

## **Technological Servicing as a Restructuring Strategy after the Financial Meltdown: Insights from Pre-reform China**

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### **ABSTRACT**

*The global financial meltdown has left corporations faced with survival and restructuring challenges of historical proportions. Such challenges are typically faced only once or twice a century, and therefore recent history and experiences of existing leading firms offer limited guidance out of the quandary. One must reach further back in the past to unravel strategies that allowed an entire generation of firms in large nations to evolve. Towards this end, I review models of technological servicing and how they evolved over time, using the case of Pre-reform China between 1644 and 1978. Our findings suggest that institutional efforts to develop technological servicing hindered personalization and value addition. I show how market exchange can build consumer oriented capacity and thus enable more inclusive and sustainable capacity building.*

**Keywords:** Restructuring, Technological Servicing, Disadvantaged Groups

### **INTRODUCTION**

The global financial meltdown has left corporations faced with survival and restructuring challenges of historical proportions. Such challenges are typically faced only once or twice a century, and therefore recent history and experiences of existing leading firms offer limited guidance out of the quandary. One must reach further back in the past to unravel strategies that allowed an entire generation of firms in large nations to evolve.

A fundamental ingredient of massive restructuring for development that spans generations is capacity building. Capacity building is the 'sum of efforts needed to nurture, enhance and use the skills of people and institutions to progress towards sustainable development' (UNDP 1994). Capacity building is predicated on services offered by institutions and markets, and in turn capacity building enables corporations to provide valuable knowledge or technology-based services in the marketplace, thereby enhancing the confidence of stakeholders in the market and the viability of firms for an entire generation. In this paper I focus on technological servicing for (a) furthering 'capacity building' (Clark & Mugabe, 2004); (b) speeding the technological transformation of resources, and (c) mobilizing the underrepresented (i.e. women, the rural force, the poor).

The quality of technological servicing varies from producer to producer and customer to customer (Zeithaml, Parasuraman and Berry, 1985). Therefore, capacity needs to be built at both producer and consumer levels. In this paper, I review relevant literature, and, using the case of pre-reform China between 1644 and 1978 I investigate several models of technological servicing and how they were restructured over time. Our findings suggest that institutional efforts to develop technological servicing hindered user-focused personalization and value addition. I show how a market exchange system can better build user-oriented capacity, and thus enable more inclusive and sustainable capacity building.