programme monitoring and evaluation procedures both as a control and a learning mechanism. In fact, these refinements and innovations are recent and limited in scope to certain OECD countries.

**Processes of Economic Development**

Coinciding with the arrival of the information age in the mid-1990s was acceptance of Michael Porter's cluster approach to economic development espoused in *The Competitive Advantage of Nations* series (1985, 1990, 1998, 2000). His theory was applied to developing more integrated micro policies that enhance economic development and complement macro policies designed to achieve greater stability in the general economic environment. The cluster model can be applied to a multitude of industries however ICT has been a major driver of the world economy since the micro chip and personal computer were developed and have changed the way we live.
Riley (1995) saw that the way in which information was collected, stored, accessed and communicated had a direct bearing on the success of economic development offices. In this context, he concluded that computer technology was a useful tool for such operations because of its ability to speed up and enhance the efficiency of the information management process. Software such as word processors, spreadsheets, databases, contact management programs and graphics programs could be integrated with on-line information services and desktop publishing to maximise computer technology. With the general international take-up of modern information and computer technology, most organisations since the Y2K watershed year are adequately equipped.

Carroll and Stanfield (2001) argue that long-run sustainability depends on blending new economic activity into the current economic base without destroying the existing social connections. Economic development programmes should be cognisant of generating sustainable development, not just from an ecological point of view but also from the viewpoint of preserving the region's economic and social integrity. Economic development can be pathological if the economic change erodes the community base or increases the vulnerability to microeconomic fluctuations. They observe that some programmes simply rely on ad-based campaigns that lack any significant strategic content or simply produce a series of glossy booklets that tout the region's amenities of praise its residents.

The Cairns region has been the home of a strong cluster-based industry development programme since the mid-1990s. These clusters have helped to coalesce the formation of some of the pillars of the economy, in areas, for instance, such as tourism and hospitality which was a pioneer of the clustering model, international education, construction and maintenance of defence and leisure sea craft, information technology and property development.

Jones (n.d) points out that some regions in Queensland have quite sophisticated and clearly thought out strategies and development plans that bring together key stakeholders from the private sector and each level of government as well as educational institutions. He is critical, however, of others which are stagnant and struggle to keep pace with a parochial output that ignores what happens outside their boundaries and therefore miss out on opportunities for linkages.

The idea of industrial clusters forming the basis of regional economic growth has moved rapidly from academe to policy (Simmie and Sennett, 1999). Two related lines of theoretical argument have been developed mainly during the 1990s that focus on conditions associated with endogenous regional economic growth. The first was inspired by Piore and Sabel's (1984) notion of flexible specialisation and the re-invigoration of Marshall's (1919) concept of industrial districts by Becattini (1990). The second was Porter's (1990) seminal work on the importance of industrial clusters for competitive advantage.

There is a considerable variety of definitions of clusters in the literature. There is also a tendency to use terms such as cluster, agglomeration, new industrial districts, embedded, milieux and complex more or less interchangeably (Gordon and McCann 1998). Much of the more economic analysis is inspired by Porter's (1990, p. 149) definition that "a cluster consists of industries linked through vertical (buyer/supplier) or horizontal (common customers, technology, channels) relationships". Enright (1995) proposed a somewhat narrower definition. He suggested that a regional cluster, exhibiting the characteristics of an industrial district, is characterised by the great significance of one industry (rather than several) together with an innovative milieu.
Drawn from these and other perspectives, key features of clusters are internal networking, linkages, formal and informal interactions. A common strand in both the economic and sociological literature is the notion of local linkages forming a defining geographical basis of a cluster. These linkages tend more often to be based on commercial transactions in the economic analyses. The importance of non-traded linkages is more often stressed in economic sociology. In both cases by definition, a cluster is said to exist by virtue of the existence of locally confined linkages.

Porter (2000) pointed to the paradox of economic geography during an era of global competition. He recognised that changes in technology and competition have diminished many of the traditional roles of location. Yet, he found, clusters, or geographic concentrations of inter-connected companies, were a striking feature of virtually every national, regional, state and even metropolitan economy.

The prevalence of clusters reveals important insights about the micro-economics of competition and the role of location in competitive advantage, he maintained. Even as old reasons for clustering had diminished in importance with globalization, new influences of clusters on competition had taken on growing importance in an increasingly complex, knowledge-based, and dynamic economy. Clusters represented a new way of thinking about national, state, and local economies, and they necessitate new roles for companies, government, and other institutions in enhancing competitiveness.

Porter’s *The Competitive Advantage of Nations* (1990) helped trigger a large and growing number of formal cluster initiatives in countries, states, cities and even entire regions such as Central America.

Part of his definition of clusters was: More than single industries, clusters encompass an array of linked industries and other entities important to competition. They include, for example, suppliers of specialized inputs such as components, machinery, and services as well as providers of specialized infrastructure. Clusters also often extend downstream to channels or customers and laterally to manufacturers of complementary products or companies related by skills, technologies, or common inputs. Many clusters include governmental and other institutions (e.g., universities, think tanks, vocational training providers, standards-setting agencies, trade associations) that provide specialized training, education, information, research, and technical support. Many clusters include trade associations and other collective bodies involving cluster members. Finally, foreign firms can be and are part of clusters, but only if they make permanent investments in a significant local presence.

Enright and Roberts (2001) have examined regional clustering in Australia and, like Porter, note the paradox of the acceleration of regional cluster activity concurrent with global economic acceleration. Their economic reasons for the geographic concentration of particular industries involve the presence of unique natural resources, economies of scale in production, proximity to markets, labour pooling, the presence of local input or equipment suppliers, shared infrastructure, reduced transaction costs, and other localised externalities. Unique natural resources and extreme economies of scale in production provide the most straightforward, and perhaps least interesting, rationale for localisation. Saudi Arabia has a strong cluster in oil and basic petrochemicals because it has oil.

3rd Person Observation: *Knowledge workers already give the emerging knowledge society its character, its leadership, its central challenges and its social profile. They may not be the ruling class of the knowledge society but they are already its leading class* – Peter F. Drucker (1994)
Quebec has substantial hydroelectric generating capacity that is used in the aluminium industry. Economies of scale are such in large commercial airframes, large commercial jet engines, and some chemical products to allow for a limited number of efficient scale facilities worldwide. Proximity to markets helped establish the textile industries of Prato and the Kyoto area, the pharmaceutical industry in the New Jersey area, the auctioneering and insurance industries of London, and the fashion industries of Europe and North America, among others. While proximity to consumer markets need not be an advantage in a world of global transportation, for products that are difficult to transport or that require ongoing close interaction with customers, proximity to market can still be an advantage.

The Research Application Environment

As will be outlined in a subsequent chapter, the researcher has an extensive background in the media that includes nearly five years editing a newspaper in Hong Kong. During this time, 1987-1991, Hong Kong went through extensive public examination and prognostication of its future under China after 1997. Pro-democracy movements gained momentum and public demonstrations were part of everyday life. Such activity is accepted throughout the Western democratic world and was not unlawful under the British rulers of Hong Kong. However it is not allowed in mainland China as shown in the story told later about the Tiananmen Square democracy crackdown.

Being a newspaper editor in Hong Kong during this period gave the researcher access to the highest authorities in government and business as the information published influenced investment decisions in the immediate term which could expose financiers to an unknown economic climate beyond 1997. Consequently he acquired a strong professional and lived understanding of the Hong Kong and Chinese government and bureaucratic systems and was able to access powerful operators in both.

After relocating to Cairns in 1992, he watched from the sidelines as Hong Kong went through the painful handover period post-1997 and then suffered the impact of the Asian Monetary Crisis from 1998 to 2000. Cairns was going through its own metamorphosis as the economy contracted in the mid-1990s and remained in the doldrums up to his departure for Perth in 1998.
On return to Cairns in 2002 to start a new regional economic development organization, the researcher found a town that had well emerged from its malaise. Tourism numbers were at two million visitors a year, the international airport was busy, road and rail traffic was up and the town’s operators were ready to do business everywhere.

Through his new role, he was in a position to influence where business could be done and the marketing messages he issued for Cairns portrayed it as “the front door into Australia from Asia”. An early promotional image – for business, not tourism - showed Cairns as “the centre of the world”. Another drew graphic lines denoting trade links to cities on airport routes that delivered tourists to Cairns international airport.

For those in the business of building trade links, there is no avoiding China and his previous experience in the Hong Kong-China region was about to pay off. However, there were to be a few glitches.

First, though, it is relevant to examine the situational build up accorded the growth of China’s potential by the chief economist at the Australian Trade Commission, Tim Harcourt, and senior trade commissioner in Hong Kong, Peter Osborne. Also known as Austrade, the Federal Government organization is responsible for the facilitation and promotion of the nation’s exports.

<table>
<thead>
<tr>
<th>RANKING</th>
<th>1989-90</th>
<th>2002-03</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New Zealand</td>
<td>New Zealand</td>
</tr>
<tr>
<td>2</td>
<td>Papua New Guinea</td>
<td>United States of America</td>
</tr>
<tr>
<td>3</td>
<td>Singapore</td>
<td>Singapore</td>
</tr>
<tr>
<td>4</td>
<td>United States of America</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>5</td>
<td>Malaysia</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>6</td>
<td>Hong Kong</td>
<td>Japan</td>
</tr>
<tr>
<td>7</td>
<td>Fiji</td>
<td>Malaysia</td>
</tr>
<tr>
<td>8</td>
<td>United Kingdom</td>
<td>Papua New Guinea</td>
</tr>
<tr>
<td>9</td>
<td>Japan</td>
<td>China</td>
</tr>
<tr>
<td>10</td>
<td>Indonesia</td>
<td>Fiji</td>
</tr>
</tbody>
</table>

Source: Austrade/ABS

Table 1.2: Australian Exporters by Destination: China ranks low down the list in receiving Australian export products and is primed for growth generated by the economic development organisation.
This is the environment dominated by an emerging China that coincided with the formation of the regional economic development organization. Significantly, there was strong focus by state and local government on developing trade links with China.

The Chinese are one of the longest established migrant groups in the Far North Queensland region. They first arrived in the 1870s, seeking their fortune on the Palmer River goldfields near Cooktown. When the gold supply diminished, the miners, including the Chinese, moved on, with many settling in Cairns, Innisfail and the Atherton Tableland.

One hundred years ago, Chinese made up 25 per cent of the total Cairns population. They played a key role in the economic development of the region, pioneering the banana and sugar industries. Grafton Street in Cairns was the site of the former Chinatown business district, including temples, laundries and brothels.

Complementing the contribution of the Chinese to society and the economy is the Cairns community's contemporary business relationship with Hong Kong and the mainland. This is apparent on a daily basis in the level of exports of seafood from Cairns to Hong Kong that is worth about $30 million ($HK150 million) per annum. The exports include coral trout, shark fins, sea cucumbers and rock lobsters.

So the environment for developing trade links with China was replete with strong fundamentals, namely:

- Chinese heritage, which meant familiarity with culture and tradition
- Proximity to Asia, which helped with profile-building, e.g. reef, rainforest
- Air traffic routes offering direct flights, ensuring simple travel arrangements
- A burgeoning mainland Chinese economy which couldn't be ignored
- Enthusiastic support from all tiers of government
- Organisational encouragement to lead trade groups and develop missions

While that all looks good, it was another thing altogether to start the process of doing business.

According to a Far Eastern Economic Review survey (1997), 98% of chief executive officers rated cultural understanding as one of the most important qualities for business success in Asia.

This is not surprising as, unlike the Jewish-Christian western culture, China is a Confucian country with its own distinct culture, values and psychological patterns that cannot be simply translated for understanding in a western perspective.

It is therefore important to realise that Confucian values continue to shape the Chinese psyche both inside and outside China, as well as Chinese social behaviours, business practice, management styles, negotiation strategies and more. (Cheng, 2005)

3rd Person Observation: Marketing of an economy is important. If an economy has a reputation for quality it propagates new participants – Orna Berry (2002)
CHINA FACTS

China is one of the biggest countries in the world and its oldest continuous civilization.

Area: about 9.6 million sq km covering about 6.5 per cent of the world's total land area. Third largest country (after Canada and Russia)

Population: 1.3 billion or 23 per cent of world population. China is the world's oldest continuous civilization.

Location: eastern part of Asia on the west coast of the Pacific Ocean. The distance from east to west measures over 5,200 km and, from north to south, over 5,500 km.

Land border: 22,143.34 km long and borders 12 countries: Korea in the east; Russian in the northeast and northwest; Mongolia in the north; India, Pakistan, Bhutan and Nepal in part of the west and southwest; Burma, Laos and Vietnam in the south.

Coastline: more than 14,500 km.

Immediate neighbors: Across the East China Sea to the east and South China Sea to the southeast are Japan, the Philippines, Malaysia, and Indonesia. More than 5,000 islands are scattered over China's vast territorial seas, the largest being Taiwan and the second largest, Hainan. One territorial sea and three neighboring seas together constitute 4.73 million sq km.

Table 1.3: China Facts: the entity to be explored by a China Trade Mission

HOW THIS LEADS TO THE NEXT CHAPTER:

This chapter has discussed the regional environment of the research, the conditions under which economic development is practised and the methods, for instance through industry clustering, that are applied to achieve economic benefits for communities in Australia and overseas. It has also started to build the China continuum that runs through the thesis and finishes with the research outcome of a template under which business development with China takes place. The next chapter outlines the researcher's professional history, practice and learning space and displays the depth of knowledge and information management attributes which are embedded in his application to the research outcomes.
One of its features, for instance, was a very delightful library, lofty and spacious, and containing a multitude of books so retiringly housed in bays and alcoves that the whole atmosphere was more of wisdom than of learning, of good manners rather than seriousness...

- James Hilton, Lost Horizon (1933)
CHAPTER 2

RESEARCHER’S EXPERIENCE AND LITERATURE REVIEW

WHAT’S IN THIS CHAPTER

• The professional attributes the researcher brings to inquiry are outlined through his working life and lead to a discussion about knowledge workers, the knowledge and information economy and its predecessors in history

• A Critical Definitions table sets out a context of terms relevant to the philosophical nature of the research.

• Aspects of knowledge management in organisations are examined, through tacit and explicit to knowledge creation

• The context of the researcher’s experience of China is recounted in a Personal Case Study of information management

• It concludes with a review of the researcher’s motives for academic study

2nd Person Discourse:

The focus of this research is to discover methods of knowledge and information management that best deliver the outcomes required to achieve the aims of the regional economic development organization. The researcher has moved from one environment of managing and delivering information/knowledge to another as a regional development practitioner. His experience as a presenter and marketer of information is relevant to the new role and is outlined below.

Professional Attributes

The researcher has been operationally, ethically and legally responsible for the collection, collation and publication of millions of words of information over a newspaper career of more than 30 years. This started with the researcher as a primary generator of information as a radio and newspaper reporter/journalist, then moving to be a newspaper sub-editor and headline writer shaping other journalists’ work for publication before ultimately designing pages and then managing the make-up of complete newspapers. He became an executive editor and chief executive officer of newspaper businesses in Australia and overseas with staffs numbering up to 300 full-time and part-time employees in individual businesses.

The words he wrote or published in these roles were in the form of daily news stories, feature articles to give background to current events, opinion articles, readers’ letters, sport stories and advertisements, including classified advertisements to sell cars, houses and bric a brac. This information has been presented in a variety of daily, weekly or monthly newspaper formats and magazines. The writing style,
theme of publication and design treatments have differed according to markets which, in the researcher's case, have included metropolitan, suburban and regional areas in the Australian states of Victoria, Queensland and Western Australia and overseas in Hong Kong.

Throughout the ages, the degree of research into the daily news story has varied, starting, at best, with weeks' of investigation by a team of reporters to produce a series of first-rate articles to finishing, at worst, with a series of rushed phone calls to trusted "sources" to verify enough of a hunch, rumour or tip-off to write a story for the next edition. News is the core information in newspapers and can be defined as new information about a subject of some public interest that is shared with some portion of the public (Stephens, 1988).

The researcher's career as a journalist, editing reporters' work, managing the information packaging and marketing process as an editor and ultimately controlling a publishing business gives him a unique set of skills for the research environment in his new role in economic development. This role is one of information management and facilitation of stakeholder efforts to get regional economic development outcomes. It involves packaging and selling the concept through exposure of the organization and its efforts to build the region's profile and attract investment in projects that will grow the economy. The outcome for the researcher in the context of one old job versus one new job, is packaging information to sell a newspaper versus packaging information to sell the attributes of investing in a sector of regional Australia.

Figure 2.1: The new carrier Australian Airlines offers a direct passenger and cargo service between Cairns and Hong Kong which adds greater flexibility to travelling schedules for traders wishing to explore the potential of China.

3rd Person Observation: Singapore focuses on sectors and encourages enterprises. Red tape has been replaced by red carpet. We spot companies and hunt them down – K. K. Hwa (2002)
It has been an important basing, or grounding, process for the researcher to focus on some of the contexts of the information and knowledge environment he is operating in. The history of newspapers is replete with the development of the industrial revolution and this heritage has underpinned the culture of the newspaper industry through to the development of the computer that revolutionised the industry and its culture. To further expand on this experience, a number of publications and papers were revisited to enhance the contextual background for the research environment.

The OECD (1996) introduced the term “knowledge-based economy,” defining it as an economy “directly based on the production, distribution and use of knowledge and information.” The Asia-Pacific Economic Co-operation (APEC) economic committee defines a knowledge-based economy as one in which “the production, distribution and use of knowledge are the main drivers of growth, wealth creation and employment across all industries”. The United Kingdom’s Competitiveness White Paper (Department of Trade and Industry, 1998) defines a knowledge-based economy as “…one in which the generation and exploitation of knowledge has come to play the predominant part in the creation of wealth”.

Tapscott (2000) saw that no matter the name - human capital, intellectual capital, or knowledge capital - the only assets that really count are intellectual assets, i.e. knowledge contained in the brains of knowledge workers and in networked digital documents and databases. His thesis was that the knowledge and creative genius of product strategists, developers and marketers was the key to the future. What counted was a company’s ability to attract, retain and grow the capabilities of knowledge workers and to provide the environment for innovation and creativity. The Digital Age was not just an age of smart machines but of humans who, through networks, could combine their intelligence, knowledge and creativity for breakthroughs in the creation of wealth and social development.

Mokyr (2002) has examined the historical origins of the knowledge economy, linking them to before the industrial revolution when technological progress depended on mostly accidental and stochastic inventions that usually emerged as the result of serendipitous discoveries. Much technological progress before 1800, therefore, rarely led to continued and sustained improvements. He notes that most practical knowledge in the 18th century was “unsystematic and informal, often uncodified and passed on vertically from master to apprentice or horizontally between agents” (p. 30).

The printing press, the emergence of movable type, meeting clubs such as the Lunar Society, scientific bodies such as the Royal Society, coffeehouse lectures, improvements in road and rail transport, standardization of weights and measures and the switch from Latin to various vernacular languages in technical and scientific writings enhanced the period of industrial enlightenment that typified the industrial revolution of the 19th century.

Chandler (2000) observes that the current era information revolution has transformed the industrial world of the 19th and 20th centuries as profoundly as the First and Second Industrial revolutions transformed the earlier commercial world of the 18th century – the first transforming production processes, the second transforming transportation and communication.

This third era involves the role of information in the transformation of society. Increases in literacy coincided with greater access to information and newspapers increased steadily in numbers and circulation. General-purpose encyclopaedia made knowledge useful to non-specialists (Mokyr, p. 67) and were the precursor to dictionaries, textbooks and manuals that were first published in this era.
Table 1 is an aggregation of definitions that are important to the centrality of the thesis and the terms are used extensively. Those listed are included to lessen the ambiguity.

**Critical Definitions**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Core Competencies</td>
<td>The key functions that an organization does best and uses to create sustainable value and wealth. These are typically complex orchestrations of activities spanning much of the organization. When used to describe employees, the word &quot;core&quot; is left off and refers to their capacity - comprised of education, skills, experience, energy and attitudes - to act in a wide variety of situations. <a href="http://www.sims.berkeley.edu/courses/is213/s99/Projects/P9/web_site/glossary.htm">Source</a></td>
</tr>
<tr>
<td>Corporate Instinct</td>
<td>Based on the collective explicit and tacit knowledge of an organization and its core competencies, it is an organization’s innate intelligence that, along with analytical reasoning, is an aspect of decision making. <a href="http://www.sims.berkeley.edu/courses/is213/s99/Projects/P9/web_site/glossary.htm">Source</a></td>
</tr>
<tr>
<td>Explicit Knowledge</td>
<td>Knowledge that has been expressed in words and numbers and shared in the form of data, scientific formulae, specifications, manuals, etc. It is easy to distribute and it is &quot;slippery&quot;. Explicit knowledge, which is also known as &quot;codified&quot; knowledge, is the opposite of tacit knowledge. <a href="http://www.sims.berkeley.edu/courses/is213/s99/Projects/P9/web_site/glossary.htm">Source</a></td>
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<tr>
<td>Information</td>
<td>Information is stimuli that have meaning in some context for its receiver. When information is entered into and stored in a computer, it is generally referred to as data. After processing (such as formatting and printing), output data can again be perceived as information. When information is packaged or used for understanding or doing something, it is known as knowledge. <a href="http://www.sims.berkeley.edu/courses/is213/s99/Projects/P9/web_site/glossary.htm">Source</a></td>
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<tr>
<td>Information Society</td>
<td>A society characterised by a high level of information intensity in the everyday life of most people, in most organisations and workplaces; by the use of common or compatible technology for a wide range of personal, social, educational and business activities, and by the ability to transmit, receive and exchange digital data rapidly between places irrespective of distance. [Source](IBM,1997 - WhatIs.com)</td>
</tr>
<tr>
<td>Information superhighway</td>
<td>A name first used by U.S. Vice President Al Gore for the vision of a global, high-speed communications network that will carry voice, data, video, and other forms of information all over the world, and that will make it possible for people to send email, get up-to-the-minute news, and access business, government and educational information. The Internet is already providing many of these features, via telephone networks, cable TV services, online service providers, and satellites. <a href="http://www.sims.berkeley.edu/courses/is213/s99/Projects/P9/web_site/glossary.htm">Source</a></td>
</tr>
<tr>
<td>Information warfare</td>
<td>Actions taken to achieve information superiority by affecting adversary information, information based processes, and information systems, while defending our own information, information based processes, and information systems. Any action to deny, exploit, corrupt, or destroy the enemy's information and its functions, protect themselves against those actions and exploiting their own military information functions. An attack on vital computer systems that control security, emergency response, financial transactions, transportation, communications, etc. <a href="http://www.sims.berkeley.edu/courses/is213/s99/Projects/P9/web_site/glossary.htm">Source</a></td>
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Information Technology

The technology of data processing/information management.

(Knowledge)

The integration of ideas, experience, intuition, skill, and lessons learned that has the potential to create value for a business, its employees, its products and services, its customers and ultimately its shareholders by informing decisions and improving actions.

(Knowledge Base)

A database of knowledge about a subject; used in artificial intelligence. The knowledge base for an expert system (a computer system that solves problems) comes partly from human experience and partly from the computer's experience in solving problems. The knowledge base must be expressed in a formal knowledge representation language for the computer to use it.

(Knowledge Creation)

As defined by Ikujiro Nonaka, it is a spiralling process of interactions between explicit and tacit knowledge where ideas form in the minds of individuals; interaction with others is usually a critical step in developing the ideas. Nonaka's model of this process is composed of 4 steps: socialization (tacit to tacit); externalization (tacit to explicit); combination (explicit to explicit); internalization (explicit to tacit).

