

Given its size, need,
technological capacity,
and track record of success
with improbable scenarios,
China could become
the global e-learning giant.

The Next China Revolution

By Jonathon Levy

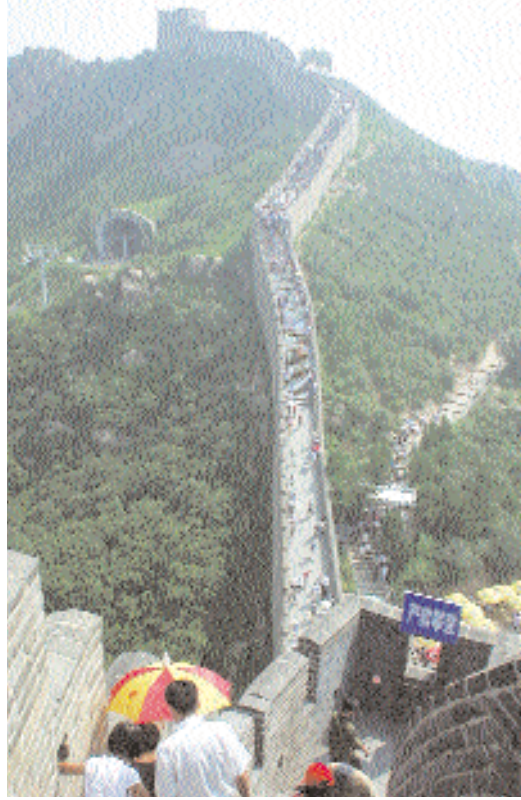
My keynote address—a look at the future of online performance support—had just ended. As I was making my way off the stage at the CEO Online Learning conference in Beijing, a reporter for a large Chinese newspaper pushed through the crowd and intercepted me.

As we chatted, a TV crew entered the conversation and requested an immediate interview for the evening news. Simultaneously, several reporters and a photographer from two major magazines joined the throng and requested a two-hour appointment later that day.

I was amazed at the Chinese media's interest. They were treating my speech about knowledge and corporate growth as a breaking story. The more I talked, the more they questioned. I noticed that most of their inquiries were right on target, suggesting a good understanding of the field. Their prior knowledge and unexpected enthusiasm piqued my curiosity. In the days that followed it became apparent that, in China, the development of online learning may have far greater importance and urgency than in the West, and that the recent marriage of technologies enabling online performance support may be an important accelerator for China's overall economic development.

Primed for a surge

There are three reasons for China to develop quickly. One is the scale of the challenge and opportunity: There are as many companies in China as there are people in New York City. Two is the dramatic need for growth: Nearly 400 new cities and millions of new jobs will be created over the next 20 years. Three is economic inequality. China has an extreme bimodal distribution of wealth. There's a vast difference in economic development between the wealthy provinces in the east and the poorer provinces in the west. As a new member of the World Trade Organization, China is feeling the pressure for a rapid transformation



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from a labor-based economy to a knowledge-based workforce—a task that has pushed learning to the top of its agenda.

Combining scale, growth, and immediacy of need into a single scenario, a cogent picture of China as the perfect target for core investment in a scaleable e-learning solution begins to emerge.

But such ambitious plans carry the burden of retraining most of China's 1.3 billion citizens. The spectrum of people in need ranges from those who currently perform menial or agricultural labor, to those who will manage the new knowledge workforce but who have little or no education or experience in a market

economy. In addition, as many as 30 million new jobs will be created within the next decade just in high-tech and management areas.

China can't get there from here. It's generally acknowledged that the existing educational infrastructure is inadequate to prepare its men and women for those positions. Contemporary management knowledge and techniques were developed and have been taught in an established market economy in the west. But most Chinese managers have had little or no access to that material. The Chinese Cultural Revolution relocated millions of students and businesspeople to agrarian collectives in eastern China, while their western counterparts were attending business schools and cutting their teeth in market economy positions.

Even following that period, managers learned skills within a socialist economy. China's Second Revolution of a shift to a market economy is only 20 years old, so most Chinese managers learned little about market economies in their university years.

Even those younger managers just out of school are the product of an educational system that focuses more on traditional knowledge and less on skills training. Classical teaching methods combined with a lack of appropriate content continue to exacerbate that problem.

China knows it must rapidly retool for the knowledge economy of the 21st century. Its people are aware that they face a dangerous lack of skills and knowledge at a critical time of increased expansion and global competition. But in the Chinese language, the pictogram for the word *crisis* is composed of two elements: the symbol for *danger* joined with the symbol for *opportunity*. And opportunity there is aplenty.

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The next steady state

The current state of online learning is like a model from quantum mechanics that suggests that a field in a steady state will enter a turbulent phase transition as it moves into another steady state. For example, water in a glass and water vapor in a cloud are both in a steady state. But to transform the water from liquid to vapor it must boil, churning with great turmoil and chaos. Similarly, the field of learning has been in a steady state for hundreds (some would argue thousands) of years. But now faculty-centered teaching is slowly being replaced by more robust just-in-time personalized support. At the moment, however, the boundaries between old and new are ambiguous and intertwined, and no sustainable model is available. Traditional learning content is sometimes shoveled on to the Web (thus the term *shovelware*) and passed off as new. It isn't. It's essentially the same wine in a new bottle. It's not sustainable, as demonstrated by the large number of failed ventures in that field over the past few years.

Recently, however, a new steady state has begun to emerge. Corporate momentum is shifting away from traditional training toward a more sustainable model of targeted performance. Farsighted companies are experimenting with the integration of business performance,

knowledge management, and e-learning software to create new and more valuable knowledge engines. At Harvard Business School Publishing, we see that trend moving steadily toward a demand for more granular learning solutions. In addition, we are being asked by our online learning customers to provide customization and integration with in-house human resource information systems and enterprise resource planning systems that weren't discussed a few years earlier. The new model is beginning to come into focus.

China may be able to meet its growth objectives by adopting smart, extensible, and perhaps even revolutionary ways of rapidly deploying knowledge to a large number of workers. China could do that in a short period of time if it can navigate the whitewater to the next steady state.

Most Chinese learning is done in a classroom. Even when electronic methods are used, they closely model instructor-led teaching, focusing mostly on broadcast television and synchronous classes on the Web. The predictable migration of Western Web-based interactive instruction has already begun, but most of those solutions are equally grounded in conventional instructor-driven strategies.

A smart and highly personalized performance support model that combines human resources, knowledge management, and

learning technologies is an ideal solution. Managers will be able to access precisely the right amount of information at precisely the time they require it. As the Chinese economic transformation continues, an enduring solution is required, not a one-shot remedy. This level of support is much more of an ongoing process than just taking a course. Though such solutions are slowly making headway in the United States and Europe, most Western companies still aren't sufficiently motivated to invest the resources to fully integrate. In the current economy, many Western CEOs prefer to stretch their sunk costs in older technologies and solutions for another year or two.

There are few reasons that would compel Western companies to move ahead quickly with next-genera-



Top Chinese executives and CEOs paid more than US\$1000 to attend HBSP's e-learning conference in Beijing.

tion of online learning. But the Chinese, familiar with the leapfrog concept in other areas of their economy, may choose to be first to address the challenge. If they do, the next revolution will have less to do with politics and more to do with how people learn on the job.

Improbable scenarios

The Chinese have a track record of implementing improbable scenarios. The city of Shenzhen, for example, was created from farmland in just 20 years. Today, it's a vital and modern urban center and a major economic development zone. It's also the single most popular tourist destination for visitors to Hong Kong, which lies just across the bay. The Chinese don't create a small community and then allow it to evolve; they move directly from nothing to a major city that rivals any in the world.

In another example, Chinese telecom companies sped directly from no technology to state-of-the-art cellular telecommunications, totally bypassing the need to develop a costly landline infrastructure. As a result, virtually everyone in Beijing has a cell phone. The bustling streets around Tiananmen Square and the Forbidden City are filled with children, businesspeople, and venerable ancient denizens—all riding bicycles and talking on cell phones. Today more than 120 million Chinese have a cell phone, and China is the largest cellular market in the world. By the end of 2005, the Chinese will have developed a US\$4 billion telecom business—from nothing.

Now imagine the growth in online learning and performance support should the Chinese apply that same strategy to creating a scaleable learning solution. A leapfrog solution to the next stage of performance support may be just the ticket. They can move directly to next-generation solutions, bypass the constraints of traditional education, and develop a personalized just-in-time performance support strategy. Unlike in the West, where every company struggles on its own, in China the development of next-generation solutions will likely involve a network of state-owned and private companies with significant governmental funding and encouragement.