(Knowledge Management)

The systematic process of finding, selecting, organising, distilling, and presenting information in a way that improves an employee's comprehension in a specific area of interest.

(Knowledge Worker)

A term coined by Peter Drucker to describe participants in an economy where information and its manipulation are the commodity and the activity. Contrast this with the industrial age worker who was primarily required to produce a tangible object. Examples of knowledge workers include - but are not limited to - marketing analysts, engineers, product developers, resource planners, researchers and legal counsellors.

(Management Information System (MIS))

A computer system for a business or other organization that collects and analyses data from all departments, and is designed to provide an organization's management with up-to-date information (such as financial reports, inventory, etc.) at any time.

(Management Information Systems)

The study of effective systems for the development and use of information in an organization.

(Tacit Knowledge)

Knowledge that is not made explicit because it is highly personal, not easily visible or expressible, and usually requires joint, shared activities in order to transmit it. Examples of tacit knowledge include subjective insights, intuitions, and hunches. Also known as informal knowledge, it is the opposite of explicit knowledge.

Table 2.1: Critical Definitions: table of information management and knowledge economy definitions developed for this research
Management of Organisation Knowledge

An important point about this thesis, and the context of the research, is that there was no organisation in place - other than a board of directors - prior to the researcher's appointment. The researcher's prime role was to start the business. Therefore in the context of the principle of "managing" the organisation's knowledge, the knowledge and the systems to manage it had to be created.

Normally, a key element in the growth of organisations is their ability to apply modern information technology to knowledge management. As the workforce becomes more efficient through a combination of economic factors and, driven by the aggregation of a better understanding of information technology, a corporation's ability to harness its intellectual capital becomes more important.

The researcher's focus, however, during the period in which the study was undertaken, has been two-fold:

- Generate basic organisation knowledge systems, the sort in the formative stage that would be applied by any small business operator, such as installing telecommunication links, developing reporting, accounting and procedural processes like hours of business and time books, and other matters related to "hanging out a shingle"

- Concurrently, and due to the nature of the resources available, substantiate the principle role of the organisation, i.e. to generate economic development. For this main role to be given a form, knowledge needed to be generated.

The sort of knowledge required was fundamental to developing strategies and campaigns that would lead to gains for the economy. Initiatives taken to do this needed to be informed by studies of trends through accessing available data (explicit) and packaging it to frame arguments for presentation through government systems that could deliver support to generate the gains.

The economy is awash with statistics and studies generated by government agencies at all levels - federal, state and local - and technology has enabled business to access and store more information. Modern work culture demands faster retrieval, analysis and packaging of information at anytime from anywhere and the researcher's experience in daily newspaper production has made him more demanding of deliverability than manager's in other industries. But organisational knowledge is often divided between several experts and documents in different, possibly geographically disperse, locations (Dignum, 1999).

While the pertinent data was all out there, the researcher was the sole employee of an organisation that was yet to build tacit knowledge - know-how - to access the abundant explicit knowledge. In effect, the analogy that best illustrates the circumstances is that of the cart and the horse - the cart was very definitely there, very full (with data) and sitting well before the animal but the horse was a foal that had to build its strength before being able to draw the cart.
Regional economic development is a knowledge business and it is dependent on applying informed data to make gains. It is perhaps going too far to give knowledge a higher value than other assets in an organisation but even the most sceptical of business professionals and scholars would agree that we have moved from an agricultural to an industrial and now a knowledge society.

However the influence of the dynamic global environment and rapid advances in information technology during the past 15 years have given rise to the recognition that knowledge is the only resource that can facilitate a sustained competitive advantage (Grant, 1996) and that is entirely relevant to regional economic development. But what is this knowledge?

In essence, an organisation's value includes more than the financial statistics that are typically outlined in the annual report. Instead, it operates in a fast-cycle-time environment (Hult, 1998; Meyer, 1993) where having the right knowledge at the right time and in the right format creates an important intangible asset. Such "knowledge assets" are not measurable via traditional means, if at all, as implied by their intangibility.

Hult (2003) broadly defines knowledge as credible information that is of potential value to an organisation. On the in-bound side of the knowledge management (KM) process, i.e. knowledge creation, the focus is on generation and dissemination of information, developing a shared understanding of the information, filtering shared understandings into degrees of potential value and storing valuable wisdom within the confines of an accessible organisational mechanism.

A critical part of the inbound KM process is identified as the transformation of information into knowledge, a phenomenon that takes place at various stages of the process but is the most pronounced at the shared understanding and filtering stages.

Hult believes the outbound side of the process is more difficult to define and questions how organisations deploy knowledge to gain an edge in the marketplace. With companies looking to achieve sustainable competitive advantage through the deployment of knowledge in the context of a "knowledge economy", it becomes similar to many other assets. It is, therefore, likely to erode over time, as unique knowledge assets lose uniqueness within the context of current or future operations.

Appropriate to economic development is the definition of knowledge management as the organised and systematic process of generating and disseminating information, and selecting, distilling and deploying explicit and tacit knowledge to create unique value that can be used to achieve a competitive advantage in the marketplace by an organisation. (Hult, 2003)

Grover and Davenport (2001) point out that knowledge management is "rapidly becoming an integral business function for many organisations as they realise that competitiveness hinges on effective management of intellectual resources".

However, knowledge creation is of limited value if it is not shared among individuals or units in organisations. Sharing, however, is of limited value if the knowledge created is not worth sharing (Schulz, 2001). And the value of knowledge increases with its accessibility and the frequency with which it is shared within the company (Davenport and Prusak, 1998).
Knowledge management is a business practice, not a technology (Janz and Prasarnphanich, 2003). That is, technology on its own can’t make knowledge management successful and, therefore, the most effective knowledge management strategies should aim at strengthening and developing organisational cultures, specifically knowledge-centred cultures or learning cultures (DeTienne and Jackson, 2001; Pitman, 1994).

Scientist turned philosopher (Polanyi, 1966, p.4) introduced the concept of the separation of two different types of knowledge used by corporations. The central point of his argument was that “we know more than we can tell…tacit knowing is the fundamental power of the mind which creates explicit knowing, lends meaning to it and controls its uses”.

He argued (p.11) that a sharp division between tacit and explicit (“capable of being clearly stated”) knowledge did not exist. “Tacit thought forms an indispensable part of all knowledge. All knowledge is either tacit or rooted in tacit knowledge,” he wrote. A wholly explicit knowledge, he argued, was unthinkable. Today’s knowledge management systems raise important questions about the nature of knowledge and challenging fundamental assumptions about its commodification.

Intellectual and knowledge-based assets fall into one of two categories, tacit or explicit. This is the basis of Nonaka’s (1991) two-types-of-knowledge notion that expands on Polanyi. Tacit, or implicit, knowledge is highly personal, hard to formalize and therefore difficult to communicate to others; explicit knowledge is externalized tacit knowledge, formal and systematic and easily communicated and shared. Any information that can be presented as “hard copy”, such as marketing research, business plans, customer lists, archives, tailored data bases and patents is explicit knowledge.

Tacit knowledge - the know-how contained in people’s heads - is not as readily quantifiable and the challenge to business is to work out how to recognise, capture, codify, share and manage it. Once it is identified it becomes part of the organisation’s intellectual base the same way as explicit knowledge.

The distinction between the two, however, remains ill-understood and, simplistically, has been referred to as little more than whether an item of knowledge can be set down on paper or not.

Nonaka and (later with) Takeuchi (1995, p. 63) defined tacit knowledge as “personal knowledge embedded in individual experience (which) involves intangible factors such as personal belief, perspective and value system”. They contrast this to explicit knowledge that “can be articulated in formal language including grammatical statements, mathematical expressions, specifications, manuals and so forth”. They state it is “hard to formalize and communicate to others”.

3rd Person Observation: The Knowledge Society will inevitably become far more competitive than any society we have yet known for the simple reason that with knowledge being universally accessible there are no excuses for non-performance - Peter F. Drucker (1994)
Nonaka and Takeuchi’s Theory of Organisational Knowledge Creation (1995) is tested in a later chapter of this thesis in the formation of the regional economic development organisation.

Hedesstrom and Whiteley (2000) maintained that the first use of the term tacit knowledge is associated with knowledge that has not yet been formalized. Thus tacit knowledge is a subset of all knowledge consisting of those items that have not (yet) been made explicit. A second use of the term is associated with knowledge that cannot be formalized and there are two sub-categories here. The first argues that some knowledge cannot be formalized because the knowledge is embodied. The second argues that it cannot be formalized because of fundamental characteristics of the nature of the knowledge.

Tacit knowledge comes in three quite distinct variants (Boisot, 1998):

1. Things that are not said because everybody understands them and takes them for granted.
2. Things that are not said because nobody fully understands them. They remain elusive and inarticulate.
3. Things that are not said because, while some people can understand them, they cannot easily articulate them.
There are four basic patterns for knowledge creation in an organisation (Nonaka and Takeuchi, 1995):

- **Socialisation**: The process of transferring tacit knowledge between individuals by sharing experiences such as technical skills. The knowledge doesn’t become explicit and is not easily available to the organisation.

- **Externalisation**: The process of articulating tacit knowledge into explicit concepts so that it can be communicated to others and shared within the organisation. This is the quintessential knowledge-creation process.

- **Combination**: The process of combining concepts such as pieces of explicit knowledge into a synthesised system. The knowledge changes from explicit to explicit but doesn’t add to the body of knowledge.

- **Internalisation**: The process of broadening, extending and reframing an individual’s explicit knowledge to be embodied into their tacit knowledge.

Svieby (1997) asserts that business managers need to realise that unlike information, knowledge is embedded in people, and knowledge creation occurs in the process of social interaction. Tacit knowledge is about feel, embodiment, anticipation, agility, cultivating instinct, learning from experience and through failures, understanding context and fast adaption. This is costly, takes a long time, cannot be reliably measured or assessed, is risky and uncertain. It is fuzzy and involves people to people interactions. There are no shortcuts!

However as complex as it can be, the substantial investment put in to capturing and distributing (tacit) knowledge is worth the effort (Davenport and Pruzak, 1998). Having access to knowledge only when its “owner” has time to share it, or chancing to loose it completely if he or she leaves the organisation are problems that threaten the value of an organisation’s knowledge capital.

**Information Warfare**

The magnitude of information flow resulting from the development of IT continues to increase and there are new methods of delivery regularly being added. The Information Age has led to the democratisation of data and consequently there is a build-up of information supply that not only exceeds demand but also human capacity to cope. As the post-modern concept of Information Warfare migrates from its IT-era origins in the battlefields of the Persian Gulf to the cusp of a network society, it can be argued that the armoury is on all desktops and the ammunition an abundant supply of data in digital bits and bytes. The problem of information overload has a universal impact: when it manifests negatively in user groups critical to business performance it creates a strategic advantage for competitors and thus becomes a potential weapon of Information Warfare.

**Too much information**

The new technologies of this era have enabled an overwhelming supply of information and a lot of books have been written, magazines born and academic investigation pursued into this new phenomena.

Timing, speed of movement and numbers are integral to the formation of strategy in business development and are enhanced by the power of the technology age. The Pony Express traveled at 10mph, the mail train at 60mph, the airplane at 160mph, the jet at 580mph and an e-mail sent from
San Francisco to New York can travel at about 30,000 miles per second (anonymous, 2001). A century ago, the average person could only create and access a small amount of information. Now, ordinary people not only have access to huge amounts of data, but also are able to create gigabytes of data themselves and, potentially, publish it to the world via the Internet (Lyman and Varian, 2000). A weekday edition of *The New York Times* contains more information than the average person was likely to come across in a lifetime in 17th century England (Wurman, 2000).

The Internet is dramatically changing the way people live and work and has the capacity to bind professionals, interest groups and communities like never before with its interactive attributes, ease of use and speed of response. It is making wide ranges of information available, more than is needed by the average individual who can log-off when they’ve had enough. The workplace, however, is coming under different pressures with a new paradigm of information availability changing the way people work and the way decisions are made. More information should lead to better-informed decisions however the masses of data and information being collected are adding to the time taken to get to a knowledge-enhanced decision.

**The new era of information**

The researcher’s initial grounding in the philosophy of information has been premised on its collection, collation and dissemination from the learning of his newspaper industry experience. He acknowledges that newspapers provide a “first cut” of history and present a version of knowledge that is proven only at a fundamental level in that it is garnered from a variety of sources whose motives can be self-serving and therefore aren’t necessarily completely based on truth.

His wide-ranging research through two Master’s degrees and projects and papers related to this doctoral field of study plus his work in economic development studies have informed a greater understanding of the role of information in knowledge development and the impact of computer technology in facilitating the development of humanity. His reading in the area continues and includes the following seminal perspective on the impact of technology.

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**3rd Person Observation:** *The global statistics for the China boom are staggering... in the past two years China has accounted for one-quarter of the growth in the world economy and in global trade*  
- *Greg Sheridan (2005)*
Perspectives on the impact of ICT on the Information Society

Floridi’s benchmark paper (2003, p. 5) titled, and seeking to answer the question, What is the Philosophy of Information? notes “the information society has been brought about by the fastest growing technology in history. No previous generation has ever been exposed to such an extraordinary acceleration of technological power over reality with the corresponding social changes and ethical responsibilities.”

He added: “ICS and ICT applications are nowadays the most strategic of all factors governing science, the life of society and its future. The most developed post-industrial societies literally live by information, and ICS-ICT is what keeps them constantly oxygenated.

“The pulling force of innovation is represented by the complex world of information and communication phenomena, their corresponding sciences and technologies and the new environments, social life, existential and cultural issues that they have brought about.” (p. 12)

Floridi (p. 14) proposes the following definition of the Philosophy of Information, as: “The philosophical field concerned with (a) the critical investigation of the conceptual nature and basic principles of information, including its dynamics, utilization and sciences, and (b) the elaboration and application of information-theoretic and computational methodologies to philosophical problems”

He explains that the “dynamics of information” in the definition refer, in part, to “information life cycles, i.e. the series of various stages in form and functional activity through which information can pass, from its initial occurrence to its final utilization and possible disappearance”.

He notes “although a very old concept, information has finally acquired the nature of a primary phenomenon only thanks to the sciences and technologies of computation and ICT”.

Dummett (1993, p. 186) in Floridi (p.18) says: “Information is conveyed by perception and retained by memory, though also transmitted by means of language. One needs to concentrate on that concept before one approaches that of knowledge in the proper sense. Information is acquired, for example, without one’s necessarily having a grasp of the proposition which embodies it; the flow of information operates at a much more basic level than the acquisition and transmission of knowledge.”

China influence on this research

This research is part of a continuum that began in 1987 in Hong Kong when the writer became editor of a Sunday newspaper in the then British dependent territory. The time was an era of uncertainty for the residents who were grappling with the agreement by Britain in 1984 to hand back Hong Kong to China sovereignty in 1997 when the 150-year treaty of ownership concluded.

Almost every edition of the newspaper carried a story about local protagonists pushing for British-style democracy being retained in the post-unification era, about Britain through its governor demurring on the establishment of stronger ballot box powers for the people and about human rights machinations in China.

The Beijing Government was freeing up its economy and thereby reducing previously ideologically imposed restrictions on the population’s freedom of speech, movement and right to education and information. This limited liberalization was posing significant teething problems to a government that had reduced stringent and severely policed controls that were in place for a generation, a strategy that would eventually unleash the power of China in today’s world economy.
Human rights demonstrations were perhaps inevitable in this climate and in 1989 there was a confluence of events that led to a government reminding its people that it retained control and was prepared to exercise it. The following story is included in this thesis for three reasons:

- An example of the type of information management the researcher has exercised;
- A context for the researcher’s continuing involvement with China; and
- A demonstration of the power of technology in the process of information dissemination.

This account of events has never been published.

1st Person Voice:

First-Person Case Study of Information Management

It’s been 16 years since the world woke on a Sunday morning in June to the news of carnage in Beijing after China’s military forces moved on pro-democracy demonstrators in Tiananmen Square. The Sunday Morning Post, was the first English-language newspaper in the world to give a detailed account of the events of June 4 and its then editor, DAVID MAGUIRE, tells the story of that night’s edition and what lead up to it.

THE spring of 1989 provided extraordinary news events for a Hong Kong Sunday newspaper to cover. The daily papers had their share of it during the week but there was a succession of Saturday developments during this period that allowed the Sundays to set the agenda for the week. There is a definable beginning and end to this period that was triggered by a single death and concluded with many more.

The start of the pro-democracy campaign that culminated in the fatal congregation of thousands of students in Beijing’s Tiananmen Square began with the death on Saturday, April 15, of former Communist Party chief, Mr Hu Yaobang. Sacked as a general secretary of the party in January 1987 after being blamed for not taking strong enough action against student demonstrations, he was hailed in death as a champion of the pro-democracy reform movement.

The report of Mr Hu’s demise however, although planned to lead the next day’s edition, became the secondary story in the early hours of publication day as the paper was rebuilt to record the deaths of 95 fans crushed in the viewing stands at an FA Cup semi-final match at Hillsborough Soccer stadium.

To the people of China, however, that one hero’s death eventually triggered a greater toll than at the football stadium and lead a nation to believe it was reverting to the bad old days of repression and recrimination. His passing became a new line in the sand, a symbol of the loss of opportunity for democracy and freedom.

A student protest crowd built up throughout April in Tiananmen Square as they pressed for a fuller explanation from the central government of the reasons for Mr Hu’s dismissal. They also sought more freedom of speech, additional funds for education and an easing of street demonstration restrictions in Beijing. Ironically, the protest eventually reached the level of those in December 1986 that lead to the dismissal of Mr Hu and a crackdown on “bourgeois liberalisation”, a phrase usually referring to Western influences. When asked how long this time they were prepared to stay in the square, one 21-year-old history student told reporters: “Generally speaking, political problems in China take a long time to resolve.”

Communist Party chief Zhao Ziyang unsuccessfully appealed for calm as Beijing prepared for the historic first visit of Russian leader Mikhail Gorbachev starting on May 16. A new blueprint for the future of Sino-Soviet relations was drawn up to heal a 30-year rift between the two once-great Communist nations and toasting glasses were clinked at a state banquet in the Great Hall of the People as outside the students continued a hunger strike.
The situation had now passed the point of rational return with a million protestors in Beijing by mid-May and demonstrations reported in 24 other cities. China’s Prime Minister Li Peng joined with President Yang Shangkun in promising “firm measures” to stop the rot. More importantly now, however, share prices had started to plunge on the Hong Kong stock exchange as the territory swapped from concerned observer to player in the stand-off. The Sunday Morning Post headline of May 21 screamed BEIJING BLOCKADE GROWS as the square demonstrators prepared for troops to apply force to break them up. In Hong Kong, a crowd estimated at more than 50,000 braved Typhoon Brenda’s wind gusts up to 101kph to protest outside China’s unofficial consulate, the New China News Agency. Tiananmen Square dominated the paper. The typhoon, which killed three, injured 62 and brought Hong Kong to a standstill, normally would have been splashed all over page one yet it barely made the front.

Subsequent rallies of 600,000 people in Hong Kong started to support the students’ stand as Gorbachev left China, supreme leader Deng Xiaoping called Mr Zhao a traitor, the tension grew, the Hang Seng Index plunged and the world looked on and waited for the inevitable. Senior staff at media outlets in the territory lived with the additional daily deadline pressure of what was building up in Beijing and the impact it was having on confidence in Hong Kong. They were operating in a permanent climate of expectation, believing anything was possible from the explosive environment of Tiananmen Square - it was a matter of when it happened and on which editor’s “watch”.

Accepting that as the mood, the morning of Saturday, June 3 was like any other in the old South China Morning Post building in Quarry Bay. We started at about 8.30am to clear features sections, which printed after lunch. Reporters and sub-editors wrote and polished stories for final sections containing the day’s general news, finance and sport and we worked into the night finishing non-news pages.

The China Editor of the SCMP sat at his desk on the second-floor newsroom monitoring the news wires, TV and radio. He wrote a column on Sunday but could not stay at home during this troubling time. He was a Chinese national who loved China but hated the hardship communism delivered on its people. He always feared the worst when soldiers were pitted against the people. To be proved correct in his assessment of this situation and its outcomes never gave him any satisfaction.

Figure 2.4: The protesting students’ Goddess of Democracy statue in Tiananmen Square has become a symbol of the quest for a New China on the cusp of the old (1989).
He was in constant contact with the two Beijing bureau reporters, both Americans who spoke impeccable Mandarin, were steeped in Chinese culture and maintained the highest professional and ethical standards in their reporting. Through his many years at the Post, the China editor had built an impressive network of contacts in diplomatic and political areas. As the evening dragged on and nothing moved in the square, he “read” instinctively through the lines, through the quietness and through the mood that tonight was the night.

And it was, as all news sources – our bureau, the wires, radio and TV – confirmed around 11pm that the tanks were indeed rolling down the Boulevard of Eternal Peace towards the square, the troops were firing on unarmed students and ordinary citizens and the blood flowed freely. Our newspaper’s managing director entered the editorial floor shortly after the news spread through Hong Kong. The first Chinese to hold the senior position at SCMP and a man with wide television and film experience, he occasionally visited the office late on Saturday but there was more of a reason this night. The Editor-in-Chief arrived at the same time. The cacophony of noise from the other media rose as receiver volumes were turned up, the phones from Beijing rang continually and the pace quickened as the clock ticked towards deadline.

Off-duty journalists came from throughout Hong Kong to pitch-in as the pent-up expectancy of the previous weeks exploded. The deputy editor and me welcomed the influx of numbers but we simply didn’t know if communication links to Beijing would be sustained long enough for stories or pictures to get through. American television had managed to stay connected to the satellite during Gorbachev’s visit but only by bluff and even then a Chinese official eventually pulled the plug on all links. The Sunday Morning Post should have been in production by 1.30am and we patched up a front page report that would allow us to get a 2pm start.

As we assessed what to do for a second edition, stories and pictures started to flood out of Beijing, literally choking the wires. The copy lacked nothing in detail or length and the pictures were graphic in their depiction of the mayhem wrought by tanks ploughing through demonstrators. Our bureau and the news agencies were operating at full speed, the supply at total odds with what normally would be allowed by the censors out of China in these circumstances. The question everyone asked was, when would the plug be pulled?

With what was already at hand, I was confident about adding an 8-page Beijing Special broadsheet colour section to the paper. It would be sustained by as much copy as we could get from staff and the wires, the best of the many pictures, some in colour, that were running and as many “perspective” pieces as the experts such as the China editor and a visiting veteran foreign commentator, now also in the office, could write.
So I stopped the presses, knowing there was too little time available and a lot to do to get the next edition out with the full story of the night's events. The editor-in-chief edited the 8-page "special" with a cell of dedicated volunteers who operated separately from staff responsible for Page 1 and the main news section. The hours between 2am and 5am were full of activity as first edition pages were cleared of stories and advertisements, pictures were sized and color-processed, stories were tasted, prioritized and edited, BBC and Radio Hongkong were monitored and television was watched as it continued its relentless imaging of the tragedy unfolding in Tiananmen Square.

The South China Morning Post was the technological showpiece of Asian newspapers and everything was there to do the job, from resources to technology, in the tight time span. News vendors were alerted to prepare for late papers. I watched the spirit leave the normally ebullient managing director and his tall frame slump as the brutal realisation hit home of what Chinese were doing to Chinese. We started to run out of night as the final pages were whisked off the "stone" to the plate-making room and the press. There were conflicting fatality figures being reported by the wires and the death count was fluctuating wildly. The Circulation department was getting anxious because it could see that we might have a great newspaper but it would be too late off the press to be delivered to households and the street market.

The United Press International reporter in Beijing had been consistent in his count of the deaths and when his "57 fatalities" figure was corroborated by another report we wrote the front page heading BEIJING BLOODBATH: 57 KILLED BY TROOPS, fixed the detail in the story and went with it. We were back on the press in time for a 6am edition, tidied it up for an 8am edition and went home, for some of us 24 hours after we arrived. Needless to say, you can't print enough papers in these circumstances and both editions sold out.

The frantic pace of the hours after midnight, the sheer achievement of re-making the front news pages and, from a standing-start, of adding an 8-page colour broadsheet to a paper that should have been on the streets many hours before, and the smooth flow of it all, was a stunning outcome in newspaper terms, thanks to the desk-top computer technology of the day and the company's cutting-edge printing technology. I felt we had matched the magnitude of the story with a mighty effort.

In the wider context, however, we had merely risen to the occasion. The story was the thing and this one was huge.

2nd Person Discourse:

Subsequent to this once-in-a-lifetime experience came a professional transfer to Cairns and a change from newspaper editing to newspaper management. This brought the need for a wider range of information and knowledge to manage more responsibility.

Transformation Processes

Australian Institute of Company Directors' course: To hold a senior management position in any organization brings with it legal responsibilities for corporate conduct, workplace health and safety, fair trading conditions, customer relationship statutes linking the business to product and pricing codes and employee rights and treatment. On top of this, there are statutes governing the role of company directors.

As the researcher moved into a senior management role, he also became a director of a number of companies within a larger organization. To learn about the concurrent responsibilities, he undertook the institute's course to understand the laws governing public institutions. Completion of this course resulted in a diploma that lead to a credit towards a tertiary course.
Master of Business Administration: With the diploma, the researcher then built on work experience credits that enabled mature age entry to university and started an MBA at James Cook University's Cairns campus. This was completed successfully within two years and three months, a total of 16 units, including a high achievement in the Management of Technology unit.

Two Books: Concurrent with the job, completing the MBA and moving to Perth, he researched, wrote, edited and co-designed two Australian history books, both set in Cairns, Amazing Amateurs (1998) based on an event, and Tom Pyne (1999) on the political life of a civic leader.

Master of International Tourism Management: In preparation for a third book - for which basic research and interviews have been completed - he undertook a second postgraduate degree to enhance understanding of tourism systems. Structures and operational procedures have been built into tourism businesses and models created through which it is possible to gain a greater knowledge of the industry. The science of understanding is catching up with an industry that has been operating for many hundreds of years and, while the body of knowledge is building through extensive academic courses, the majority of tourism learning is still gained from hands-on industry practice. The knowledge the researcher has accumulated in this area will be applied to writing a history of the development of the Cairns tourism industry through the 20th century. A full literature review of tourism history formed one of the 16,000 word projects required for this Masters degree.

Recent Employment Track Record

Prior to undertaking a role in economic development, the researcher led a major overhaul of a newspaper business in Perth. This involved managing everything from new plant and equipment, including bringing on-line a multi-million-dollar printing press, to hiring new senior executives to oversee a strategic repositioning of the product and its brand identity in the market, including community sponsorships through to indoor and outdoor signage and stationery re-design.

The nature of the job was influenced by the unique position of the product in the marketplace. It was a newspaper with a contained life cycle, coming out every Sunday and with no daily newspaper stable mate. Its opposition was an entrenched 6-day product with a monopoly image-problem driven by its dominance of the weekday market. At the weekend, however, the Sunday paper was its main competition for advertising, news and catalogue inserts. Initially the competitive conditions were complicated by the imbalance in standards between the products, the Sunday paper being disadvantaged by antiquated plant and systems. The new press redressed the balance and enabled an overhaul of the rest of the business.

3rd Person Observation: Who would have predicted in the early 1980s that the purchase of the Cairns airport by a semi-autonomous State Government body would see that city become a major international tourism destination? – Andrew Beer et al (2003)
Marketing and Business Development

Important experience for the economic development role came from the Perth job's exposure to every aspect of marketing, from product placement and design to branding development, market research, point of sale signage, campaign strategies, media buying and placement.

![Cairns and Region Tropical Northern Australia Investment Environment](image)

Figure 2.7: A statistically-based economic information publication developed to present a case for investment in Cairns and printed in English and Mandarin

Relationships

Running a newspaper involves building relationships with every level of the community through partnering sponsorships and industry liaisons. This experience has proved invaluable in economic development that has required representing Australian businesses both at home and overseas, notably in China, at US forces bases in Guam and through Department of Foreign Affairs and Trade delegations. The role involves business opportunity facilitation and cannot be effective without networking skills.

Representation at industry conferences enables further exposure to those working for governments in regional development, export development, assistance grants for exporters, overseas promotion and support offices such as Austrade.
The economic development organisation's tacit knowledge base was added to through my attendance at a Knowledge Economy Conference in Sydney, New South Wales in November, 2002, where:

- The Singapore Economic Development Board (SEDB) and Office of Western Sydney demonstrated its approach to its role by announcing a joint initiative to establish a centre in Singapore to support Western Sydney IT cluster (WSITC) companies to globalise. It would leverage off Singapore's open trade philosophy and proximity to the Asia market of 2.8 billion people to help Australian companies expand.

- Enterprise Ireland director Michael Garvey demonstrated the Irish economy's success story which came from being totally focused on building new industries. These were done through clusters in conditions stimulated by government and involving strong R&D in the universities. The Irish economy has been slowing because the infrastructure can no longer withstand the long succession of 9% growth periods.

- Dr Orna Berry, former chief scientist of Israel, pointed out that in the three highly successful and similarly sized economies of Israel, Singapore and Ireland, R&D levels were high, a contribution to development that was viewed culturally as valuable. Her experience was that marketing of an economy was important -- if an economy has a reputation for quality it propagates new participants.

Following this conference, the researcher (Maguire, 2003) looked at the use of clusters to build an ICT industry in Finland, Ireland and Israel on the basis of industry collaborations which were widely developed as technology parks, enterprise centres, IT incubators, biotech hubs and the like.

The second, the Regional Economies Conference, at Noosa in August 2003, provided a platform for Austrade's Chief Economist Tim Harcourt to highlight the importance of exporting to job creation in regional areas. "One-in-four jobs in regional areas, rely on exports," he said, "and exporter numbers in regional Australia are growing at three times the rate as their metropolitan counterparts, an 18 per cent increase versus six per cent in metropolitan areas." (Harcourt, 2003a)

**HOW THIS LEADS TO THE NEXT CHAPTER:**

The researcher's professional background in information management has been established and his credentials outlined in order to build a basis for the following discussion on methodology for the inquiry. His management of communication media has been important experience that provides a base for him to undertake a professional practice in organisational knowledge management in which application of different modes of communication is integral to success.
The mountains gleamed around in a hedge of inaccessible purity from which his eyes fell dazzled to the green depths of the valley; and when he heard the harpsichord's silver monotony across the lotus pool, he felt that it threaded the perfect pattern of sight and sound.

- James Hilton, Lost Horizon (1933)
CHAPTER 3

THE RESEARCH APPROACH AND METHODOLOGY

WHAT'S IN THIS CHAPTER

• The research approach and methodology is described and justified
• The Action Research model and its derivatives are discussed and links drawn to commonalities in theories of Habermas's communicative action and Wieman's creative exchange
• Also introduced is the application of Nonaka and Takeuchi's Five-Phase Model of the Organisational Knowledge-Creation Process and the limitations of the model.
• The researcher's reasons for adopting the Participatory Action Research method as a sole operator are justified
• The Action Research method is proven against Patton's criteria of suitability for this research subject.

2nd Person Discourse:

The Research Approach

The researcher is a professional practitioner, an observer, a storyteller, a manager of information and a critical thinker in the area of his trade. The primary data in this research is the inquirer's own experience and is informed by his professional expanse that straddles the death of old technology and the birth of the new in the dawn of the Information Age. As discussed in an earlier chapter, the nature of his inquiry is heuristic, drawing on insights from multi-disciplinary, artistic, creative and personal knowledge to unearth a new perspective on ways of doing and developing a useful guide for subsequent practitioners.

In forming a new organisation, all these skills have been put into practice. In developing a template for engaging with China, his practical learnings and personal experience, i.e. knowledge, have been organised to be applied to assist the generation of economic development.

Developing the methods needed to build an organisation has been the Action Research. Modifying it for improvement and conveying the outcomes has involved "communicative creativity". Testing the resilience of the process has involved the model of organisational knowledge creation. All the strands of these philosophical and practical methods are wrapped up in the outcomes of the phenomenon under study and are manifest in an organisation that has been built and a knowledge management process that is applied in overseas trade development.
Methodology Discussion

The method by which this project has been conducted is Action Research. Underlying this method is the concept of "communicative creativity", a term which combines the commonalities of Habermas's theory of communicative action and Wieman's doctrine of creative exchange. The concurrent need for information and knowledge management that results from the application of "communicative creativity" is tested against the theoretical framework of Nonaka and Takeuchi's (1995) Five-Phase Model of the Organisational Knowledge-Creation Process, also outlined.

Action Research

This is a Reflective Practitioner Action Research Thesis written in "reflective practitioner" style through Action Research, emulating the type of writing style introduced by Donald Schon (1983, 1987). This concept of reflective practice was first alluded to by Dewey (1933) who wrote about the function of reflective thought in learning from experience. Reflective practice is a process that increasing numbers of professionals are using to understand better, take full ownership of, and enhance the work they do. It expresses the thoughts and reflections from a personal point of view. Donald Schon first introduced the Reflective Practitioner style of writing in 1983 and others have built on the work (e.g. Pribbenow, 2000; Overmeer et al, 1998).

This style has been widely accepted and taught through university courses specifically dealing with the Reflective Practitioner style (Griffith University, 2002; George Mason University, 2002, Southern Cross University, 2002; University of Bath, 2002).

The researcher's notes, reflections and insights have been self analysed using Reflective Practitioner methodologies identified by Schon (1983) with additional ideas gained from Overmeer et al (1998). This research method allows the researcher to give an account of how knowledge is applied in the workplaces. It encourages the researcher to reflect on experiences and then comment on the learnings from those experiences.

Quantitative research has long been the accepted methodology for scientific research. However, when applied to the social sciences, quantitative methods cannot deal satisfactorily with complex human emotions and thought processes. Presenters at the 1998 International Federation for Information Processing Conference in Philadelphia generally agreed that qualitative approaches to information systems research are finally gaining acceptance (Avison et al, 1999).

Action Research combines theory and practice through change and reflection within an ethical framework and is an iterative process involving problem diagnosis, action intervention and reflective learning. There are two sorts of reflection: reflection-in-action and reflection-on-action (Schon, 1987). Reflection-in-action is when one is working and being aware of what one is doing at the same time. Reflection-on-action is the reflecting one does after the event, e.g. thinking through and discussing the incident with a colleague. The value of a person's reflection can be greatly enhanced by a greater understanding of the process. (Bolton, 1998)

3rd Person Observation: Westerners have been locked firmly on the border of the Chinese market for centuries, watching and waiting, wondering about the magic password that will unlock China's impenetrable bureaucratic labyrinth – Murphy, K (2005) Cash Cows and Open Doors, The Weekend Australian, Sydney, p. 22
According to Reason (2001, p.2), the purpose of action research is “to increase people’s involvement in the creation and application of knowledge about them and about their world’s” and through this experience “challenge us, moment to moment in our professional and personal lives, to discover ways to realize these qualities in action”. Newman (2000) notes that there are many different ways to approach action research and thus there is no one “right” way of critical reflection. Action research explicitly and purposefully becomes part of the change process by engaging those in the programme or organisation in studying their own problems in order to solve those problems (Whyte, 1989).

In its origins, the essence of action research is a two-stage process:

- First, the diagnostic stage involves a collaborative analysis of the social situation by the researcher and the co-researchers of the research. Theories are formulated concerning the nature of the research domain.
- Second, the therapeutic stage involves collaborative change experiments. In this stage changes are introduced and the effects are studied (Blum, 1955).

In application it has a two-fold focus (Oosthuizen, 2000): action in practice, and knowledge generation through rigorous research. It is often intended to bring about change of practice, while creating knowledge at the same time. It is critically reflective and that reflection is based on experiences of action that as a whole constitute learning processes.

The ideal domain of the action research method is characterised by a social setting where:

- The researcher is actively involved, with expected benefit for both researcher and organization,
- The knowledge obtained can be immediately applied - there is not the sense of the detached observer, but that of an active participant wishing to utilize any new knowledge based on an explicit, clear conceptual framework,
- The research is a (typically cyclical) process linking theory and practice (Baskerville and Wood-Harper, 1996).

From a social-organizational viewpoint, the study of a newly invented technique is impossible without intervening in some way to inject the new technique into the practitioner environment, i.e. “go into the world and try them out” (Land as quoted in Wood-Harper, 1989).

**Action Research Method Applied**

A form of Action Research described as Participatory Action Research has been adapted as the methodology for this research. Participatory Action Research (Wadsworth, 1993a, 1993b; King and Lonnquist, 1994a, 1994b) encourages joint collaboration within a mutually acceptable ethical framework to understand and/or solve organizational or community problems. Description-oriented observations are deemed to be useful methods for supporting collaborative inquiry because the methods are accessible to, and understandable by, people without much technical expertise (Patton, 2002).

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3rd Person Observation: There are two things foreigners generally think about when they look at China. First, they think of the dynamism of the place and try to keep in perspective just how much it has changed in a very short time. Second, the think how complex the reality in China actually is – Saich, A (2004) An outsider’s view of 30 years’ move towards modernity, China Daily, Beijing, p. 5
Participatory Action Research was adopted as being more applicable to this study in which the researcher is the practitioner. In the context of matching the three method characteristics above:

- The researcher is actively involved as the CEO and the benefit is therefore to him and the organization
- The knowledge obtained can be immediately applied – by the observer in the concurrent role as the practitioner
- Theory and practice are applied by the same person

Furthermore, Participatory Action Research was deemed appropriate for the principal reasons that:

- The operating criteria of the organisation was to establish information systems with which to collect, manage and disseminate knowledge about the host region
- The researcher was the sole operator in the first few months of the organisation
- The start-up phase of the organisation provided an opportunity to design, apply and adjust new strategies

Whyte et al (1991, p. 20) write about the more collaborative and synergistic relationships that are developed between the roles of the researcher and the subject in Participatory Action Research, particularly that members of the organization “are actively engaged in the quest for information and ideas to guide their future actions”. The single most distinguishing characteristic that contrasts participatory action research from earlier forms is the “co-researcher status” given to client participants (Elden and Chisholm, 1993). And an indirect effect of the full collaboration of all participants is that Participatory Action Research extends the social scope of action research

Reason (2001) notes that Participatory Action Research is one of a number of contemporary forms of action orientated research – others include Action Science, Action Inquiry and Co-operative Inquiry – which place emphasis on a full integration of action and reflection so that the knowledge developed in the inquiry process is directly relevant to the issues being studied. A primary value of Action Research strategies is to increase people's involvement in the creation and application of knowledge about them and about their worlds.
Importantly for this research, and to this sole researcher/practitioner, Reason has identified a single person strategy of action research practice:

_First person action research/practice skills and methods address the ability of the researcher to foster an inquiring approach to his or her own life, to act awarely and choice fully, and to assess effects in the outside world while acting... First person research/practice brings scholarship to life, brings inquiry into more and more of our moments of action... It is open to anyone willing to commit to integrating inquiry and practice in everyday personal and professional settings._

An introduction to the University of Bath’s postgraduate programme in Action Research cites Participatory Action Research as a “newer” approach. It notes that the method of research “often involves the practitioner in a self-study of their attempts to improve their professional practice.”

There is no mandated interaction with second or third parties for an Action Research project to be conducted. There is no mandated involvement between a researcher and a practitioner, or a prescribed number of practitioners or degrees of interaction, for an Action Research project to be conducted. There is recognition above of First Person action research and there is ample reference throughout the literature of continuing individual professional development being earned from the practice of Action Research. There is, however, a spirit of cooperative research through all the reading that involves the interactive participation of the researcher with his operative world and this cannot be denied as both the spirit and intent of the method.

The points about collaboration are not ignored but, because of the researcher’s circumstances, Reason’s (2001, p.3) _raison d’etre_ of the researcher fostering “an inquiring approach to his or her own life, to act awarely and choice fully, and to assess effects in the outside world while acting” and bringing “scholarship to life” in “everyday personal and professional settings” are particularly apt for the purposes of this project where the researcher is a sole operator in the organization.

Victoria’s La Trobe University awarded Kevin Maguire (2000) a Master of Education for his action research thesis “The introduction of information technology to middle years primary school students: a case study”. Maguire was the teacher/researcher striving to introduce information technology to young children enrolled in a state primary school. The study was done in the primary school classroom using as a referral the action research works of Kemmis, et al (1988) and other researchers. Maguire worked alone as the sole researcher and had only his supervisor to assist in working through each stage.

The sole practitioner approach justified by Reason has been adopted in the current research. While the template for the organization had been set up using a collaborative process, as is outlined elsewhere in this thesis, the researcher was the sole employee for the first three months, after which there were three months of training an executive assistant who was in full time employment for the first time since graduating from university.

Hence the researcher as practitioner has been operationally and outcomes focused in a narrow band of limited organisational consultation. This being a new concept in a new organization the first 12 months is the “first writ” image of the organization.
Participatory Action Research was deemed appropriate in this research for the principal reasons that:

- The operating criteria of the organization was to establish information systems with which to collect, manage and disseminate knowledge about the host region

- The researcher was the sole operator in the first 6 months of the organization

- The start-up phase of the organization provided an opportunity to design, apply and adjust new strategies.

The primary Action Research model is an established research method in use in the social and medical sciences since the mid-20th century. Towards the end of the 1990s it began growing in popularity for use in scholarly investigations of information systems. The method produced highly relevant research results (Baskerville, 1999) because it is grounded in practical action, aimed at solving an immediate problem situation while carefully informing theory. Baskerville observes that complex social processes can be studied best by introducing changes into these processes and observing the effects of these changes. Also, this change-oriented contention profoundly shapes the Action Research approach.

It has been applied in many fields, such as in organizations and organizational behaviour, community development, schools, agriculture, architecture and environmental planning (Deschler and Ewert, n.d.). It has been described as a hermeneutical or interpretive approach and is seen as concerned with the study of human actions and social practice. Within social sciences, it can be aligned to the critical social sciences stream of philosophies, of which action science (Argyris, Putman and Smith, 1985) is one. In application in this research, it picks up the community development field cited by Deschler and Ewert.
Oosthuizen (2000) notes that details of the Action Research process can seldom be planned systematically and up front, as is usually the case with experiments concerning natural laws. This is because Action Research is a process through which solutions and insight are generated in an explorative manner.

**Further testing of the Method**

The following compares the criteria of the project against a typology of research purposes drawn from Patton (2002) to test its suitability for Action Research method. Patton used seven criteria to assess five types of research: basic research, applied research, summative evaluation, formative evaluation and action research.

<table>
<thead>
<tr>
<th>PATTON'S CRITERIA</th>
<th>DBA PROJECT MATCH</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Purpose Criteria: Solve Problems in a programme, organisation or community</td>
<td>Project: Understand what knowledge and information management and communication creativity is needed to establish a regional economic development organisation and engage in trade relationships with China.</td>
</tr>
<tr>
<td>2. Focus of Research Criteria: organisation and community problems</td>
<td>Project: Establish an organisation whose purpose is to generate improved economic benefit.</td>
</tr>
<tr>
<td>3. Desired Results Criteria: Immediate action; solving problems as quickly as possible</td>
<td>Project: Immediate action to put systems in place to start generation of economic benefit.</td>
</tr>
<tr>
<td>4. Desired level of generalisation: Here and Now</td>
<td>Project: Here and Now</td>
</tr>
<tr>
<td>5. Key Assumptions: People in a setting can solve problems by studying themselves</td>
<td>Project: Research is happening as the organisation is built; as the challenges arrive, they are dealt with</td>
</tr>
<tr>
<td>6. Publications Mode: Interpersonal interactions among research participants; informal unpublished</td>
<td>Project: Continual interaction through formal and informal meetings in office, community and socially</td>
</tr>
<tr>
<td>7. Standard for Judging: Feelings about the process among research participants, feasibility of the solution generated</td>
<td>Project: Feedback is regular and direct as initiatives are implemented and then adjusted where necessary</td>
</tr>
</tbody>
</table>

Table 3.1: Adapted from Patton’s Typology of Research Purposes (p. 224) to test the efficacy of the research style for this thesis

The criteria are deemed to broadly match with the project and prove the suitability of the Action Research method approach to this research project.
Distilling this Dialogue:

There are a number of iterations of the Action Research method and this discourse outlines their characteristics. Essential to the spirit of the method's overall approach, irrespective of the iteration, are the following:

- Application of reflective thought in learning from personal experience
- Combining theory and practice through change and reflection
- It is an iterative process involving problem diagnosis
- There is no one "right" way of critical reflection
- It is grounded in practical action

The method of Participatory Action Research is applied on the basis of the above characteristics that are deemed suitable for developing the operational organisation knowledge management required to undertake a trade mission to China.

Communicative Creativity


In the theory of communicative action, the function of establishing interpersonal relations takes on special significance with the result that communicative action is human inter-subjective communication that is oriented to reaching understanding. Creative interchange creates in those who engage in it an appreciative understanding of the original experience of one another.

Wieman's Doctrine

Wieman emphasizes that the integrative aspect of creative interchange results in mutual enhancement in which new structures of inter-relatedness emerge. Meaningful connections among events are expanded, qualities of events are enriched and value and meaning are increased.

"Communicative creativity" as applied in this research project is in the context of what interpersonal relationship building is necessary to achieve the results of the regional economic development organization in forging trading relationships with China, what meaningful connections are forged and what outcomes are achieved.

Wieman (1963) described his Doctrine of Creative Interchange in the context of a concept of communicative exchange and human interpersonal relations:

"Creative interchange is that kind of interchange which creates in those who engage in it an appreciative understanding of the original experience of one another. One gets the viewpoint of the other under such conditions that this original view derived from the other integrates with one's own personal resources. This integration modifies the view derived from the other in such a way that it becomes a part of one's own original experience."
In this context, the exchange of perspectives and values that have been informed by each of the actor’s original experiences, while not wholly absorbed, are integrated to form a new perspective. These resulting enlarged perspectives — enlarged no matter what degree of information is absorbed as even the process of accepting, considering and rejecting influences the value system — eventually leads to what Wieman (1975) calls a “comprehensive integration” of human value systems. Individual values and activities become mutually supportive and “mutually enhancing instead of mutually impoverishing and obstructive”. The result is that our lives develop into “a more richly inclusive whole” (Wieman, 1946).

He contended (1961) that if ideals “are to have their scope extended or if one is to be moved by values at deeper levels, creative interchange must first awaken the ideal or value. Commitment to creative interchange means always to strive to correct the conditions inimical to it...to work to change political, economic, educational, international, interracial and inter-personal conditions in a way to make them more favourable.”