Given the size of the market, China could soon be in a position to dictate standards to an industry that had virtually ignored its existence a few years ago. The leapfrog strategy can move a player from last place to first place in a very short amount of time. And with one-quarter of the world's population and an ongoing

need for continuous training and support, China is well-positioned to do just that.

The New Chinese market

The Chinese market has not gone unnoticed by suppliers of technology and content; its need for online learning has drawn many outside providers. For those companies, China's online learning market is significantly easier to enter than its market for traditional educational content and publications, which is rigorously censored by a labyrinth of governmental regulations. Online learning for performance support is largely exempt from governmental scrutiny, and—with the exception of scholastic content—passes under the radar. Even better, government policy encourages the development of online learning solutions for China's millions of industrial enterprises, opening the door to the West for both content and good ideas. The government recognizes needs in IT training, management training, and human resources—all of which have become even more important now that China is a member of the World Trade Organization.

There are more than 8 million companies in China, and while not all of them will be consumers of online content and technology, if just half participate that will dwarf all other nations combined. Separate from the corporate market, an equally staggering consumer opportunity exists within the population. The Chinese savings rate is an astounding 40 percent of income. A recent survey suggests that Chinese families would spend 10 percent of their US\$725 billion savings—about US\$72.5 billion—on education. Some of that expenditure certainly will take place within the performance support market.

Given the enormous stakes, it's no wonder that other governments are targeting the Chinese online learning market. The Norwegian Trade Council, which has an office in Beijing, recently published a 55-page paper outlining higher education and business-to-business opportunities in China for companies and universities in Norway. Major companies in the Greater China market area, especially Hong Kong, also are queuing up for a piece of the action, each hoping to gain first-mover advantage over their counterparts in the United States and Europe.

But Western companies have an established a foothold as well. Hewlett-Packard, IBM, Lucent, SAP, NETg, SmartForce, and Harvard Business School Publishing, to name a few, have all established a



presence in China. Cisco has established networking academies throughout the country. Oracle recently opened an e-learning center in Beijing, an extension of its product development center in Shenzhen. Motorola University China claims the largest range of training services of any foreign-invested enterprise in China. Oztime targets the continuing education market with certificate programs for young adults from age 16 to 35. Harvard Business School Publishing offers a full line of online learning products for managers through several distributors.

On the downside, there is significant risk. Piracy continues to be a major problem for content and technology providers, despite recent government attempts to improve the situation. It's interesting to note, however, that the risk is greater for static content than for dynamic performance support programs, which are created at the moment of need. In this case, the next-generation solution is also the less vulnerable one. Moreover, the situation is in flux, and the Chinese have yet to decide how much of their solutions they want to import from the West and how much to create on their own. Though importing of content seems a sure bet, the Chinese may decide to develop their own infrastructures.

Coexistence of opposite values

Many people may wonder whether the traditional Chinese are flexible enough to make the leap to performance support in the workplace. Certainly, many barriers must be overcome, especially in the western provinces, but they have adjusted to many more dramatic transformations in the past.

I'm struck by a particular experience I had while teaching a blended learning workshop in Beijing. I asked the audience of Chinese managers to think of

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leaders who embodied the principles of emotional intelligence as presented in one of our online programs. Each of the managers had interacted with that content online, and I wanted to see how much of it had stuck.

One young woman raised her hand. Without hesitation, and without the slightest sense of the irony in her answer, she replied, "Chairman Mao...and Jesus Christ."

It took me a while, but I think I finally figured it out. For her, there was no irony. To

her way of thinking, there was value to be had from both leaders. Opposite ideas can indeed exist in harmony in China: Mao and Jesus. Communism and competition. An ancient, traditional culture and a revolutionary, next-generation learning system.

History has taught us that whoever controls the principal assets of the new age wins. The landowners controlled the agricultural age, machine owners were the big winners of the industrial age, and software barons have become the front-runners of the information age.

If knowledge is the principal asset of the current age, then those who own the best systems to capture and focus its support resources will emerge victorious. Will the Chinese create the leading knowledge consortium? Can China, a country that arguably has more to gain—and lose—than any other international player, become the knowledge baron of workplace performance support?

Only time will tell. But if any player has the right combination of reasons and resources to make it happen, it's China. TD

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