He said creative interchange required openness to new perspectives; the willingness to use those perspectives to reformulate prior judgments and an acceptance of the possibility that one’s self will be transformed in response to new insights.

Wieman emphasizes that the integrative aspect of creative interchange results in mutual enhancement leading to emergence of new structures of inter-relatedness. Meaningful connections among events are expanded, qualities of events are enriched and value and meaning are increased. This is linked through to his primary focus which is the transformation of the individual who is
changed or recreated as their perspective widens through the greater understanding gained in the communicative process (Rasor, 2000).

Distilling this Dialogue:

Wieman's doctrine articulates a stage of personal development that builds on the learning imbued in the application of the principles of Action Research. His premise supports the learning notions of Action Research in recognising that the exchange of perspectives and values between co-respondents integrates within an individual to form a whole new perspective, or at least adjust the original perspective. These new viewpoints lead to a mutual enhancement of values and activities. In summary, the creative interchange enhances the individual through exposure to wider perspectives and development of an attitude of always striving to correct conditions.

Habermas's Theory

Habermas's *Theory of Communicative Action* is the verbal or on-verbal interaction between two or more actors who "seek to reach an understanding about their action situation and their plans of action in order to co-ordinate their actions by way of agreement" (Habermas, 1984, p. 86). He posits that communicative action represents a higher form of rationality in that "only the communicative model of action presupposes language as a medium of un-curtailed communication whereby speaker and hearers, out of the context of their pre-interpreted lifeworld, refer simultaneously to things in the objective, social and subjective worlds in order to negotiate common definitions of the situation" (p. 85).

Habermas (1984, 1987a, 1987b) proposes a dialogue-based, self-reflective and inter-subjective perspective where meaning must be understood as something created between people. He notes (1984, p. 392) that: "What is paradigmatic...is not the relation of a solitary subject to something in the objective world that can be represented and manipulated, but the inter-subjective relation that speaking and acting subjects take up when they come to an understanding with one another about something. In doing so, communicative actors move in the medium of a natural language, draw on culturally transmitted interpretations, and relate simultaneously to something in the one objective world, something in their common social world, and something in each other's own subjective world."

In communicative action, participants are not primarily oriented to their own individual successes; they pursue their individual goals under the condition that they can harmonise their plans of action on the basis of common situation definitions.

Habermas divides capitalist societies into three basic sub-systems: the economic, signified by the steering medium of money; the politico-administrative, signified by the steering medium of power; and the lifeworld which is the domain of communicative action and in this instance, the primary domain of selves-directed-learning (O'Regan, O'Donnell, 2000).

3rd Person Observation: *China is moving away from Maoism but not away from Marxism; the terminology and approach of Marxism is open-minded and China is trending that way as it learns from the best attributes of the West and implements them; Confucianism has been rehabilitated* - Professor Jean-Christophe Iseux, Special Advisor, Central Committee, Chinese Communist Party (Maguire, 2005)
In a point relevant to this research project, Habermas (1984, p. 108) addresses the methodological dilemma of the social scientist who “basically has no other access to the lifeworld than the social scientific layman does. He must already belong in a certain way to the lifeworld whose elements he wishes to describe. In order to describe them, he must understand them; in order to understand them he must be able in principle to participate in their production; and participation pre-supposes that one belongs.”

O'Donnell (1999) observes Habermas’s theory provides the essential guidelines for developing a critical theory of selves-directed-learning, in which learning is viewed inherently as a motivational, cognitive, affective-emotional and social process. He says the concept of validity claims – within the communicative relation of comprehensibility, prepositional truth/efficacy, normative rightness and sincerity/authenticity – is crucial both to the concept of communicative rationality and to the procedural and structural aspects of selves-directed-learning processes. Within communicative action, participants may implicitly or explicitly raise the substantive and real validity claims of prepositional truth, normative correctness or rightness, and sincerity or authenticity. Selves-directed-learners can thus implicitly or explicitly assess and critique each other in terms of the effectiveness, normative appropriateness or sincerity of their speech acts.

There is, therefore a fundamental connection between understanding communicative actions, validity and all, and constructing rational interpretations. Methodologically, a researcher must be “in there” in a knowing-intensive life world and adopt an insider’s perspective to be able to effect the outcomes.

O'Donnell (2004) observes that communicative action is a fragile process which when colonized or endangered by system influences can lead to a lessening of the quality of the communication and the life world and, by implication, weakening the quality of the intellectual capital being created. The life world approach at this stage appears to be best suited to interpretive case study, ethnographic or co-creation research – on the “soft” social constructionist side – and from the perspective of a performative participant.

Deflem (1996) notes that the Habermas concept does not rule out other forms of communication than speech and does not always result in agreement between participants. He says signs and symbols can also be oriented to understanding, but only if they can be transferred into interactions mediated through language. Also, communicative actors’ orientation to agreement does not exclude the possibility of dissent as the result of distorted or unresolved communication. Habermas maintains that it is only through language, under conditions of rational argumentation, that social actors can coordinate their actions in terms of an orientation to mutual understanding.

**Distilling this Dialogue:**

Habermas supplements the substance of the Action Research method with his “Theory of Communicative Action” which demonstrates the interaction between two or more actors who “seek to reach an understanding about their action situation and their plans of action in order to co-ordinate their actions by way of agreement... in order to negotiate common definitions of the situation”. It proposes a dialogue-based, self-reflective and inter-subjective perspective where meaning must be understood as something created between people. He offers essential guidelines for developing a critical theory of selves-directed-learning, in which learning is viewed inherently as a motivational, cognitive, affective-emotional and social process.
Distilling the three Dialogues:

The essences of the Action Research method, the Doctrine of Creative Interchange and the Theory of Communicative Action are inter-linked and complimentary in their focus on knowledge sharing and learning through adjustment of ideas and co-ordination of action responses. All three advocate consultative processes to generate greater understanding within individuals managing explicit circumstances to derive improved outcomes for related situations. The term "communicative creativity" can be applied appropriately to a distillation of the principles espoused separately by Wieman and Habermas in times well before Action Research became fully developed as a methodology of research. It is not unreasonable to point to their commonalities of approach and place the earlier philosophies as a corner stone of the latter.

Organisational Knowledge-Creation Process

The concurrent need for information and knowledge management that results from the application of "communicative creativity" is tested against Nonaka and Takeuchi's (1995) Five-Phase Model of the Organisational Knowledge-Creation Process. The model consists of 1) sharing tacit knowledge; 2) creating concepts; 3) justifying concepts; 4) building an archetype and 5) cross-levelling knowledge.

The concept is that a knowledge-creating company, such as the regional economic development organization, does not operate in a closed system but in an open system in which knowledge is constantly exchanged with the outside environment.

Nonaka's (1994) Dynamic Theory of Organisational Knowledge Creation provides a theoretical backdrop against which to conceptualise the knowledge creation process. The bulk of his work, however, relies on case studies and observational methodologies to the exclusion of experimental validation. (Best, et al, 2003) No formal measurement of its theoretical constructs has been identified.

Nonaka argues that the current paradigm in which organisations process information efficiently in an "input-process-output" cycle represents a "passive and static view of the organisation" (p. 14). He asserts that learning results from a process in which individuals' knowledge is transferred, enlarged and shared upwardly to the organisational level.

This process is characterised as a spiral of knowledge conversion from tacit to explicit. According to Nonaka and Takeuchi (1995) "tacit knowledge is highly personal and hard to formalise, making it difficult to communicate or to share with others. Subjective insights, intuitions and hunches fall into this category of knowledge" (p. 8).

Explicit knowledge, however, is characteristically codified and, as such, is more easily processed and shared with others. Nonaka (1994) argues that knowledge conversion initiates at the individual level as a "justified true belief" and is expanded through social interactions to include a diversity of perspectives that ultimately represent shared knowledge at the organizational level (p. 15).
Best, et al. (2003), employed a mix of qualitative and quantitative methodologies to examine the theory. Qualitatively, they witnessed stark contrasts in knowledge creating contexts between top and bottom performing entities. Their frustration in developing a quantitative measure of the knowledge creating process was emphasised by two principle considerations. First, Nonaka (1994) conceptualised organisational knowledge as a process involving the conversion of individual knowledge to a socially constructed understanding.

Methodologically, cross-sectional procedures are not sensitive to processes so longitudinal designs are more appropriate. With the theory espousing knowledge creation as spiral rather than linear, it limits the suitability to longitudinal designs. Their conclusion was that the knowledge creation process could demonstrate bi-directionality at any point during the spiral, thus obviating any attempt to measure its temporal development.

Second, they used a Western philosophy of hypothesis testing to examine an Eastern way of thinking. Nonaka and Takeuchi (1995) are explicit in the cross-cultural differences: “Japanese companies remain an enigma to most Westerners...Japanese companies have been successful because of their skills and expertise at ‘organisational knowledge creation’...this view goes against the grain of the way most Western observers think of Japanese companies”.

The method used to measure the principles of the Nonaka and Takeuchi model in its application to the creation of an economic development organization and then in application to developing an organisational matrix for conducting a trade mission into China is outlined at the start of the following two chapters.

HOW THIS LEADS TO THE NEXT CHAPTER:

The research environment and the credentials of the researcher have been established in prior chapters but this one has informed the reader about the method of inquiry adopted by the researcher and the reason for adopting it. Participatory Action Research has been applied to enable the researcher to combine theory and practice and apply reflective thought in learning from personal experience. In the next chapter, the Nonaka and Takeuchi model is tested on the formation stages of organisational development as the story of its establishment continues.
I returned to China in early July, 2003 to present a paper on the role of clusters in the development of ICT industry in regions at a Decision Sciences conference at the China Europe International Business School (CEIBS) in the Pudong District of Shanghai. It was a timely conference in that I was forced to postpone the Cairns to China Trade Mission planned for the first half of the year because of the outbreak of SARS. It was my first visit to the mainland since 1990 when I had also been to Shanghai.

It was the first international conference to be held anywhere in China since it opened up after SARS was contained. Back in 1990, the Pudong District was farming land. Now it was a series of mini cities that had been developed in less than seven years to house five million people. CEIBS was an international joint venture business academy with all classes being taught in English by visiting overseas lecturers to well-off Chinese.

Being in China at this time - and planning a return in a couple of months with a trade mission - was a boon to refreshing my knowledge of the country. I was being updated through conference speakers and by my own observations through visits across the river into the city.

I learned that what mattered about China was the size of the economy - the components weren't of themselves extraordinary, the size was extraordinary. While this was the new relevance, the old Shanghai remained. The following story is told to exemplify the contrasts within this most international of cities.

I visited an old stamping ground in Nanjing Road once named the Portman Hotel but now badged the Ritz Carlton Shanghai. The sounds of the twinkling piano can be heard as you enter the portico area of this imposing building and move towards the tiffin lounge where the style evokes a city that was once known as the Paris of the East.

The chatter of the crowd serves as background to the string trio of svelte Chinese girls who easily segue from Black Satin Doll to My Bonny Lies Over the Ocean. A raft of patrons of 30s-something Chinese, 40s-something Chinese and 50s-something overweight Americans and Europeans are smoking, drinking, talking in a mixed banter of Mandarin and English.

In a far corner, a feature wall of bookcases bearing red-leather bound volumes of random titles creates a study atmosphere. Groups and couples lounge on armchairs and around tables, their dangling cigarettes regularly being rolled along their lips to speak to mobile phones. Where Have All the Flowers Gone completes a trio of very western tunes in a lounge that could be anywhere in the world.

The cheongsam-clad waitresses are efficient and short on pleasantries but talk is not required here - the panoply of life being played out in this hospitable enclave is plenty enough. Like miniature cranes in the sky, the long, bent straws in the exotic cocktails sitting on the glass tabletops await the drinker's attention. They are in symmetry with the large oval pillars that reach lugubriously to the next ceiling in this lush setting.

Outside, Shanghai is shrouded in a cloak of July smog and mist as the monsoon season closes, the streets are thick with locals in singlets and drab dress. The Hugo Boss-suited types are few and far between on the footpaths because they are in the Ritz Carlton bar replenishing the fluids lost on a too brave walk along Nanjing Road.

The traffic is chaotic with lane switching rampant. White-gloved cyclists bearing large cargo disproportionate to their bike's capacity swerve between cabs and lorries. An orderly convoy of army trucks moves inexorably along the middle lane to a tunnel. These are freshly painted lorries, bright as a pin and sporting white-walled tires, their soldier passengers lazing in the open backs watching the world pass by.

Don't look behind - is that woman going to offer her child as happened last time you were here? Beggars are in position on the footpaths. Try to not, you can't help but look at them. One with both legs cut off at the knee, another with half an arm gone but hideously burned all over.

The road back to the Pudong goes through new and old Shanghai, housing mingled with industry, gated residential communities prominent, and new and vacant high-rise dwellings waiting for tenants. The architectural imagination is inspiring, from squat art deco multi-level complexes to thin towers sporting spires that pierce the thick mist shrouding the city. The new China!
As the days and weeks passed he began to feel an ache of contentment uniting mind and body...Blue Moon had taken him and there was no escape.

- James Hilton, Lost Horizon (1933)
CHAPTER 4

THE RESEARCH RESULTS

WHAT’S IN THIS CHAPTER

• The economic development organisation’s establishment phase is divided into three stages for testing against Nonaka and Takeuchi’s Five-Phase Model of the Organisational Knowledge Creation Process and the first two are tested in this Chapter.

• Results of this first research phase are drawn from matching organisational establishment actions against the relevant criteria of the model.

• The organisation’s establishment phase proved to be generally compliant with the model’s criteria.

• Limitations of the study are noted and the results deemed to be highly qualitative.

2nd Person Discourse:

The communication methods needed to build an organization that fits the agreed community template set out for it were addressed from the beginning in establishing the regional economic development organisation. It developed from a firm concept, documented in a number of prescriptive target and strategy papers, to an operating concern, negotiating along the way, like any organisation, fundamental understanding and perception challenges.

This section examines the establishment phase of the organisation in the context of Nonaka and Takeuchi’s Theory of Organisational Knowledge Creation (1995) and tests it against their Five-Phase Model of the Organisational Knowledge Creation Process. The model consists of 1) sharing tacit knowledge; 2) creating concepts; 3) justifying concepts; 4) building an archetype; and, 5) cross-levelling knowledge.

The concept is that a knowledge-creating company does not operate in a closed system but in an open system in which knowledge is constantly exchanged with the outside environment. This is true of a regional economic development organisation.

1st Person Voice

On the trade mission, we are told they can’t get enough milk in Guangzhou, that a large retail group wants supplies of raw sugar, that a case of mangos sells for $A23 most times of the year but will get $A68 a case at Christmas in Shanghai. We are extended great hospitality and Mayor Kevin Byrne rises to the occasion – of which there are many – in responding to speeches from Chinese leaders.

3rd Person Observation: Doing business in China is easy, but making money is difficult – Anders Cheung, Chief Executive, Lenovo Computers (Maguire, 2005)
Research Environment

The tourism industry in the operating environment is worth $2 billion a year to the regional economy and is by far, at around 30%, the leading single contributor. Its dominance and fragility in times of crisis exposes the economy to fluctuations that wouldn't be as hard felt with a greater contribution from other sectors. This dependence on a single industry coupled with the situation that major development organisations were pursuing their own goals outside a holistic regional strategy was causing concern among city leaders.

So in 2000 a process was started to set up a peak body to better maximise the region's potential. The result was an economic development corporation whose agreed role was to design and implement strategies to enhance regional economic activities in a co-ordinated and integrated manner.

The researcher has divided the organisation's development into three stages:

- Formalisation and establishment: October 2001 – June 2002
- Executive implementation: June 2002 – January 2004

The first and third stages have been the most intense in building the organisation with the second equally as important in its focus on registering the business, selecting board members, establishing reporting protocols to statutory entities and lobbying early results.

Research Methodology

This section tests the first two stages of the set-up of the organisation against Nonaka and Takeuchi's (1995) five-phase model of the organisational knowledge-creation process. The third stage is tested against the criteria of the five-phases in the next chapter. The model proposes that knowledge-creation starts in Phase One with the sharing of tacit knowledge that, in Phase Two, is converted by a self-organising team to explicit knowledge in the form of a new concept, a process similar to externalisation.

The created concept is then justified in the Third Phase, in which the organisation determines if the new concept is truly worthy of pursuit. Receiving the go-ahead, the concepts are converted in the Fourth Phase into an archetype that can take the form of an operating mechanism for the purposes of this example but would be a prototype in the case of a “hard” product development.

The Fifth Phase extends the knowledge created in the entity to others, in this case the constituent members of the organisation, and even to outside constituents in what Nonaka and Takeuchi call “cross-levelling” of knowledge.

This section of the paper proves a combination of Stages 1 and 2 – the conceptual and formalisation stages - against the model. Nonaka and Takeuchi's criteria for the Five Phases have been distilled for the purposes of this section down to critical action points (flagged Point: in each section) to enable a clear link to the establishment actions taken by the organisation's creators. The “actuality” details for the organisation are drawn from planning and position papers, and the first annual report.

3rd Person Observation: Life in China is an endless negotiation. Chinese businessmen feel much less bound by the exact terms of contracts than a typical Westerner and will often look more to the spirit of the agreement rather than the documents – Clissold, T (2005)
Research Results

PHASE ONE – SHARING TACIT KNOWLEDGE

5-Phase Model Criteria:

An organisation cannot create knowledge by itself and the tacit knowledge its members hold is the basis of organisational knowledge creation. The sharing of tacit knowledge among multiple individuals with different backgrounds, perspectives and motivations becomes the critical step for organisational knowledge creation to take place.

Point: To effect that sharing, a “field” is needed for individuals to interact with each other in face-to-face dialogue. The typical field of interaction is a self-organising team in which members from various departments (or groups) work together to achieve a common goal.

Point: A self-organising team facilitates organisational knowledge creation through the variety of team members who share their interpretations of organisational intention.

Actuality Stage 1-2:

The starting point for sharing of tacit knowledge as a lead-up to the formation of the organisation was the work of local analyst Cam Charlton who wrote Regional Economic Development: Cairns Region, A Peak Organisation Discussion Paper (27 November, 2000).

This articulation of the need for a regional economic development organisation cited perceptions of a number of problems, i.e. no single point of reference for investors, etc, no over-riding vision, uncoordinated development strategies and inefficient use of limited resources.

It discussed possible causes of the problems and what was needed to rectify them, proposing that a regional economic development organisation be put together. Key functions – to be the face and voice of the region, to conduct research and promote and market the region – were articulated.
This vision was later distilled to a working document in a second paper by John Dean, *Advancing Cairns & Tropical Australia* (pre-April 2001), which set out the operational and strategic arrangements for a peak body to facilitate economic development.

**Point:** Both papers were presented at a workshop on 31 July to further develop the concept. This was attended by the leaders of the seven major organisations involved in development in the region and who subsequently delegated board members. Agreement was reached to proceed with the concept, the organisation was registered and directors appointed, with funding put in place by two lead agencies.

**PHASE TWO – CREATING CONCEPTS**

**5-Phase Model Criteria:**

The most intensive interaction between tacit and explicit knowledge occurs in this phase.

**Point:** Once a shared mental model is formed in the field of interaction, the self-organising team then articulates it through further continuous dialogue, in the form of collective reflection. The shared tacit mental model is verbalised into words and phrases and finally crystallised into explicit concepts.

This process of converting tacit into explicit knowledge is facilitated by the use of multiple reasoning methods such as deduction, induction and abduction. Particularly useful for this phase is abduction, which employs figurative language such as metaphors and analogies.

**Point:** Concepts are created co-operatively in this phase through dialogue. Autonomy helps team members to diverge their thinking freely with intention serving as a tool to converge their thinking in the one direction. To create concepts, team members have to rethink their existing premises fundamentally.

Fluctuation and chaos, either from inside or outside, also help members to change their way of thinking fundamentally

**Actuality Stage 1-2:**

**Point:** As a result of workshops to discuss the two papers, a decision was taken to establish a new entity. The organisations identified as important drivers of economic development had agreed to form a peak economic development body. This would be the vehicle to harness their efforts and they could move the region forward through this single entity.

**Point:** Further dialogue was necessary and planning meetings were scheduled. From this point on, the shared tacit mental model was verbalised into explicit concepts. For example, an action plan was drawn up to address a draft constitution and devise a programme for a strategic planning workshop.

**Point:** This is the phase where concepts were created co-operatively through dialogue. One member organisation said it had not seen one of the discussion papers but it supported the establishment of the peak body and funds were made available to support it, an example of the autonomy conducive to these sessions.
PHASE THREE – JUSTIFYING CONCEPTS

5-Phase Model Criteria:

New concepts created by individuals or the team need to be justified at some point in the procedure because in Nonaka and Takeuchi’s (1995) *Theory Of Organisational Knowledge Creation*, knowledge is defined as justified true belief. Justification involves proving if the newly created concepts are truly worthwhile for the organisation and society. It is similar to a screening process. Individuals seem to be justifying or screening information, concepts or knowledge continuously and unconsciously throughout the entire process.

The organisation must, however, conduct this justification in a more explicit way to check if the organisation intention is still intact and to ascertain if the concepts being generated meet the needs of society at large.

The most appropriate time for the organisation to conduct this screening is right after the concepts have been created. Justification criteria can be both quantitative and qualitative.
In a knowledge-creating company, it is primarily the role of top management to formulate the justification criteria in the form of organisational intention, which is expressed in terms of strategy or vision. A company's justification criteria should be consistent with value systems or needs of the society at large, which should ideally be reflected in organisational intention.

**Actuality Stage 1-2:**

Point: The justification criteria was supplied by all members of the new entity by attending a Strategic Planning Workshop.

Point: Discussions covered the content of constituent organisations' strategic plans, resources they had available, what they wanted the new organisation to achieve and what they wanted the board to achieve.

Point: Another workshop was held to discuss a vision for the organisation and also develop an operational plan.

**PHASE FOUR – BUILDING AN ARCHETYPE**

**5-Phase Model Criteria:**

Point: In this phase, the justified concept is converted into something tangible or concrete, namely an archetype. This can be thought of as a prototype in the case of a new-product development process or, in the case of a service or organisational innovation, it could be thought of as a model operating mechanism.

Whatever, it is built by combining newly created explicit knowledge with existing explicit knowledge. Because justified concepts, which are explicit, are converted into archetypes, which are also explicit, this phase is akin to combination. Organisational members engage in building a prototype of the real product or a model of the actual system. To build a prototype, they pull together people with differing expertise, develop specifications that meet everyone's approval, and actually manufacture the first full-scale form of a newly created concept.

Point: To build a model, say, of a new organisational structure, people from the affected sections within the organisation, as well as experts in different fields, are assembled to draw up a new organisational chart, reporting system or operating procedure. In a way they are responsible for developing the blueprint as well as actually building the new form of an organisational concept.

**Actuality Stage 1-2:**

Point: The justified concept moved quickly towards a model operating mechanism. The proponents were happy with the explicit concepts that had been distilled from Phases One and Two into a working model and with Strategic and Operational Plans being built to add on, the entity was taking shape.

Point: Workshops continued to develop the Strategy and Operations plans and a public forum was held to explain the outcomes to interested observers.

Point: The first board meeting was held. A chairman was appointed and a resolution was taken to purchase paraphernalia pursuant to a board's normal operation, such as stationery, receipts books, etc. The first stage of the new form of the organisation was complete.
PHASE FIVE – CROSS-LEVELING OF KNOWLEDGE

5-Phase Model Criteria:

Organisational knowledge creation is a never-ending process that upgrades itself continuously. It does not end once an archetype has been developed. The new concept, which has been created, justified and modelled, moves on to a new cycle of knowledge creation at a different ontological level.

Point: This interactive and spiral process, called cross-levelling of knowledge, takes place both intra-organisationally and inter-organisationally.

Intra-organisationally, knowledge that is made real or takes form as an archetype can trigger a new cycle of knowledge creation, expanding horizontally or vertically across the organisation.

Inter-organisationally, knowledge created by the organisation can mobilise knowledge of affiliated companies, customers, suppliers, competitors and others outside the company through dynamic interaction.

For this phase to function effectively, it is essential that each organisational unit have the autonomy to take the knowledge developed somewhere else and apply it freely across different levels and boundaries.

Actuality Stage 1-2:

Point: The draft Strategic and Operational Plans were being worked on through the blueprint process and were to occupy the board for the first five months. The focus of the board now moved from creating the archetype into semi-operational phase.

This involved bedding down the formal nature of the organisation, such as setting regular board and committee meetings, establishing an executive, and seeing the strategy plans through, as well as dealing with the matters it set up to address, such as relationships with China, constituent organisations' formal reporting of their activities, and contracts of support between member bodies.
Conclusions

The conclusion is that the organisation's establishment phase proved to be generally compliant with the model's criteria however, as noted in Chapter 3, other research has found that a quantitative measure of this model has not been successfully undertaken. The results, therefore, are highly qualitative.

The benchmark criteria for the measurement in this research have been distilled arbitrarily from Nonaka and Takeuchi's model but, nonetheless, are their fundamental criteria and are limiting because of the wide latitude inherent in their description. For instance, there is no instruction from the authors on containing or expanding on the criteria characteristics. The organisational establishment criteria matched by the researcher against the model is fundamental to most entities in a start-up phase and therefore most entities will broadly match the model.

It is judged that the model is weak because of its broad description of criteria, being loosely descriptive rather than tightly prescriptive.

HOW THIS LEADS TO THE NEXT CHAPTER:

The first research results indicate that the establishment phase of the organisation matches the criteria of Nonaka and Takeuchi's model. However the model has been judged to be weak in enabling rigor when the criteria are matched against the actions of building the preliminary stages of the organisation. The model will be tested again in the second stage of the research that is focused on building a template for engaging in trade relations between the operating region and China.
There came a time, he realised, when the strangeness of everything made it increasingly difficult to realise the strangeness of anything... when one took things for granted merely because astonishment would have been as tedious for oneself as for others.

- James Hilton, Lost Horizon (1933)
CHAPTER 5

THE RESEARCH RESULTS II

WHAT’S IN THIS CHAPTER

- An information management model for undertaking trade missions into China is developed in the second-phase of the research
- Circumstance descriptions of practice are used to delineate a four stage organisational model of the China Trade Mission
- It outlines the processes used to aggregate the components of the model using Participatory Action Research and tests it against Nonaka and Takeuchi’s Five-Phase Model
- “Communicative creativity” underscores the process as outlined in the researcher’s previously stated understanding of the Wieman and Habermas criteria

2nd Person Discourse:

The outcome of this research is a model of how to do business in China in a four-stage approach. The model has been derived from the application of the full range of organizational knowledge – tacit and explicit – generated in the course of the researcher’s professional life as a media executive and regional economic development practitioner.

It is the penultimate example of the researcher’s combined experience of nearly two decades of managing organizational knowledge and applying it in the marketplace.

It tests the final stage of the set up of the economic development organization – specifically engaging in trade with China - against the five phases of Nonaka and Takeuchi’s organizational knowledge creation process, the first two stages being tested in the previous chapter.

It is the result of the research period’s Participatory Action Research testing from inception to application and implementation and draws on the previously stated commonalities of Habermas’s theory of communicative action and Wieman’s doctrine of creative interchange with Action Research methodology.

One of the major quantifiable outcomes from the regional economic development experience has been generated by the work done in building trading and diplomatic relationships with cities and regions in China, from Hong Kong to Zhanjiang, and Shanghai to Beijing.

3rd Person Observation: The wealth of society is created by the workers, peasants and working intellectuals. If they take their destiny into their own hands, follow a Marxist-Leninist line and take an active attitude in solving problems instead of evading them, there will be no difficulty in the world which they cannot overcome – Mao Tse-tung (1955)
Figure 5.1: Time Magazine recognised the developing strength of China's economy through its new cultural revolution that gave cultural freedom to its people.

**Background and Activity**

The regional economic development organisation was new and unknown on the international stage when it started developing links with China. However, the experience gained by the researcher as a newspaperman in Hong Kong assisted the development of links. The researcher's nascent knowledge of overseas' government offices through experience in Cairns was also of assistance.

The researcher announced in March 2003 that his organisation would lead a trade mission to China in the coming June to "strengthen engagement with China at diplomatic, trade and business, research and educational levels".

This was later postponed as a result of the SARS (severe acute respiratory syndrome) outbreak and was rescheduled to when traveling was deemed safe by the Department of Foreign Affairs and Traded. It eventually departed Cairns in September, 2003, for two weeks.
The researcher built up a significant amount of corporate knowledge preparing and co-leading the trade mission to China in 2003. This knowledge subsequently has been used to package and lead other missions into China, not all involving the researcher.

Prior to this trade mission, Cairns had sampled a taste of China through intermittent two-way visits, in 1994 hosting a delegation from Beihai in Guangxi Province, in 1999 taking a delegation to Shanghai and in 2001 entertaining visitors from Qingdao. Additionally, senior Chinese leaders graced Cairns and the region with their presence, including visits by Premier Zhu Rongji, former President Jiang Zemin in 1999 and Chairman of the National People’s Congress, Mr. Li Peng, in 2002. A month after the return of the Cairns mission members, the city hosted new President Hu Jintao for a brief visit.

All of this has laid the groundwork for Cairns and the region to start expanding its already broad horizons to include China, a nation of 1.284 billion people. It had enjoyed direct air access from Cairns to Hong Kong for 10 years through the carrier Cathay Pacific. Its seafood industry trades directly with Hong Kong seafood suppliers and restaurants, with much product believed to be trans-shipped illegally into China. Australian pilots welcome passengers on board various airlines – China Southern, Dragonair, China Eastern – flying around the country. Cairns entrepreneurs have done business in China for many years, notably in theme park development, tourism systems design and environmental management.

The trade mission included travel over close to 20,000km involving nine airline routes and a score of coach trips to six major centres in China. There were at least 40 formal government and business meetings and briefings over 13 days.

There are a number of stages of organizational and knowledge management involved in initiating and selling, packaging and preparing, going and doing, and finishing and wrapping the complete package of a trade mission.

The researcher believes the organizational knowledge gleaned can be used on most trade missions of this type but this developed template is limited to China because of the peculiarities of its culture.

The Research Environment

Personal relationships have traditionally been important to smooth business transactions but in China they are ubiquitous and need to be built before the business can be done. Connections function as a kind of insurance in case changing circumstances materially affect an existing business deal.

Figure 5.2: Outcome of Mission - Part of a Press Release signifying one of the outcomes from a Cairns trade mission to China.
Foreign companies entering China face a cultural environment that in many respects contrasts sharply with their Western experience. Real or perceived differences can create barriers to communication, coordination and control and as a result may endanger the success of a China venture. Foreign managers need to understand how China differs from the West and how the differences are sometimes misinterpreted, exaggerated and liable to change.

Chinese culture is a complicated tapestry, all interrelated and constantly developed. In traditional culture, old people and those in authority are revered by the young and often hold more senior positions. Consequently, males hold most key positions in state and society and enjoy many privileges. Chinese are born entrepreneurs and enjoy the image of being gamblers, so seldom spend much time pondering the downsides of a new venture. This spirit of risk-taking is an element in propelling economic development. Patriotism is part of the cultural make-up of the soul.

China is known as a state of etiquette and ceremonies and trade mission delegates are briefed about the correct procedures to follow. Many proverbs have been passed down from generation to generation such as “civility costs nothing” or “courtesy demands reciprocity” and “the gift is nothing much, but it’s the thought that counts” and have acquired universal usage. Chinese consider gifts an important aspect of showing courtesy. But good intentions or gratitude are better expressed personally rather than through the value of the gift, otherwise the receiver may mistake it for a bribe. It is important to acknowledge the cultural differences. Contrary to Westerners, odd numbers are thought by the Chinese to be unfortunate. Though four is an even number, it reads like death in Chinese and thus is avoided. So is pear for being a homophone of separation. And a gift of a clock is tantamount to attending the recipient’s funeral so it is a taboo. As connected with death and sorrow, black and white are also to be avoided.

The number one pastime in China is eating and although the Chinese host will not expect delegates to know everything about proper banquet behavior, he will appreciate any display of knowledge as it shows respect for Chinese culture, etiquette and traditions.

Banquets are an integral part of the trade mission and are usually held in restaurants in private rooms that have been reserved for the purpose. All members of the delegation should arrive together and on time and will be met at the door to be escorted to the banquet room. Traditionally, and as in all situations, the delegation leader enters the room first.
Seating arrangements, which are based on rank, are stricter than in the West and part of the communication process is to provide the host in advance a list of delegation members and their rank. Participants can never assume to sit where they please and should wait for the hosts to guide them to a place at the table that usually has a name card. Traditionally, the Chinese regard the right side as the superior and the left side as the inferior. Therefore on formal occasions, including meetings and banquets, the host invariably arranges for the main guests to sit on his right.

Drinking plays an important place in Chinese banquets. Toasting is mandatory, and the drinking of spirits starts only after the host has made a toast at the beginning of the meal. It is likely that he will stand and hold his glass out with both hands while saying a few words. When he says the words gan bei, which means bottoms up (literally empty glass), all present should drain their glasses. It is a matter of courtesy for the host to try to get his guests drunk.

3rd Person Observation: *Tourism has become an important service sector in China’s economy and a growing part of people’s lives - it is expected to play a more significant role in the country’s economic and social development – Zhang Guangrui (2003)*
To visit or not?

An example of the early stages of awareness of the future role China would play in the economic development region came about 12 months before the trade mission. An opportunity of free public seminars for businesses in Cairns – and sponsored by the Australian Trade Commission - was offered to explain the nuances of the Chinese tourism market. The seminars were also to provide timely insights into the needs of Chinese tourists visiting Australia. However an industry agency believed the information wasn't needed in Queensland so Cairns was cut out of the itinerary.

Austrade hosted the seminars in the rest of the country but, following the interception of the researcher, the seminar that was intended for Cairns was then transferred to Brisbane on the premise it was too late to change itineraries to include the Far North.

The researcher proclaimed in the press that Cairns was the most appropriate city in Australia to disseminate the information because it was to be the base of the new carrier Australian Airlines whose principal destinations would be Hong Kong and Japan.

“There is no such situation in Cairns at the moment as “too much information” about China,” he said. And the seminar eventually came to Cairns.

He used the following list of “secrets” to assist potential trade mission delegates in their decision about going to China. It is the Australian Trade Commission guide to “13 secrets of doing business in China” (Austrade, 2003).

QUEENSLAND TO GROW CHINESE TOURIST MARKET

Queensland is in a prime position to lure the vast Chinese outbound travel market, following the announcement of a new Australia-China air agreement, Tourism Minister Merri Rose said today.

The new agreement between Australia and the People's Republic of China takes effect immediately, and means over a 100 per cent increase in available capacity for services from mainland China into Brisbane and other major Australia cities.

"China is a strong growth market for Queensland. The number of Chinese visitors to Queensland has grown at an average annual rate of 40 per cent during the past five years," Ms Rose said.

Figure 5.6: Potential of China Trade - The potential of China as an outbound travel market for Queensland is recognised in this state government Press Release.
SECRETS TO CHINA TRADE

1. Research, research, research.

2. Choose the right partners. In-market contacts are often more important than product and price.

3. *Guanxi* (relationships) is important – but be wary of strangers offering the world and proceed with caution.

4. Talk to other Australian with experience in China: Australia China Business Council members in Australia; China Australia Chamber of Commerce members in China; and Austrade’s network in China.

5. Seek qualified contract and tax advice and ensure through due diligence. If you are setting up in China, it is important to get the business and tax structure right from the start.

6. The language of law in China is usually Chinese – not English. A qualified legal firm with a presence in China should review all contracts.

7. Where appropriate, use professional interpreting and translating services – particularly for formal presentations and the explanation of technical issues. Opportunities are often missed due to poor quality translation and interpreting.

8. Be prepared for tough negotiations – be firm, be polite, be creative… but be prepared to say no.

9. Halve your expectations, double your time and budget.

10. Don’t look for black and white – be prepared to deal with ‘grey’ issues.

11. Respect Chinese cultural and business etiquette, but don’t lose sight of your own identity and business purpose.

12. Remember, well-managed companies in Australia operate well-managed companies in China.

13. Stay positive and enjoy the experience.

CHINA TRADE MISSION DEVELOPMENT

The Four Stage China Trade Mission template was developed through an organizational knowledge creation process undertaken by the new economic development entity. The organization had not designed a mission of this magnitude and the processes employed to assemble and execute it from start to finish involved application of the following characteristics of Patton’s previously outlined criteria for Action Research:

- “Solve problems in a programme” (Patton’s Action Research Criteria No. 1)
- “Immediate action; solving problems as quickly as possible” (Patton, No. 3)
- “Interpersonal interactions; informal unpublished” (Patton, No. 6)
- “Feelings about the process, feasibility of the solution generated” (Patton, No. 7)

Development of the trade model is described by explaining the component action and stating the Participatory Action Research learnings derived in the process. The explanations precede the completed matrix of each stage. Following the matrix, the process is tested against Nonaka and Takeuchi’s Five-Phase Model of the Organisational Knowledge-Creation Process.
Stage 1 – Initiating and Selling

- **Extensive briefing of prospective participants** – This is the starting point of framing the mission where the interest of potential participants is ignited. The methods of communication of benefits of being involved vary among individuals. To create a general awareness, it is advisable to start the process with a group briefing by an acknowledged China trade expert who talks across a range of issues, from trade success stories to the wonders of the country, its history, variety of language, vastness and the people and places to be encountered. The second stage involves one-on-one talks in which more detailed information and the questions individuals won’t ask in a group are canvassed. These talks involve a variety of media and are mostly face-to-face or by phone, however there are opportunities to become creative including teleconferences with trade contacts in China and invitations to be involved in welcoming dinners for visiting Chinese political and trade visitors. The provision of background details to enhance their understanding of China is essential and this should be done as an information pack, including regional and city profiles, maps, essential trading details such as repatriation of funds and off-shore representation.

**Participatory Action Research** – this selling process is critical and selecting potential participants is where the first mistakes are made; a lot of personal briefing is done to get the numbers and in some instances too much time was put into individuals whose interest was lost during the process or you discovered they were never going to commit anyway.

**3rd Person Observation:** *Education is booming with major Australian universities gaining a foothold in China and liberalised travel restrictions will enable Chinese citizens to benefit more from international education and tourism - Tim Harcourt (2003b)*
• Developing the itinerary – Once you have an idea of the potential participants in terms of how many and their interests, it is time to develop the itinerary. This is done in liaison with your own contacts plus overseas trade office representatives who will liaise with their political and business contacts to set up official meetings and factory and retail outlet visits. It is at this stage that bookings are made to see Australian ambassadors and trade consuls whose diaries are full but if they know early enough will add value by facilitating additional meetings at a higher level than commerce. Also at this stage, it is essential to check seating availability of flights within China as their loadings are more often than not 100%.

Participatory Action Research – everything is political in China and nothing can happen without the approval of officials at all levels; from the minute the mission crosses the border into China it is traceable but this is to its advantage as the new China is aware of the need to engage internationally and assistance is provided whenever possible or necessary. Air travel is arduous because of the sheer weight of numbers of travelers at airports so the lines are five times the length of the busiest airport in Australia. Important lessons were learned about rail travel as an easier and more efficient mode of transport – towns have been built around railway stations so they are in the trading centre whereas new airports built to cope with the number of travelers are an hour or more out of town.

• Liaising with Hong Kong and China offices – these trade and political representatives are key to the mission’s success through the range of their contacts. A benefit resulting from the visits has to be derived by both parties or they are a waste of time. Continual discussion is undertaken with these offices throughout the mission’s planning stage. The time zone is two-hours behind Australia so planning discussions are often held at night. These talks are between the mission organizer/leader and the office representative as their relationship will continue throughout the visit and they need to be aware of all logistic and itinerary arrangements.

Participatory Action Research – all detail needs to be fixed prior to departure; if any aspect is left undone it is difficult to organize ad hoc once in China because of the bureaucratic nature of government people who are our hosts.

• Converting interest – the cycle of selling places on the trade mission continues through the planning stage and needs to be stepped up if the numbers are low. This is done through additional group and individual meetings and is enhanced by word-of-mouth enthusiasm generated by those who have signed on. China trade success stories help the reluctant to understand potential outcomes. The selling process continues up to the departure date.

Participatory Action Research – none of this selling effort is wasted, as those who are hardest to convert become staunch believers in the potential of China and your greatest advocates. The easiest to convert have been known to pull out on the eve of departure.

• Soliciting those with no interest – experienced and successful business people have seen and done it all before and are ambivalent about gains they may make in dealing with China. Essentially, they don’t need it. But their involvement can add to the dynamics of the party and less experienced traders can learn from interacting with them on tour.

Participatory Action Research – too much time can be spent on this category at the expense of doing other things. Pull away once their intentions are clear.
## INITIATING AND SELLING

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| Extensive briefing of prospective participants | i) Group and individual meetings involving China experts talking about trade opportunities  
ii) One-on-one with interested parties  
iii) Teleconferences between interested Cairns operators and Australian reps in China  
iv) Provide extensive information about China, including maps, histories of cities/regions to be visited | The first trade mission is the hardest.  
No word of mouth exists and you are selling a concept with no history.  
We had never done this before so no reason to trust us other than DM's knowledge of China and Qld Govt officers on the ground up there | This necessary in the early stages of development of the programme so you have a concept of how difficult it could be to raise interest and numbers.  
This process continues until departure date. |
| Developing the itinerary | Consult with HK and China trade offices to know who is doing what and where.  
Understand local needs in relation to trade and culture that may be divergent but knowledge of one can lead to the other.  
Keep it manageable in terms of flights and ground travel | Extreme detail is needed in the planning as China is a challenge to overseas visitors who are rarely allowed to travel on their own when in official trade delegations. | Start as soon as possible after briefing participants.  
This gives time for HK and China offices to match up business and political meeting needs.  
An early start gives time for meeting and logistics details to be arranged |
| Liaising with Hong Kong and China offices | Single point person in Cairns is responsible for liaison with offices in HK and China.  
The information flows from these offices are random across different time zones and in different languages | Details can get lost in transmission and be discovered at the wrong time during the trade mission. | Continual from start of selling the mission, during the mission and in follow-up once it is completed |
| Converting interest | Continuing talks about the potential of China, the benefit for a business, the results other business has gained and the others who will be on the trip. | Traders who have not been are unsure until they take the chance and commit | Continual until the ticket is paid and the visa is in the passport and even sometimes after |
INITIATING AND SELLING cont’d

<table>
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<tr>
<th>WHAT</th>
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<tbody>
<tr>
<td>Soliciting those with no interest</td>
<td>Providing trip details about destinations, itinerary, costs, other potential travelers. These are the clients we know will benefit themselves and benefit other on tour just by being there.</td>
<td>This is a China trade discovery tour but also an opportunity for us to put businessmen together who might never meet.</td>
<td>Occasionally but not a lot of time is spent on those out of reach as there is too much else to do</td>
</tr>
</tbody>
</table>

Measuring against Nonaka and Takeuchi’s Five-Phase Model of the Organisational Knowledge-Creation Process

PHASE ONE – SHARING TACIT KNOWLEDGE

5-Phase Model Criteria:

An organisation cannot create knowledge by itself and the tacit knowledge its members hold is the basis of organisational knowledge creation. The sharing of tacit knowledge among multiple individuals with different backgrounds, perspectives and motivations becomes the critical step for organisational knowledge creation to take place.

Point: To effect that sharing, a “field” is needed for individuals to interact with each other in face-to-face dialogue. The typical field of interaction is a self-organising team in which members from various departments (or groups) work together to achieve a common goal.

Point: A self-organising team facilitates organisational knowledge creation through the variety of team members who share their interpretations of organisational intention

Actuality Stage 3:

The China Trade Mission programme was started as a means to begin cultural and business relationships to be used to derive economic benefit for the region. The organisation’s tacit knowledge was stored in the CEO’s experience of China and understanding of its potential to enhance his economic development region. This tacit knowledge also included an understanding of the capacity of his region to engage with China.

Point: to develop interest in the business community in participating in the trade mission, the researcher developed a range of briefing sessions at which China and China trade experts shared their tacit knowledge with a group of interested parties.

Point: initially, these meetings were specifically organized but as the word spread about China’s potential and the opportunity to access it through the trade mission, informal “teams” of interested parties clustered to discuss the mission and share their interpretation of its potential.

3rd Person Observation: *When prosperity comes, do not use all of it* – Chinese philosopher Confucius (551-479 BC)
Stage 2 – Packaging and Preparing

- **Preliminary information pack about China and the destination cities** – it is not possible to deliver too much information in the selling phase as the more detail offered, the better equipped are intending participants. Travel decisions are made in consultation with business partners and spouses and families who also need to have the China mystery explained to assuage their reservations. Maps and full details about destination cities are essential. Making available news stories from China papers helps to build interest and maintain enthusiasm.

**Participatory Action Research** – the mission organizer is solely responsible for his travelers and should tailor the China information package to suit the traders he is taking. This means understanding their needs and personal traits, for instance if an intending participant has an interest outside the mission theme, e.g. sport, this somehow needs to be accommodated as a secondary itinerary.

- **Itinerary booklet with names of participants, phones numbers, etc** – this is prepared by the mission organisers and includes full details about mission participants, meeting dates and times, flight details, coaches, hotels and their contact details, lunch and dinner times, dress codes, mandatory meetings, telephone dialing codes, mobile telephone numbers of participants and the name and rank of China contacts.

**Participatory Action Research** – this is the most important booklet for participants and cannot be underestimated in value as it obviates the need for organizational and logistic questions during the programme.

- **Cairns Investment Publication in English and Chinese** – information about home base is used to “leave behind” in China as an investment guide and promotional tool and gives participants valuable information when they are in discussion with potential clients.

**Action Learning** – ensure the mission version is translated into “simplified” Chinese, not “traditional” as was the case and is offensive to citizens of the People’s Republic because it is pre-Mao and is the language used in Taiwan. This was an embarrassing lesson learned at the end of tour as our Chinese hosts were too courteous to point it out.

- **Multi-lingual PowerPoint Presentations on hard-drive and disc** – two versions of presentations are required, English for the presenter and Chinese for the audience. The presenter speaks to the PowerPoint and is converted to Chinese by an interpreter. This doubles the time for a presentation and because there is no direct correlation of meaning in the languages, the message should be as simple as possible. The multi-media presentation is prepared in Chinese in Cairns from a range of information sources in tourism and business.
**Participatory Action Research** - there is no room for unscripted deviations from the prescribed presentation text, as a Chinese audience due to uncorrelated meanings does not understand light-hearted or humorous comments. The most boring, non-flamboyant delivery style is the best accepted. A major drawback to the conduct of missions is that few of its members – usually none – have Mandarin or Cantonese language speaking skills.

- **Industry brochures** – the purpose of a trade mission is to spread the word about a region's attributes so it is an opportunity to promote other businesses that are not represented on the tour. Various promotional collateral are collected, within reason given weight limitations, for distribution to government and trade offices.

  **Participatory Action Research** – once this "free" service is known, the mission organizer is inundated with books, CDs and brochures espousing various wares. Judicious culling of these offerings is required for ease of travel. However, it was found that such information is popular in China and what was intended for distribution throughout the mission was snapped up in one tourism seminar in Guangzhou. Ordering more supplies was not possible because of the slow customs and importation procedures in China and wouldn't have been released until weeks after the mission ended.

- **Gifts** - It is appropriate to bring a gift, particularly something representative of the town or region, to a business meeting or social event. So, gifts are exchanged at the end of all functions and a range of them is required to be carried throughout the mission. Paintings are appropriate for significant meetings such as with mayors, party secretaries and vice-governors and these are bulky items to be carrying on planes and trains. Books and pens are more compact but due to the large number of official functions, dozens of them are needed.

  **Participatory Action Research** - there are many cultural and protocol aspects to gift giving in China. Among the many are: i) a gift should always be wrapped, but avoid plain black or white paper because these are the colors of mourning; ii) present the gift with both hands as a sign of courtesy and always mention that this is only a small token of appreciation; iii) do not expect it to be opened in your presence. This indicates it is the thought that counts more than the material value.

- **Business Cards in English and Chinese** – the mission co-ordinator provides a translation service for delegates to get multi-lingual business cards which are an essential form of communication. While there are many Chinese now capable of speaking and reading English, a single language card is of little value.

  **Participatory Action Research** - all participants are advised to carry Chinese language cards. Not only are they a form of contact but also a conversation starter in groups during the initial meeting and card exchange period. It was notable that a participant who carried no cards was less engaged by the Chinese hosts who appeared to be offended that nothing was offered in exchange for their proffered introduction card.
• **Participant profiles in English and Chinese** – the mission co-ordinator encourages participant business profiles to be carried in English and Chinese so the hosts get an idea of the activity of their guests. This works in the participant’s favour for future potential opportunities. Translation and printing services are made available for mission members.

**Participatory Action Research** – the mission co-ordinator should monitor collation and presentation of these profiles to maintain a standard and maximize the potential for the participant. Too often their preparation is left to the last minute and they don’t get done or they are inadequate for the purpose. This leads to the participant being disappointed when an opportunity for promotion arises and the feeling of regret extends to the organizer, whether justified or not.

• **Chinese Culture Guide** – this is a means of helping the participants understand China and prepare them for the mission. A guide is provided at the start of the selling process and included in the travel kit.

**Participatory Action Research** – participants have valued this information and are heard discussing its points during the mission.

• **Visas into China** – no entry to China is possible without a Visa that is obtained from the consular service in Sydney once an invitation to conduct a trade mission is received from Chinese authorities. These are usually co-ordinated from the mission organizer’s office and checked off once participants have signed on to the tour.

**Participatory Action Research** – one participant used an old Visa which ran out mid-mission and was held at an airport for half a day while the Australian consulate organized an extension. We hadn’t checked his passport.

• **Official documents for signing ceremonies checked in English** – Much negotiation takes place in the months leading up to the trade mission on the wording of official political documents to be signed. These are in the form of Sister City Agreements, Memoranda of Understanding or Memoranda of Co-operation. They are drafted in English by the mission organizer’s office and sent to China for translation and approval. They are non-binding instruments but are important to on-going Chinese relationships.

**Participatory Action Research** – much is put into crafting the wording of these documents to emphasize the level of the relationship and its nuances. The message in English is not translatable to Chinese so often the work is rejected in favour of a bland, simplistic document.

• **Cash float organized for payment of coach drivers** – not everything can be put on credit card in China, particularly coaches, so a cash float is necessary.

**Participatory Action Research** – receipts are all in Chinese so it is important to scribble on the back the details of the journey and the names of passengers so the cost can be charged back.

• **Participants advised of accommodation payment details** – Accommodation costs are settled by participants as they check out and they are pre-advised to be able to cover them by credit card.

**Participatory Action Research** – charge-back in this area can be messy so the organizer allows participants to settle their own bills.
### PACKAGING AND PREPARING

<table>
<thead>
<tr>
<th>WHAT</th>
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<tbody>
<tr>
<td>Preliminary information pack about China and the destination cities</td>
<td>Prepared in office using variety of sources</td>
<td>Start the knowledge building process</td>
<td>As soon after preliminary discussion as possible</td>
</tr>
<tr>
<td>Itinerary booklet with names of participants, phones numbers, etc</td>
<td>Prepared in office and finalized as close to departure as possible</td>
<td>This is the critical guide for participants, their families, business partners when they are off-shore</td>
<td>Started once itinerary is close to being finalized and completed a day or so before departure</td>
</tr>
<tr>
<td>Cairns Investment Publication in English and Chinese</td>
<td>The first document of its type produced in Cairns and its genesis was the need to have something to take to China. Hence it was bi-lingual and all Chinese versions were handed out on the first trade mission</td>
<td>There was nothing about the Cairns economy for us to take</td>
<td>The compilation was commissioned a couple of months before departure and the books delivered a day before departure</td>
</tr>
<tr>
<td>Multi-lingual Powerpoint Presentations on hard-drive and discs</td>
<td>In-office adaptation of previous PP presentations but they had to be translated into Chinese</td>
<td>This standard is expected of us in Cairns and we believe is necessary to present a professional perspective of Cairns overseas</td>
<td>Prepared part-way during tour preparation</td>
</tr>
<tr>
<td>Industry brochures</td>
<td>Collected from various industry organizations and businesses such as English language training centres</td>
<td>Helps to spread the word about Cairns</td>
<td>Needed before departure as all has to be personally transported</td>
</tr>
<tr>
<td>Gifts</td>
<td>Varying degrees of gift quality are needed to reciprocate traditional gift-giving by Chinese hosts</td>
<td>This is part of diplomacy and it is not possible to conduct business in China without gifts</td>
<td>Cairns City Council's area of responsibility</td>
</tr>
</tbody>
</table>

### CHINA OUTCOMES "AN OVERWHELMING SUCCESS"

The outcomes of the Cairns City Council and Advance Cairns delegation to China have been described as an "outstanding success" by both the Mayor, Kevin Byrne and Advance Cairns CEO, David Maguire.

Speaking after their return, the delegation leaders said that Cairns and the Far North would benefit immensely from the time spent in China.

"Over the period of two weeks, we signed five separate agreements which, when taken together will develop strong social, educational, community and economic linkages between China and Cairns." Cr Byrne said.

Figure 5.8: Success of Mission - A joint proclamation of the success of a trade mission from Cairns to China by the mission leaders.
## PACKAGING AND PREPARING cont'd

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<th>WHAT</th>
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<tbody>
<tr>
<td>Business Cards in English and Chinese</td>
<td>A team of translators work for Advance Cairns during trade mission preparation</td>
<td>Necessary form of communication is the Business Card in China and it is useless only in English</td>
<td>Organisation is better early so translators can do all the work</td>
</tr>
<tr>
<td>Participant profiles in English and Chinese</td>
<td>These are required for backgrounding information sent to Qld trade offices and help our Chinese hosts to know more about their guests so we get them translated into Chinese</td>
<td>More complete information service about trade mission participants</td>
<td>Preparation work is undertaken as soon as a participant commits to the trade mission. All work done at participant's cost.</td>
</tr>
<tr>
<td>Chinese Culture Guide</td>
<td>Provided by Shanghai office</td>
<td>Helps our participants avoid embarrassment</td>
<td>Available from the start of promotion talks and is a good talking point to increase knowledge of China</td>
</tr>
<tr>
<td>Visas into China</td>
<td>Facilitated through Advance Cairns office</td>
<td>Necessary for all travel in China</td>
<td>48-hour turnaround on approvals in Sydney</td>
</tr>
<tr>
<td>Official documents for signing ceremonies checked in English</td>
<td>Months of negotiation between Cairns and China goes into the content of Memoranda of Understanding until final wording is agreed</td>
<td>These form the basis of new relationships between cities and important organisations</td>
<td>On-going process and critical to a relationship getting to ensuing stages</td>
</tr>
<tr>
<td>Cash float organized for payment of coach drivers</td>
<td>With the itinerary finalized, we know which outside suppliers can be paid from the hotel and which will only accept cash so an advance is necessary</td>
<td>Some coach services prefer direct payment</td>
<td>At time of completion of journey in China</td>
</tr>
<tr>
<td>Participants advised of accommodation payment details</td>
<td>Briefing from Advance Cairns as tickets and passports are collected</td>
<td>So that participants are aware of the separation of what they need to do on top of what we organise for them</td>
<td>Close to departure</td>
</tr>
</tbody>
</table>
Measuring against Nonaka and Takeuchi's Five-Phase Model of the Organisational Knowledge-Creation Process

PHASE TWO – CREATING CONCEPTS

5-Phase Model Criteria:
The most intensive interaction between tacit and explicit knowledge occurs in this phase.

Point: Once a shared mental model is formed in the field of interaction, the self-organising team then articulates it through further continuous dialogue, in the form of collective reflection. The shared tacit mental model is verbalised into words and phrases and finally crystallised into explicit concepts.

This process of converting tacit into explicit knowledge is facilitated by the use of multiple reasoning methods such as deduction, induction and abduction. Particularly useful for this phase is abduction, which employs figurative language such as metaphors and analogies.

Point: Concepts are created co-operatively in this phase through dialogue. Autonomy helps team members to diverge their thinking freely with intention serving as a tool to converge their thinking in the one direction. To create concepts, team members have to rethink their existing premises fundamentally.

Fluctuation and chaos, either from inside or outside, also help members to change their way of thinking fundamentally

Actuality Stage 3:
This the busiest organizational development phase of the trade mission in which planning, facilitation, booking and arranging are most critical. Tacit knowledge is converted into explicit as transport and meetings are arranged in China, documents are developed and the process continues of selling interested parties into the programme.

Point: The programme is created co-operatively with agents in Hong Kong and China who are all operating to a blank canvas as Cairns has not previously organized a trade mission. Concepts of political and business outcomes are discussed, developed, dumped and rearranged to get the best outcome. Fluctuation and chaos are an accepted part of the planning process.

3rd Person Observation: In ‘Countdown’ terminology, the real ‘chart buster’ is China. In 1989-90, China was closed to the world and sitting at number twenty on the list. By 2002-03, it had jumped to number nine. This reflects China’s increasing importance as an export destination (with export value from LNG and other resources) to Australia but also shows an increasing number of companies are looking to China in the manufacturing and service sectors. What will happen in the next 15 years? Expect China to increase its ranking into the top five - Tim Harcourt (2004b)
Stage 3 – Going and Doing

- **Last minute passport and flight checks** – the mission organizer co-ordinates passports, visas and ticketing so there is a single point of contact for collection and distribution. All are checked to be in order so travel is possible without worry.

  **Participatory Action Research** – not all participants take the one-size-fits-all tour so co-ordinating the variations can be complicated and not all requests can be facilitated.

- **Departure briefing involving all participants** – this is an informal gathering so last minute questions can be raised and answered and tour packages can be distributed.

  **Participatory Action Research** – Not all participants take advantage of the briefing so their queries are raised on tour and sometimes it is too late to make adjustments that should have been raised earlier.

- **Arrival meeting in HK hotel to set-up departure times for Day One** – this is an informal gathering of participants on the first weekend of the tour to check that all have arrived safely and baggage and gifts are intact. It is a time to reinforce the need to observe meeting times and dress protocols.

  **Participatory Action Research** – this is a welcome social occasion at which participants relax and gear themselves for the tour ahead and have proved valuable in building camaraderie.

- **Hong Kong Government office briefing for all participants** – this is a traditional introduction session at which the latest trade figures, trends and political developments are reported and participants ask the questions they didn't before leaving. It begins a day in HK of industry visits and a promotional cocktail session before heading to China.

  **Participatory Action Research** – until this stage, the mission organizer has delivered all information; the briefing in HK hands over the role to the local expert and the information takes on greater importance.

- **Media photos and stories compiled and sent back to Cairns** – a stream of information is reported back to the Cairns market so it is kept up to date on the mission's progress. Notes of meetings are gathered at each day's activity by the mission organizer and digital photos taken so reports can be compiled for use in newspapers and post-mission reports.

  **Participatory Action Research** – the organizer's role changes to reporter and facilitator during the mission and often the nights are devoted to writing up the day's events and coordinating the next's activity.

- **Official protocols observed** – meeting and seating protocols are rigid in the Chinese system and the organizer co-ordinates mission participants so official meetings are held without glitches. The Chinese are quite flexible and wouldn't make comment if any of the party unsettled their arrangements but it is worth the smooth running of things if the protocols are observed.

  **Participatory Action Research** – a routine is developed after many meetings and participants get comfortable with the protocol system.
• Mayor and leaders urge observance of departure times, gathering group together for meetings, reminding about itinerary, briefing about VIPs – this is an in-party discipline procedure which ensures the smooth running of the mission

**Participatory Action Research** – extended social activity and long days of travel leads to the need to reinforce discipline half-way through the mission

• Mayor and CEO consult on statements at official meetings and seating plans in formal audiences – in order to ensure smooth running of meetings, the mission leaders manage seating arrangements as they walk into the room. They work through the wording of official statements prior to the meeting and often will pass notes as it progresses to pick up on points and add them to subsequent statements.

**Participatory Action Research** – these activities can only be planned at the time as the size and seniority of the hosting Chinese delegation is measured and result in ad hoc outcomes.

• CEO co-ordinates and reminds about checkout times, transport and cash payment where necessary – in-tour reminders are necessary each day on operational matters to ensure the smooth flow and general comfort of delegates.

**Participatory Action Research** – too much reminding is not enough and the bigger the mission, the more important it becomes

• CEO ensures photos are taken for media and AC review publications – every official meeting is photographed for future use in Cairns reports and publications

**Participatory Action Research** – the bank of pictures consists of groups standing together so it is important for a variety of photos to break the monotony

• Mayor and CEO collaborate on official document signings, i.e. readings in English, gift presentation and receival – the political leaders do the signing but often the document is read out aloud in English and Chinese by another. These ceremonies are big on protocol, gift presentation, and toasting.

**Participatory Action Research** – a team approach has been developed so our approach to these events is now second nature.

• Ensure gratitude is expressed at all times to all Chinese hosts – conveying an appreciation of their hospitality is an important courtesy that enables us to return

**Participatory Action Research** - the more we engage with the Chinese the better we understand their customs and can continue visiting them

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3rd Person Observation: *Australia is becoming more diversified and the Asia Pacific is increasing its slice of our trade action principally on the back of the improved economic development and stronger growth rates in East Asia since the late 1970s* - *Tim Harcourt (2004a)*
### GOING AND DOING

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<tr>
<th>WHAT</th>
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<tbody>
<tr>
<td>Last minute passport and flight checks</td>
<td>Provided by Advance Cairns when tickets and passports are collected</td>
<td>Courtesy reminder and duty of care</td>
<td>Close to departure</td>
</tr>
<tr>
<td>Departure briefing involving all participants</td>
<td>In groups or individually</td>
<td>Courtesy reminder and duty of care so that last minute questions can be asked and answered</td>
<td>Close to departure, usually the night before</td>
</tr>
<tr>
<td>Arrival meeting in HK hotel to set-up departure times for Day One</td>
<td>Co-ordinated by Advance Cairns and/or Mayor</td>
<td>To get participants together as a group</td>
<td>As soon as all have arrived in HK</td>
</tr>
<tr>
<td>HK Govt office briefing for all participants</td>
<td>At HK office</td>
<td>Signals start of tour and provides introduction to HK and China</td>
<td>First day of tour</td>
</tr>
<tr>
<td>Media photos and stories compiled and sent back to Cairns</td>
<td>Advance Cairns takes photos and note of meetings to write stories of tour</td>
<td>So that coverage is provided in Cairns while the trade mission is underway offshore</td>
<td>At appropriate times after a major event</td>
</tr>
<tr>
<td>Official protocols observed</td>
<td>Meeting and seating procedures are important in the diplomatic protocol environment these meetings are conducted in</td>
<td>To ensure no glitches</td>
<td>For every meeting</td>
</tr>
<tr>
<td>Mayor, CEO and GQTIIO reps lead through various means such as urging observance of departure times, gathering group together for meetings, reminding about itinerary, briefing about VIPs</td>
<td>Group preparation or de-briefing meetings</td>
<td>To ensure smooth flow of mission</td>
<td>Whenever necessary</td>
</tr>
<tr>
<td>Mayor and CEO consult on statements at official meetings and seating plans in formal audiences</td>
<td>Meeting prior to official function</td>
<td>To ensure smooth flow of protocol</td>
<td>Whenever necessary</td>
</tr>
<tr>
<td>CEO co-ordinates and reminds about checkout times, transport and cash payment where necessary</td>
<td>Random comments to all during transport or at dinner</td>
<td>To keep everyone informed</td>
<td>Whenever appropriate</td>
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</table>
GOING AND DOING cont’d

<table>
<thead>
<tr>
<th>WHAT</th>
<th>HOW</th>
<th>WHY</th>
<th>WHEN</th>
</tr>
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<tbody>
<tr>
<td>CEO ensures photos are taken for media and AC review publications</td>
<td>Using personal digital camera and downloaded onto laptop for transmission to Cairns</td>
<td>To ensure appropriate publicity</td>
<td>Continually during programme</td>
</tr>
<tr>
<td>Mayor and CEO collaborate on official document signings, i.e. readings in English, gift presentation and receipt</td>
<td>Liaison prior to official ceremony</td>
<td>To ensure smooth flow of ceremony and appropriate deference is given to hosts</td>
<td>At all official functions</td>
</tr>
<tr>
<td>Ensure gratitude is expressed at all times to all Chinese hosts</td>
<td>Through gifting, dinner ceremony toasting, thanks on departure</td>
<td>Protocol, courtesy and customs are important</td>
<td>At all times</td>
</tr>
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</table>

Measuring against Nonaka and Takeuchi’s Five-Phase Model of the Organisational Knowledge-Creation Process

Phase Three and Phase Four of the model are relevant to the third stage of the trade mission model.

PHASE THREE – JUSTIFYING CONCEPTS

5-Phase Model Criteria:

New concepts created by individuals or the team need to be justified at some point in the procedure because in Nonaka and Takeuchi’s (1995) theory of organisational knowledge creation, knowledge is defined as justified true belief. Justification involves proving if the newly created concepts are truly worthwhile for the organisation and society. It is similar to a screening process. Individuals seem to be justifying or screening information, concepts or knowledge continuously and unconsciously throughout the entire process.

The organisation must, however, conduct this justification in a more explicit way to check if the organisation intention is still intact and to ascertain if the concepts being generated meet the needs of society at large.

The most appropriate time for the organisation to conduct this screening is right after the concepts have been created. Justification criteria can be both quantitative and qualitative.

Point: In a knowledge-creating company, it is primarily the role of top management to formulate the justification criteria in the form of organisational intention, which is expressed in terms of strategy or vision. A company’s justification criteria should be consistent with value systems or needs of the society at large, which should ideally be reflected in organisational intention.

Actuality Stage 3:

The trade mission planning has been done, participants are locked in and the political outcomes are in place to be delivered in China. The organizational intention is clearly articulated – to engage with China to derive economic benefit to the region.
Point: The sole manager has been responsible for developing the initiative and reporting through to a board on the intended activity and outcomes. The weight of primary information about China has justified the concept of starting a form of engagement and secondary levels of knowledge emanating from the tourism sector add further imperatives to becoming involved with its at a political and business level.

PHASE FOUR – BUILDING AN ARCHETYPE

5-Phase Model Criteria:

Point: In this phase the justified concept is converted into something tangible or concrete, namely an archetype. This can be thought of as a prototype in the case of a new-product development process or, in the case of a service or organisational innovation, it could be thought of as a model operating mechanism.

Whatever, it is built by combining newly created explicit knowledge with existing explicit knowledge. Because justified concepts, which are explicit, are converted into archetypes, which are also explicit, this phase is akin to combination. Organisational members engage in building a prototype of the real product or a model of the actual system. To build a prototype, they pull together people with differing expertise, develop specifications that meet everyone's approval, and actually manufacture the first full-scale form of a newly created concept.

Point: To build a model, say, of a new organisational structure, people from the affected sections within the organisation, as well as experts in different fields, are assembled to draw up a new organisational chart, reporting system or operating procedure. In a way they are responsible for developing the blueprint as well as actually building the new form of an organisational concept.

Actuality Stage 3:

The Going and Doing stage sees the developed model put into practice, taken to China and tested over a 14-day period. The researcher as organizer and on-ground co-leader observes the prototype in situ. The model is the result of many months of converting organization tacit knowledge into an explicit programme for dealing in China.

Point: The model has been developed through the co-operation of a range of experts in the China trade field, pooling their tacit and explicit knowledge into a model that is put to the test of practice and which a number of them will observe through the trade mission. While the researcher has developed the regional aspects of the model and worked with the trade offices to develop the China end of it, there are degrees of un-knowing for all to work through as the prototype is tested. These include the nature of the participants and their reaction to the non-Western environment, their ability to assimilate and the appropriateness of the pre-planned meetings to their field of interest.

Stage Four – Finishing and Wrapping

• Ensure departures are acknowledged with thanks for being on the mission, facilitate transport to air or sea port where necessary – at the conclusion of the visit our delegates depart at a variety of times and the organiser's responsibility for their tour activity ceases. However, a co-operative relationship has been built up and facilitating the co-ordination of their return home is appropriate.

Participatory Action Research – generally there is relief and sadness that a tour of China has finished. It is gratifying to witness new delegates to China experience and measure in awe its potential.
- Provide mission review, including appropriate photos, to all participants – the follow-up reporting of the tour is part of building the business and reputation of the organizer in matters of China and establishing precedents for subsequent visits. Therefore reports of the mission are compiled for all participants.

**Participatory Action Research** – while these are professionally published, we don’t do enough follow-up with delegates about their content

- **Review success of mission in media statements to give closure** – while media statements have been compiled on tour for use at home during the programme, a wrap-up story is issued as a press release to tell the public what we have accomplished.

**Participatory Action Research** – this is a valuable summary of events that is a basis for subsequent reports

- **Produce mission report for board** – necessary to acquit the organisation’s investment in the trade mission

**Participatory Action Research** – serves to further establish our China trade expertise

- **Produce mission review for wider audience, including Chinese hosts** – a multi-lingual document is considered to include our Chinese contacts.

**Participatory Action Research** - this further enhances our China trade expertise

### FINISHING AND WRAPPING

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<td>Ensure departures are acknowledged with thanks for being on the mission; facilitate transport to air or sea port where necessary</td>
<td>Collation of report</td>
<td>Important communication</td>
<td>As soon as possible after mission members return home</td>
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<td>Provide mission review, including appropriate photos, to all participants</td>
<td>Issue press statement</td>
<td>Summarise activity and results so a wider audience understands what has been achieved</td>
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<td>Review success of mission in media statements to give closure</td>
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Measuring against Nonaka and Takeuchi's Five-Phase Model of the Organisational Knowledge-Creation Process

PHASE FIVE – CROSS-LEVELING OF KNOWLEDGE

5-Phase Model Criteria:

Organisational knowledge creation is a never-ending process that upgrades itself continuously. It does not end once an archetype has been developed. The new concept, which has been created, justified and modelled, moves on to a new cycle of knowledge creation at a different ontological level.

Point: This interactive and spiral process, called cross-leveling of knowledge, takes place both intra-organisationally and inter-organisationally.

Intra-organisationally, knowledge that is made real or takes form as an archetype can trigger a new cycle of knowledge creation, expanding horizontally or vertically across the organisation.

Inter-organisationally, knowledge created by the organisation can mobilise knowledge of affiliated companies, customers, suppliers, competitors and others outside the company through dynamic interaction.

For this phase to function effectively, it is essential that each organisational unit have the autonomy to take the knowledge developed somewhere else and apply it freely across different levels and boundaries.

Actuality Stage 3:

The organisational knowledge creation from the trade mission has been intense in raising the capacity of the economic development organization through an aggregation of China knowledge, designing and managing overseas programmes, establishing relationships with traders (local) and opportunities (China). There are applications internally and externally for the organization in the bank of knowledge created from the visit.

Point: The archetype developed is a basic template for trade missions to China and has been used subsequently in other missions conducted by the economic development organization. Many aspects of the original template have survived through to these subsequent iterations and others have been either adjusted or abandoned.

3rd Person Observation: China is going gangbusters. Last year, it accounted for 40 per cent of the increase in world output - which is punching well above its weight in terms of share of world trade and output. It is big, it's fast, it's impressive, it's dynamic and, believe it or not, China's progress is good news for the region and the global economy - Tim Harcourt (2003c)
Conclusions

A template for conducting a China Trade Mission has been developed from the base of tacit knowledge of the researcher in communication and information management, first-hand China knowledge and recent regional economic development practice.

For the purposes of this exercise, the China Trade Mission Model is the result of an organisational knowledge creation process in which the mission itself is an entity within an organisation and therefore displays characteristics – subject to cultural, inter-personal and situational influences – that are not completely relevant to the host organisation.

The entity's knowledge has been built on from a base of the researcher's explicit knowledge of China acquired through primary and secondary sources. The trade mission template is the result of an organisational knowledge formation process, i.e. putting together a trade mission. It has been enhanced through adjusting the model to the needs and wants of its participants, the cultural imperatives of the host country and the practicalities of travelling in this vast, populous nation, these adjustments driven by the Participatory Action Research style under which the research was conducted.

In the context of Nonaka and Takeuchi's Five-Phase Model of the Organisational Knowledge Creation Process, the conclusion, as in Chapter 4, is that this action stage of the organisation's establishment proved to be generally compliant with the model's criteria. However, as noted in Chapter 3, other research has found that a quantitative measure of this model has not been successfully undertaken. The results, therefore, are highly qualitative.

HOW THIS LEADS TO THE NEXT CHAPTER

The model testing of Nonaka and Takeuchi for the three stages of the organisation's establishment having been completed and a China Trade Mission model having been created and developed through the application of Participatory Action Research, the next chapter deals with the overall conclusions of this research and sets some questions for possible subsequent exploration.
He liked the prevalent mood in which feelings were sheathed in thoughts and thoughts softened into felicity by their transference into language. He liked the mannered, leisurely atmosphere in which talk was an accomplishment, not a mere habit. And he liked to realise that the idlest things could now be freed from the curse of time wasting and the frailest dreams receive the welcome of the mind.

- James Hilton, Lost Horizon (1933)
EPILOGUE

DISCUSSION AND CONCLUSION

WHAT’S IN THIS CHAPTER
• A review of the approach and outcomes of the research
• A review of methods used to undertake the research
• Observations as to the presentation of the research
• Personal reflections of the research experience
• A Review of outcomes

2nd Person Discourse

The development of this thesis has been a personal journey of reflection and discovery. In the process, the journey has visited a number of unexpected destinations and uncovered personal and professional insights that would not otherwise have been considered.

This chapter reflects on the research project, includes a discussion of the research outcomes and an ambient view of other matters that have been considered in the conclusion stage of writing the document.

Development of the Final Model

The process of designing this trade mission model from a blank canvas started with two fundamental objectives. Simplistically, these were the destination and the reasons for doing it. The destination was China, the reasons were to build political and trading relationships. The organisational method that evolved was a form of controlled project development within which an environment of creative chaos was engendered to stimulate multi-directional streams of communication that would generate knowledge to shape the component elements of the trade mission.

In short, all my learning of the operating environments – in Cairns and China - and their relevant players, was poured in to shape the four stages of the model. Each stage has a finite life within the temporal development of the mission. Each stage is dependent on the completion of its predecessor. None of the stages can be operated independently. The four together are a finite continuum starting with initiation and finishing with a mission review.

The story of how the model emerged is underscored by the essence of the concept of “communicative creativity” which blends in practice the thoughts replete in Wieman’s *Doctrine of Creative Interchange* (1963) and Habermas’s *Theory of Communicative Action* (1984), referred to in Chapter 3.

The laboratory in which this “communicative creativity” evolved was largely in the real-life relationship environment of the trade mission itself. Remember, this environment, from Chapter 5, was the location of six major centres in China, the travelling to those centres involving nine airline routes and a score of coach trips, and 40 formal government and business meetings and briefings over 13 intense days. But it was practised equally strongly through the four stages of the trade mission and was integral to the entire project.
The core thoughts of Wieman and Habermas that I employed in the evolution of the trade mission model were articulated by these philosophers thus:

**Wieman - Doctrine of Creative Interchange (1963):**

i) "an appreciative understanding of the original experience of one another"

ii) "the original view derived from the other integrates with one's own personal resources... it becomes part of one's own original experience"

iii) "commitment to creative interchange means always to strive to correct the conditions inimical to it"

**Habermas - Theory of Communicative Action (1984):**

i) the interaction between two or more actors who "seek to reach an understanding about their action situation and their plans of action in order to co-ordinate their actions by way of agreement"

ii) "What is paradigmatic... is the inter-subjective relation that speaking and acting subjects take up when they come to an understanding with one another about something"

iii) "Communicative actors move in the medium of a natural language, draw on culturally transmitted interpretations and relate simultaneously to something in the one objective world, something in their common social world, and something in each other's own subjective world"

iv) "Participants are not primarily oriented to their own individual success; they pursue their individual goals under the condition that they can harmonise their plans of action on the basis of common situation definitions"
I can draw key words and phrases from these readings that illustrate the professional and personal motivations that are inherent and that I used as signposts in developing the trade mission template. These are: appreciative understanding... own original experience... interaction... agreement... inter-subjective relation... medium of a natural language... culturally transmitted interpretations... relate simultaneously... harmonise plans of action... common situation definitions.

How were these signposts followed? Let me give an indication:

Appreciative understanding: I am the China knowledge bank who is selling customers on the concept of joining me for 14 days in a land largely unknown to them. This is a new experience for them and my attitude needs to be entirely empathetic with their levels of trust in me, knowledge of me and conviction that this experience will be worthwhile for their business.

Own original experience: I am more confident of the depth of my 15-year-old knowledge of China than my shallow experience of leading a team of people through this country, interacting with politicians and business folk. But my experience of the geography, people and culture is deemed more important by the participants who value my connections more than me being able to get them to the airport on time.

Interaction: Development of the model's components and its execution involves consultation with all parties through the four stages.

Agreement: To assemble all the pieces of the model required my continual negotiation with planners and participants so that every aspect was signed off. This journey involved a considerable monetary investment and needed to be perceived as value. If value wasn't delivered, there would be no subsequent missions.

Inter-subjective relation: My being able to convince and convert participants into joining the trade mission implies that I have built a bond that is a multi-dimensional "leap of faith" that transcends the solitary subject of going to China.

Medium of a natural language: Once the "leap of faith" was achieved, I witnessed my fellow travellers join me – after the point of conversion and before departure – on my own plane of enthusiasm for the venture and we were from that point on speaking and acting almost like members of an exclusive club, or cabal, whose members were about to embark on a unique, shared experience.

Culturally transmitted interpretations: My newly converted colleagues were starting to develop their own China traveller culture, such as learning pronunciations of difficult place names, acquiring currency conversion knowledge and contributing advice gleaned from their own secondary sources. They were now briefing their families from the level of their newly discovered plane.

Relate simultaneously: As a travelling group, we were inhabiting the one objective world of the geographic locations but, more importantly, were being imbued together with new experiences and sharing them in this objective learning space, creating together whole new sets of knowledge across a range of disciplines. For instance, the travel expert had expected to see cities "teeming with Coolies on bicycles", for that was his rudimentary knowledge base. The motor dealer discovered an automobile market dominated by new, not second-hand, passenger vehicles, because the Chinese had only become wealthy in times so recent that they were still driving their first car, and it was still relatively un-used.

Harmonise plans of action: The participants were focused on their individual subjective outcomes but the conditions were experienced as a group because the plan of action for the 14 days, and each individual day, depended on a concerted group dynamic that involved all acting in harmony.
Common situation definitions: The interpretations of the mission and its outcomes were individually subjective but the shared experience delivered a collegiality that bonded participants in a common, everlasting cultural and experiential medium.

The words “communicative” and “creativity” don’t feature in my “key words and phrases” but they encapsulate the essence that I derived from the core elements of Wieman and Habermas and experienced, as explained above, throughout the process of shaping and activating the stages of the trade mission model.

The development of each component of the stages of the model are detailed in Chapter 5 and the Participatory Action Learning elements that informed my understanding are highlighted. Each evolutionary step was informed by knowledge exchanges involving a plethora of literature from sources such as daily newspaper articles, my own random discovery of useful details in both dedicated and haphazard reference to books on the history of China covering the fall of dynasties, the evolution of the new China, the cultural challenges of interacting with its people, case studies of business successes and failures and simple travel guides of the places we were to visit.

I was, therefore, not alone in this process as I drew from my own primary knowledge and that of the observers, writers, philosophers and practitioners of organisational knowledge, trade knowledge and China knowledge. There were large parcels of knowledge readily accessible on websites, there were skerricks in the written reports of China visitors and there was my own bank of information waiting to be converted to knowledge for use in this exercise.

I was comforted at various stages during planning by the advice of China experts who recommended “must see” and “must do” appointments, who suggested changes to the programme so a greater benefit could be derived for the participants. During the evolution of the programme I heeded the needs of the participants who wanted it expanded to allow for leisure aspects as, for some, it was to be their first visit to China and they intended to make the most of it. Until then, my focus was entirely business oriented.

Failures Encountered on the Way

Many of my small and large failures and subsequent learning points are recorded in Chapter 5 where the breakdowns of the actions within each stage are labelled under the heading Participatory Action Learning.

These cover, for instance, the need for translations to be done into a particular form of Chinese, the cultural protocols of gift-giving, the mistake of carrying too few business cards, the “right” style for writing official documents for signing ceremonies, the need for intra-group discipline to meet transport and the need for a stronger programme of follow-up with delegates once everyone gets home.

But I was responsible for more holistic failures than those mentioned above.

As much as I knew the China of the 1980s and 1990s from my media experience, it had changed, at the risk of perpetuating an understatement, considerably by the early 2000s through the new trade and political interface it offered to the rest of the world.

3rd Person Observation: The International Business Cadetship program has provided me with a very good opportunity to expand my international business skills, including marketing, and to help me realize my career goals. The cadetship enabled me to develop an extensive network of business companies in both Cairns and China. It also enabled me to use my knowledge of the Chinese culture and my bilingual skills to build business relationships with the Chinese government and businesses - Cynthia Chen (2005)
It is difficult to avoid being in awe of the new China or be seduced by the quantum leaps it appears to have made in development of infrastructure, liberating fundamental human rights such as freedom of speech and action, and evolution of a market economy beyond an agrarian base.

My experience of its politicians and business leaders had taught me – through their own freely shared knowledge - to be wary. The tanks of Tiananmen Square dominated my subconscious and my inherent caution strongly guided my thoughts and actions.

As recently as a few months prior to embarking on the China trade mission on which this model is based, I had undertaken a private visit to Shanghai for an Information Systems conference at which I delivered a paper titled *The Knowledge Economy Link to ICT Cluster Development* (Maguire, 2003). As mentioned earlier in this thesis, it was the first post-SARS conference allowed to be held in China.

A conference session was told of the continuing frustration being experience by the Central Government in Beijing in bringing to profitability State-owned Enterprises (SOEs) that were nurtured under Russian influence in the 1950s post revolution era. This government sector posed blight on the new China and we were urged, in any quest to understand the evolving economy, to look deeper beyond glitz and glamour into a reality of continual systemic weakness.

Conference China colleagues that had been rehabilitated to their academic posts were free with their perspectives, relating experiences they endured during the Cultural Revolution such as working in pig farms, or knowing of friends caught up in the melee of Tiananmen Square.

Consequently, I wore my wariness too obviously in preparations for the China trade mission and should have been more liberal in my inner thoughts. The freedom of thought and planning that I put into the Hong Kong aspects of the mission should have been carried through into the China phase.

In hindsight, I realise I was too circumspect in taking air travel options rather than the more convenient rail in trying to avoid smaller passport control operations. At the back of my mind was my media experience, particularly during Tiananmen Square, and the potential of being refused entry when, in reality, any repercussions from that period should not have been contemplated. As the trade mission developed, I became less concerned.

That being said, my enthusiasm for the new China was unabated and I wanted my mission colleagues to share it unbridled. But my presumption that they would – and that my attitude was engagingly solicitous enough for them to do so - was misplaced and I earned respectful patronising but ultimate rejection of the mission by some candidates not signing on.

I learned from this that my enthusiasm had to be tempered with a realistic representation of what might be in it for the participant. I was misguided in believing there was an over-riding quest for knowledge of this new phenomenon of China, whereas the reality was closer to, and stronger for, the need to generate commercial outcomes.

Early in the signing on periods of Stages 1 and 2, I underestimated the importance of the personal interaction of potential participants with their spouses and families in discussing whether they go to China. This “blind spot” will be corrected in subsequent missions with information packs to include duplicates of itinerary details to be left at home plus tailored information, such as IDD codes to call from Australia and destination internet sites, to make it easier for families to “follow” the tour.
A significant personal failure was a relatively low-key role that I adopted at times to encourage, or allow, others to emerge as leaders. I underestimated the perception of self among the group and it worked against me at times when in reality there was none but me able to take the lead. This caused a self-evaluation of the group’s perception of me and I gained a new level of confidence.

Emergence of New Professional Practice

There are four new elements of my professional practice that have been developed as a result of this research.

They are:

- Combining information management knowledge into economic development practice
- Designing an information management model for a trade mission into China
- Interacting with China within a business paradigm
- Developing a bank of China knowledge for use in business growth

The four outcomes have evolved from my strong base of information management practice and my professional experience of China. As outlined in earlier chapters, I readjusted my professional life to develop a career as a regional economic development practitioner. I found during this process that while I was working in a different field to my base profession, my appreciation of information initiation and its delivery to a market became the core of my practice in economic development.

The relevant information management values and skills were transferable and sustained me in the transition to the new career. With the new knowledge I gained through studying for the DBA (IS), I found that I was better equipped to tackle the challenges posed by the change.

The most important point that underlies the success of the transition is that, ever since starting the new career, I have been operating within the precepts of the learnings from the course. For three years, I have been researching this project and on a daily basis I have started work by switching into the mode of the research. My every action has been predicated on measuring its value for the research project.

As stated earlier, I initially set out to undertake a study of the “communicative creativity” needed to start a regional economic development organization. While I have never started a business from nothing – in essence that was the new role I had undertaken – I have run substantial business entities and once I worked out the nature of the new organization, it looked and felt like, although smaller, the others that I had managed.

I therefore set out to add more substance to the research by including the China trade mission model development that could not have been built without a robust organization in place to sustain it, i.e. the organization I had created.

3rd Person Observation: *Australia has good credibility in China, we are seen as having no historical political baggage and are often supportive of China in international forums. On the commercial level, our business culture suits the Chinese. We are regarded as open, direct, straight shooters who like to immerse ourselves in Chinese culture and to learn about the place* - Peter Osborne (2003)
The key learning, therefore, was that my business management experience had aided me in starting a new entity from nothing. The four points of new professional practice were possible once the value of my previous management experience was thus proven.

How did they evolve?

- Combining information management knowledge into economic development practice –

  My professional practice as a journalist and publisher is the basis for my media industry information management knowledge. Through producing stories for publication and managing the business entity of a newspaper, I have accumulated a wealth of knowledge of dealing with people who are affected by the published product. I found that a similar practice is relevant in economic development. In this industry, I need to have information in the form of statistics and details of business success and failure to engage with existing and potential traders who are affected by industry trends and the operating environment. The packaging, delivery and type of information is different in each industry and delivered through alternative media but the transition of the commodity of information to becoming useful knowledge is compatible.

- Designing an information management model for a trade mission into China

  The research has developed the first such model of its type. Its evolution through my work would not have been possible without the confluence of me changing professions and finding a need to conduct trade missions into China. The Participatory Action Research undertaken to construct the model within my professional activity is outlined in detail in this and other chapters. While my experience of China has been established in this paper, it only served as a basis from which I could develop and formulate organisational management practice to undertake a trade mission. The model will be further developed through new iterations of trade missions and will be the subject of postdoctoral research, serving as a basis for a guide for future traders.

- Interacting with China within a business paradigm

  I could not have re-engaged with China without changing professions. I have developed my knowledge of this country gained in a prior professional practice and applied it within a business and economic development context. I have consequently gained a sharper knowledge of the needs and frustrations of business entities in dealing with China to create personal and regional wealth. I am imbued with these thoughts of Habermas as I take this new knowledge and apply it in assisting more businesses to engage with China: “Participants are not primarily oriented to their own individual success; they pursue their individual goals under the condition that they can harmonise their plans of action on the basis of common situation definitions”

- Developing a bank of China knowledge for use in business growth

  I have developed greater respect for my own bank of professional knowledge and that which refers to China. I have revalued it upwards as a result of seeing how important it was to creating a trade mission model and learning how much participants depended on it for success. I will continue to aggregate more China knowledge to share with prospective businesses and develop opportunities for its commercial and educational applications.
Research Method

The Action Research suite of methods – discussed in Chapter 3 - was ultimately found to provide the ideal methodology for this project although I entered the paradigm of AR with quiet trepidation at the beginning. The method was adopted as it seemed to offer flexibility not common to other qualitative research and evaluation styles. It suited the fundamentals of the research project that were loose, given the nature of the start-up period I would be entering.

Essentially this was a fieldwork project with the fields themselves straddling two cultures – Australian and Chinese – and the data derived from activities, actions, observations and retained knowledge to be all thrown into a mix to produce an outcome.

The flexibility was in the reflective action that has dominated my daily tasks since starting the economic development organization. What did I learn yesterday that can be implemented in some direction tomorrow, was the dominant reflection-on-action style of my work as the organization developed?

The research project was tied to the development of the organization and as the organization creation process took time to gain momentum and focus, so did the project. Once the minutiae of establishing office and procedural systems were done, the organization and the project could focus on the big picture.

There was no pre-conceived plan to take the organization to China and use it as a vehicle to promote economic development initiatives. The concept evolved as the nature of the organization took shape, the potential of China loomed, and my knowledge of the region all combined as favourable elements with the community's willingness to engage in trade relationships.

As the organization's focus became stronger towards China, my well of experience of the region ceased to be dormant and my tacit knowledge of Chinese attitudes, mores, culture, language, politics, cities and streets was revived. It suddenly gained a new application that I had not anticipated.

There are continual reflections of how the organization has engaged with China that flash through my mind and that aren't all encapsulated in the research findings. The mystery of Action Research that was unlocked for me allowed a free flow of thinking about the project. This reflective and participatory range of mind streaming was both powerful and overwhelmingly difficult to collect.

3rd Person Observation: China's rise is being compared with Germany's in the 19th century, America's in the first half of the 20th century and Japan's in the second half of the 20th century, but in one respect it is very different. China has the advantage of being a follower and, with such a large domestic market, does not have to be a world leader to succeed.

China intends to establish new cities, each of about three million people; 25 are being planned. If the World Bank is right, at least 150 will be needed.

That represents an unimaginable volume of steel, glass, bitumen, interior decoration, architectural design, telecommunications infrastructure, supermarkets and other accoutrements of industrialised economies. It also signifies a dramatic phase shift in world commerce.

The biggest management challenge faced by many Western countries is a microcosm of the problem posed by China itself, building the scale necessary to deal with a country that will be an economic giant.” – Business Review Weekly, January 22-28, 2004
Once harnessed, I then devised a means of measuring and describing the inputs and outcomes. I have attempted to design an orderly presentation of the outcomes without adapting other templates but trying to present an interpretation that reflects the nature of the inquiry so the findings can be easily understood.

In dealing with the Nonaka and Takeuchi five-stage knowledge creation process, which is a model yet to be successfully measured, and working within the Action Research suite of styles, I had a virtual blank canvas on which to operate. Couple this latitude with the decision to re-focus the research away from the "how to build an organization" approach to "how to conduct trade missions to China" and the momentum started to build up.

As discussed in an early chapter, I am ill-equipped to deal with the "ins and outs" of the computer, its connections, the software and the myriad of applications of today's modern technology. I am concerned with the traffic that is put on these information highways and how it is used to develop, improve and increase knowledge.

(Society operates today within a completely "wired" system and, like resisting resorting to studying organisational minutiae for this project, I have also resisted mentioning technology applied to achieve the outcomes because it should be taken as read.)

The Action Research method has proved highly relevant to this research and contributed to knowledge development through creating the China Trade Model template. Without knowledge of Action Research, I would have undertaken trade missions to China but not reassessed them formally or semi-formally on a regular basis and certainly not have developed a "how to do it" model.

**Personal Reflections**

Intense self-examination such as occurred in the development of this project is either extremely beneficial or extremely harmful. This process has been going on for three years and has lead to rigorous self-examination at a professional level.

It was initially difficult, and therefore frustrating, to establish a continuum of the project as it eluded a real focus in the early stages. The reflection of "self" in the workplace was not possible because "self" was overloaded with building the organization and satisfying questions about what does the organization "do", not unreasonable in that it was new and there was no "case study" history to help people understand.

I have always been interested in the power of information once seeing it in full application in the newspaper industry. But being able to delve deeper in to the continuum of "information to knowledge" through the DBA (IS) programme has been valuable in adding perspective to my professional practice in the workplace.

This is despite me not being involved in the publishing industry. One of the strongest realisations to come out of the study is that expertise in the processes of information packaging and dissemination is not limited to a single, or clutch of, domains.

My knowledge of information flows and the impact of information when put into the public domain has assisted my role in conveying information to a wider audience about regional economic development. Likewise, my ability to collect, write and package that information as part of a knowledge creating process has been invaluable.
Understanding the lineage of my information practice has also assisted in the project’s development. I would not have made the link between my father's Morse Code set and my subsequent career in information had it not been for this project. I have thought often about this link during the writing process and don’t believe I am drawing a “long bow” in mentioning it. I have always believed in the personal significance of my publishing achievements on the night of the uprising in Tiananmen Square (see case study in earlier Chapter) but it has been brought into a continuum both through examination of my knowledge management practice for this project and its tacit knowledge relevance in terms of my work in China.

I discussed the Tiananmen Square confrontation with a colleague in Shanghai whose knowledge of China is far greater and involves living and teaching in its various tertiary institutions since the early 1980s. She empathised with the researcher’s view that Tiananmen Square was a final flexing of the muscle of “old China” because the country was already strongly committed to supreme leader Deng Xiaoping’s economic “opening up” policy when it occurred and there was no turning back. However, she consistently warns about the China that is portrayed to the West not being the China that is lived in most of its provinces.

**Thesis Publishing Style**

The principal supervisor of this thesis, Dr Mark Williams, has encouraged the development of a multimedia focus so the work strongly parallels my media background. This has been discussed from the beginning however I was focussed in the development phase on concepts and words rather than pictures and publishing enhancements.

However, the approach became more relevant as the document took shape and the need arose to draw flow charts and “mud maps” of the research to help present a clearer view of situations.

Hence this document reflects a distinct publishing and design style that reflects my professional media experience. The context is enhanced by the use of photos, flow charts, soft system rich picture diagrams and other visual aides to bring the work to a standard that I believe reflects the work put in. All images used in the work are intended to supplement the context of the words and therefore add value to enrich the overall picture.

The application of soft systems in management analysis and problem solving is not a new concept but its use in research is only starting to become widespread.

Williams (2004), who has published a number of papers on the concept, wrote about the importance of rich pictures in which he refers to them as cartoon style diagrams and their use to give creative insights into developing the root definition of the system under consideration. I accept, and therefore have used, rich pictures as symbols, as an epistemological device, to make sense of perceived reality.

Taking the concept further, Morgan (1993) encourages personnel to develop their own pictorial images of organisational issues and, by doing so, help clarify their underlying assumptions and feelings - such images to be regarded as mirrors and windows to encourage new perspectives on issues and to open possibilities for creative action.

Hirschheim and Newman (1991) state that symbols, such as rich pictures, give meaning to what is perceived and act as a filter through which a script is read. However, their representation of symbols covers more than graphical images. They argue that much of what happens within organizations is symbolic.
In terms of rich pictures being seen in terms of a metaphor, Srivastva and Barrett (1988) argue that metaphorical language is superior to literal language because it captures experience and emotions better and because it can communicate meaning in complex, ambiguous situations where literal language is inadequate.

**Thesis “Voices” Style**

In order to incorporate a number of streams of thought and lead them through to a conclusion, I employed a style differentiation to delineate the “voices” used in the text. The content of the “voices” panels were distilled from my notebooks and are broken away from the body of the writing as separate text boxes. These breakout my individual voice and certain passages of other’s observations, creating second and third voices sequentially through the continuum of the thesis. To label these “voices” for the reader, the main body of the text has been sign posted as in the grammatical category 2nd Person Discourse to recognise the narrative form. The Voice Boxes are signposted as 1st Person Voice using the grammatical personal pronoun and are positioned randomly on pages. Comments in the form of quotes of others than the author are sign posted as 3rd Person Observations and placed at the bottom of pages as footers. Not all was placed to be immediately contextually obvious to the reader but, when viewed as a whole, as you, the reader, are doing now, and at the conclusion of the work, it is hoped this design style has enhanced your appreciation of the thesis as an entirety.

**Third Space**

It is impossible to engage with China without understanding its culture and further research is demanded as a result of this thesis in the context of the ethics of inter-culture dealings between the Chinese and Westerners.

Evanoff (2000) builds a case for a constructivist approach to inter-cultural ethics. He observes that the adaptive process of intercultural communication – in which sojourners adjust themselves to the norms of the host culture – is entirely one-way, with the burden of adaptation resting entirely with the sojourner. The notion that host cultures should also make efforts to adapt themselves to the needs and values of sojourners is missing. While sojourners are expected to "respect" the values of their host cultures, no burden is placed on host cultures to respect the values of sojourners. These visitors are thus unable to critically reflect on whether the norms of their host cultures are really worth adopting or not, and host cultures are unable to critically reflect on the possible positive contributions that the norms of the sojourners could make to their own cultures.

Evanoff notes that in order to develop a dialectical understanding in this matter, the best attempt so far can be found in constructionist theory (Berger and Luckman, 1966). In the constructionist view, individuals are socialised into accepting the dominant views of reality given to them by their cultures. The socialisation process involves not only accepting particular understandings of how the world is (i.e. knowledge), but also particular understandings of how the world should be acted in (i.e. values).

Because knowledge and values are cultural constructions, they can always be reconstructed in different ways. Evanoff proposes there is no reason why ethical principals and norms cannot be constructed across cultures as much as within cultures. Cross-cultural encounters create an entirely new context in which the rules that will govern the relations between cultures do not yet exist and hence must be constructed. New ethical frameworks can be negotiated through a process of cross-cultural dialogues that draw on, but do not remain bound by, the ethical insights contained in any one tradition.
In situations in which inter-cultural dialogue is either desired or inevitable, there is a need for
individuals from respective cultures to work out in advance the specific norms that will govern their
interaction. It should not simply be assumed that the norms of the dominant culture will prevail, or that
the norms of the sojourner must be unquestionably respected. The outcome of the dialogues process
should, ideally, not be a mere compromise in which either or both of the sides is obliged to give up
values deemed important to them, but rather an “integrative agreement” (Pruitt, 1994) which combines
positive aspects of each of the respective cultural traditions in a new conceptual framework.

The dialectical approach to cross-cultural dialogue involves the ability to not only appreciate cultural
differences, but also to integrate aspects of various cultural traditions into our own ways of thinking and
behaving (Bennett, 1993), a process that can be engaged in by both sojourners and their host cultures.
Cross-cultural dialogue employs a transactional model of communication (Barnlund, 1970), which
moves beyond merely understanding or “respecting” cultural differences towards creating a “third
culture” which combines elements of each of the participants’ original cultures in novel way.

One of the originators – John Useem - of the term “third culture” (Useem, Useem and Donoghue,
1963) defines it as “…cultural patterns inherited and created, learned and shared by members of two or
more different societies who are personally involved in relating their society, or segments thereof, to each
other (1971, p. 14). Yoshikawa (1987, p. 329) has written of a “third perspective” which does not
represent exclusively either the Eastern or Western perspective”.

Adler (1977, p. 26), quoting Tillich, contends that the development of a multi-cultural personality
involves the creation of “…a third area beyond the bounded territories, an area where one can stand
for a time without being enclosed in something tightly bounded”. Bhabha (1994) points to the creation
of a “third space” which hybridises various aspects of both the dominating and the dominant culture.

Research Summary

This research originally set out to examine the “role of communicative creativity in developing a
regional economic development coalition for Far North Queensland”. It changed tack during the
research period and added a study of how to start trade relationships with China.

The major outcome of the research has been a detailed method for undertaking a trade mission in
China, encompassing cultural and practical challenges to developing trade and political relationships for
the improvement of regional economic development. The step-by-step detail is a feature of the Rich
Model that has been developed.

The model is in four sections, representing the distinct stages of preparation required to engage in this
manner with China’s political and business systems.

As outlined earlier in this thesis and also in this Chapter, the Action Research style was applied to
develop the model and at each stage it is noted how Participatory Action Research has informed the
assembly of the stage.

In essence both the original and adjusted objectives have been achieved as I used Nonaka and Takeuchi’s
Five-Phase Model of the Organisational Knowledge Creation Process as a measure of the formation of
the establishment stages of the organization and of the formation of an organization – China Trade
Business - within the created entity.
The first conclusion, that the organisation's establishment phase proved to be generally compliant with
the model's criteria was qualified by research that found a quantitative measure of the model had not
been successfully undertaken.

I believe that – in the context of being a sole operator in establishing the organization – my observations
of applicability of the Nonaka and Takeuchi criteria are the best that will ever be available. The
benchmark criteria for measurement were distilled arbitrarily from Nonaka and Takeuchi's model but,
nonetheless, are their fundamental criteria and offer wide latitude within their description.

I believe from years of managing organizations that the organisational establishment criteria I matched
against the model is fundamental to most entities in a start-up phase and therefore most entities will
broadly match the model.

However, I reaffirm that the model is weak because of its broad description of criteria, being loosely
descriptive rather than tightly prescriptive.

The second phase of the research resulted in construction of a template for conducting a China Trade
Mission. This was developed from my base of tacit knowledge in communication and information
management, first-hand China knowledge and recent regional economic development practice.

The model is the result of an organisational knowledge creation process in which the mission itself is an
entity within an organisation and therefore displays characteristics – subject to cultural, inter-personal
and situational influences – that are not entirely common to the host organisation.

The entity’s knowledge has been established from a base of my explicit knowledge of China acquired
through primary and secondary sources throughout my career. The trade mission template is the result
of an organisational knowledge formation process, i.e. building a trade mission from nothing. It has
been enhanced through adjusting the model to the needs and wants of its participants, the cultural
imperatives of the host country and the practicalities of travelling in this vast, populous nation. The
adjustments reflect the Participatory Action Research style under which the research was conducted and
are noted in the expanded descriptions of the model’s Action Steps.

In the context of Nonaka and Takeuchi's Five-Phase Model of the Organisational Knowledge Creation
Process, the conclusion for Stage Two of the research is that this action stage of the organisation's
establishment proved to be generally compliant with the model's criteria.

While the results are highly qualitative, there is no doubting that the tangible outcome – the China
Trade Mission template – has been applied and proved to suit the conditions of the participants and the
hosts in China.

The model as outlined in this thesis has been applied to three trade missions from Cairns to China.
These missions are starting to contribute economic gains to the regional economy through tourism
management training of Chinese government officials, the awarding of an urban design contract for a
37ha site in southern China, general education and training contracts for schools in Cairns and a myriad
of import/export transactions and opportunities for private businesses. The economic development
organisation is now recognised as the leading entity in the region on most matters related to China.
His liking for Chinese art was an affair of the mind; in a world of increasing noise and hugeness, he turned in private to gentle, precise and miniature things...

- James Hilton, Lost Horizon (1933)
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APPENDICES

NOTEBOOKS:

Listed are the operational notebooks kept during the research project and the periods to which they apply.

They record a range of matters – meetings, interviews, conferences, notes to researcher - with detail annotated proportional to the importance of the meeting subject and length of time it took.

The notebooks are generally cross-linked to the Outlook Electronic Diary record, however do not include notes from all meetings diarised or attended as not all were note worthy from an operational perspective.

These notes are of meetings as they took place and contain verbatim quotes that represent the main points of the conversation. A complete note or a selected part was often used for a report, a letter or a press release.

Book 1 – 22 May, 2002 to 2 July, 2002 (part period)
Book 4 – 4 September, 2002 – 21 October, 2002
Book 5 – 22 October, 2002 – 18 November, 2002
Book 8 – 4 March, 2003 – 11 April, 2003
Book 11 – 30 October, 2003 – 26 April, 2004
Book 12 – 28 April, 2004 – 29 September, 2004

General Statements about China Activity

This was the first release of information – on 13/03/03 - about an Advance Cairns trade mission to China and it referred to a planned date in June but that put it headlong on a collision course with the outbreak of the SARS epidemic which virtually ground China, HK and world tourism to a halt.

1. FIRST PRESS RELEASE 13/03/03
ADVANCE CAIRNS TRADE MISSION TO CHINA

Advance Cairns is leading a promotion-trade mission to China in June to open pathways to the most populous and one of the most powerful countries in the region.

The mission is being undertaken in the context of Australia’s and Queensland’s strengthening engagement with China at diplomatic, trade and business, research and educational levels.

The Advance Cairns executive has worked with the Cairns and Brisbane offices of the Department of State Development, the Cairns City Council and the Chairman and local representative of the Queensland China Council in developing the mission strategy.

Advance Cairns was established in late 2001 to facilitate sustainable economic development for the Far North Queensland region. Almost 12 months later, Australian Airlines inaugural flight took off from Cairns airport to Japan, giving FNQ new opportunities to engage in tourism and trade with its many millions of northern neighbours.

Advance Cairns will be looking for real outcomes from the mission apart from building region-to-region and city-to-city ties with the areas it visits.

The itinerary has been framed by all co-ordinating parties with this in mind and businesses which want to build on-going trading opportunities will be the preferred participants.

The mission will be jointly lead by Advance Cairns chairman, the Hon Keith De Lacy, and Cairns Mayor, Cr Kevin Byrne, and will include Advance Cairns CEO David Maguire.
2. SUBSEQUENT SUCCESSFUL MISSION
PRESS RELEASE

CHINA TRADE MISSION
15/8/03

It is four weeks to the start of the Advance Cairns trade mission to China and we need to get firm commitments from those intending to join so that accommodation, air and land transport bookings can be made.

This information is sent to you because of the interest you previously indicated in joining the tour.

A near final itinerary and background document is attached for your information with indicative costs that will be adjusted depending on the number of participants.

The programme is designed to give us the best access at the highest levels to doing business in Hong Kong and China. We will be chaperoned by Australian and Chinese trade experts and entertained by provincial government officials who want to know more about our region.

The trade mission itself will start on Monday morning, 15 September, in Hong Kong that gives everyone the weekend to get there.

Advance Cairns and Cathay Pacific have co-operated on attractive fare deals in both business and economy for return flights from Cairns to Hong Kong. Seat availability is okay for the 13 September flight in both classes but tight on 14 September with availability in business class only.

Advance Cairns is co-ordinating the complete itinerary and will facilitate - with Queensland Government trade offices in Hong Kong and Shanghai - all transport and accommodation bookings.

For those flying business class and doing the full 12 days, the cost is expected to be around $10,000. Those flying economy class can expect to pay around $8,000. These costs are the top end of our expectations.

Some legs of the trip are being fully or partially sponsored by local government organisations in China which is estimated to save participants $2-3,000.

Advance Cairns will co-ordinate booking and payment of air and land transport costs and book hotel accommodation however participants will need to pay the latter at checkout.

Please read through this package and we will contact you early next week regarding your needs and to answer any questions.

Once the touring party is settled, we will organise a final briefing session for participants. (15/8/2003)

3. PRESS RELEASE ANNOUNCING
RECI PROCAL ZHANJIANG VISIT, 14/01/04

Investment opportunities in southern China will be the major focus of a visit to Cairns by a high level Chinese political and business delegation at the end of January.

The party of 15 senior officials, including the Mayor, from the city of Zhanjiang will spend almost five days in Cairns and district.

The visit is in response to an Advance Cairns delegation to China last year during which Mayor Kevin Byrne signed a Memorandum of Understanding on Friendship and Business Cooperation with Zhanjiang.

The parties recognised that potential existed to further promote business opportunities and economic cooperation between the two cities.

Zhanjiang has a population of 7 million and is situated in a sub-tropical zone in the south-west of Guangdong Province. Its port is one of the 10 largest in China, it is an important sugar cane production area and is committed to developing its tourism and tropical agriculture industries.

As part of the coming visit, the Zhanjiang Mayor, Mr Xu Shaohua, will host an official briefing to industry representatives in Cairns.

He will discuss the business climate of his region and the potential for investment and trade cooperation with enterprises in Cairns. Attendees will be invited as guests of Mr Xu to a luncheon after the presentation.

Mr Xu’s delegation includes representatives from a diverse range of government and industry sectors, including directors of the tourism, trade and foreign affairs offices. Private sector participants include the chairmen of a major shopping mall and offshore oil corporation.
Advance Cairns is co-ordinating a comprehensive tourism, education and environmental management familiarisation programme for the party’s visit.

The China briefing will be held at the Cairns Convention Centre on Thursday, January 29 starting at 9am with lunch at 12.30pm and further inquiries should be directed to Ms Rebecca Curtin at Advance Cairns on 40404410.

4. PRESS RELEASE

CHINESE DELEGATES TO WATCH TAIPANS V. TIGERS CLASH
22/01/04

Cairns will extend a rousing sporting welcome next week to members of a visiting trade delegation from the southern Chinese city of Zhanjiang.

The delegation – which arrives during Year of the Monkey celebrations – will experience Night of the Taipans fun as honorary guests when the Taipans take on the Tigers next Wednesday night (January 28).

It will be the first official event of a packed 5-day visit that is being co-ordinated by Advance Cairns.

The Mayor of Zhanjiang and his 15-strong delegation will arrive on Wednesday afternoon, check in to the Hilton and head for the Convention Centre to watch the game against Melbourne Tigers.

They will be officially welcomed to the city during the main break and presented with mementos of the night and Advance Cairns and the Taipans encourage as many people as possible to come to show their support.

Taipans General Manager Sales & Marketing Brad Tassell said:

- “It’s a fantastic opportunity for the Taipans to showcase our game night atmosphere and the quality of the NBL to one of the largest markets in the world.
- “The Chinese are fanatical about their basketball and we hope that through the initiatives of Advance Cairns and Cairns City Council that not only business opportunities are established but also sporting links between the regions will be pursued.
- “We hope this will assist in establishing an extended NBL competition in the years to come involving teams from China.
- “We would like to give the delegates a rousing welcome next week and encourage the Chinese community in Cairns to get to the match in force and assist us in doing just that.”

Advance Cairns CEO David Maguire said:

- “A night at the basketball will be a great introduction to the people of Cairns for our Chinese visitors.
- “They are coming to do serious business but we also want to show them we enjoy our sport and know how to have a good time.
- “We are starting to build strong contacts in China and our guests will talk about Cairns for many years after experiencing what we’ve got planned for them next week.”

The party of 15 senior officials, including the Mayor, from the city of Zhanjiang will spend almost five days in Cairns and district.

The visit is in response to an Advance Cairns delegation to China last year during which Mayor Kevin Byrne signed a Memorandum of Understanding on Friendship and Business Cooperation with Zhanjiang.

Zhanjiang has a population of 7 million and is situated in a sub-tropical zone in the south-west of Guangdong Province. Its port is one of the 10 largest in China, it is an important sugar cane production area and is committed to developing its tourism and tropical agriculture industries.

As part of the coming visit, the Zhanjiang Mayor, Mr Xu Shaohua, will host an official briefing to industry representatives in Cairns.

He will discuss the business climate of his region and the potential for investment and trade cooperation with enterprises in Cairns. Attendees will be invited as guests of Mr Xu to a lunch in the afternoon after the presentation.

Mr Xu’s delegation includes representatives from a diverse range of government and industry sectors, including directors of the tourism, trade and foreign affairs offices. Private sector participants include the chairman of a major shopping mall and offshore oil corporation.
Advance Cairns is co-ordinating a comprehensive tourism, education and environmental management familiarisation programme for the party’s visit.

The China briefing will be held at the Cairns Convention Centre on Thursday, January 29 starting at 9am with lunch at 12.30pm and further inquiries should be directed to Ms Rebecca Curtin at Advance Cairns on 40404410.

5. COPY FOR LOCCO FOR CHINA DELEGATION SEGMENT

AT TAIPANS NBL GAME, 28 JANUARY, 2004

Courtside comment released for announcer Locco, 28/01/04

First Reference:

Locco:

- Tonight we have 15 very special guests from the People's Republic of China.
- They are led by the Mayor of the City of Zhanjiang (pronounced Shanjiang) -- Mr Xu (pronounced Shoo) Shaohua -- and they're here wanting to do business in Cairns.
- Shanjiang has a population of 7 million people and last year in China signed a business and cultural co-operation agreement with Cairns.
- Now they're here, organised by Advance Cairns, to meet us all.
- We will introduce them all at half-time when we have a very special presentation involving the Mayor of Cairns, Kevin Byrne, the CEO of Advance Cairns David Maguire and Taipans boss Jeff Hopgood.

Half-time Reference:

Locco:

- As mentioned earlier, tonight we have 15 very special guests from the People's Republic of China.
- They are led by the Mayor of the City of Zhanjiang (pronounced Shanjiang) -- Mr Xu (pronounced Shoo) Shaohua -- and they're here to do business in Cairns.
- Shanjiang has a population of 7 million people and last year in China signed a business and cultural co-operation agreement with Cairns.
- Now they're here, organised by Advance Cairns, to meet us and do business... with investment opportunities in southern China being the major focus of the visit.
- Shanjiang is situated in a sub-tropical zone in the south-west of Guangdong Province, near Hong Kong.
- Its port is one of the 10 largest in China, it is an important sugar cane production area and is committed to developing its tourism, English language and tropical agriculture industries.
- Mr Shoo's delegation includes representatives from a diverse range of government and industry sectors, including directors of the tourism, trade and foreign affairs offices.
- Private sector participants include the chairmen of a major shopping mall and offshore oil corporation.
- Ladies and Gentlemen, please welcome the Chairman of the Cairns Taipans, Mr Jeff Hopgood, to welcome our guests.
CAIRNS BUSINESS TO BENEFIT -
ZHANJIANG DELEGATION OUTCOMES

Wrap-Up release issued 2/2/04

Cairns businesses bidding for projects in the southern Chinese city of Zhanjiang would benefit by a new agreement between the cities, the Mayor, Mr Xu Shaohua, said at the conclusion of his visit.

Mr Xu said it would be a top priority that a number of "projects that my government awards will go to Cairns".

The agreement signed by Mr Xu and Cairns Mayor Kevin Byrne, in the form of a Memorandum of Understanding, encourages information exchanges, business missions and identification of major waste water treatment and solid waste treatment projects.

It is based on employing the management expertise of Cairns Water in enhancing the environment of Zhanjiang and developing treatment projects.

The two mayors signed the MOU at an official dinner on Saturday attended by Cairns civic and business leaders and the 15 members of the Zhanjiang delegation.

Mayor Byrne welcomed the establishment of the MOU.

"We have a special relationship now that will allow us to deliver some real outcomes," he said.

"That relationship is now working across a range of areas," he said.

These include:

- student and teacher exchanges
- establishment of a Cairns library at Zhanjiang Ocean University
- employee exchanges in planning and gardens departments
- tourism development discussions

Mayor Xu also issued a challenge to the Cairns Taipans to visit Zhanjiang for a tournament.

Two of the visit's other outcomes included:

- a trade symposium at Cairns Convention Centre at which Zhanjiang outlined a series of services which Cairns businesses could supply in its region
- a series of visits to tourism and environment operations

Advance Cairns CEO David Maguire said the visit was an outstanding success and cemented ties between the two cities.

"The Zhanjiang mayor presented a raft of opportunities to Cairns businesses in his address to the symposium.

"Similar to the Advance Cairns trade delegation into China last year, these are real business opportunities that we should not ignore," he said.
City releases its business bible

INVESTORS and potential business operators can find out about Cairns' economy through the first single document to be produced on the subject.

The colour booklet, released on Friday by Advance Cairns, contains information on the city and surrounding regions for investors and people looking to start a business in the area.

A special edition of the document, called Cairns and Region Tropical Northern Australia — Investment Environment, has been written in English and Chinese for the delegation that left for China and Hong Kong on Sunday for a trade mission organised by Advance Cairns.

Chief executive officer David Maguire said the booklet would help sojourners trying to lure investors or businesses to Cairns.

"It's the first time the capacity of Cairns' economy has been included in the one document," Mr Maguire said.

The document will be updated in about six months.

Investment Environment is available at Advance Cairns by calling 4000 4410.

Chinese president to take in Cairns

CHINESE President Hu Jintao will visit Cairns on Saturday and then travel to Australia's most northern state to meet Premier Anna Bligh.

The visit was confirmed by Advance Cairns chief executive officer David Maguire.

"It's the first time Chinese leaders have visited Northern Australia and we are proud to be hosting this delegation," Mr Maguire said.

The delegation is due to visit the Port of Cairns, the city's waterfront, Kuranda, the Atherton Tableland and the Great Barrier Reef.

China visit forges links

A local delegation headed by Cairns Mayor Kevin Byrne and organised by Advance Cairns is to visit China this week for a two-week trade mission.

Figure A.2: Marketing the China Message - These printed stories and transcripts reflect the economic development organisation's publicisation of its China work.