Chapter 23
Organizational Architecture and Online Social Networks:
Insights from Innovative Brazilian Companies

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ABSTRACT

The global marketplace is changing, forcing companies to establish stronger partnerships to compete at higher levels. Interorganizational networks are becoming a reality—not only for small enterprises, but also for larger companies. To face increasing global competition, companies need to strengthen their competitive advantages and solicit complementary resources from partners in order to get closer to customers. The Internet and its associated technologies, especially online social networks, can help with both tasks. Customers are using social media to share content, opinions, criticisms, and even compliments with companies and products. This chapter discusses the formation of interorganizational networks and points out some of the benefits that online social networks can contribute to these new organizational architectures.

INTRODUCTION

The network economy has become a reality, and companies following this trend have embraced the network environment—either to seize its opportunities or to strengthen themselves in response to competitors. The importance of interorganizational relations in the generation, dissemination,

and maintenance of knowledge has increased, given that new empirical evidence is arising from new organizational forms called 'cooperation networks.' This trend calls for new studies focusing on organizational architectures that are better suited to an environment fueled by technology. Organizational architecture field covers the reorganization and the (re)structuring the formal

and informal aspects that affect the ways in which work is done and companies pursue their strategic goals. Some of the studies in this field from the 1990s focused on organizational design and how to accommodate changes to formal structures. However, in the early 1990s, the World Wide Web (WWW) was in its beginning stages and barely affected most companies.

The growing information availability on the WWW and the Internet has created different ways for corporations to analyze markets. This has allowed a few enterprises to seize such opportunities, using new software and technologies capable of processing large volumes of data. Virtual social networks, such as Orkut, Facebook, and Twitter (also called 'social media sites'), have created new spaces for interaction among the most connected people. This web environment enables instant communication and facilitates trade dynamics and the maintenance of interaction histories. Furthermore, most of these networks list existing interconnections. This functionality allows connected persons to find indirect links with other users, thus creating a mapping of contacts.

Within online social networks, users can share their sentiments and opinions related to products, companies, brands, and many other subjects, and this kind of information can be valuable to firms. In today's world, the competitive business environment opens up spaces and opportunities for small firms that have better products and services and are well prepared to compete against large firms. This happens mostly because the structure of big companies limits their change and reaction capabilities. Every company in the world that wants to compete on a global scale is being forced to innovate in terms of products, services, processes, marketing, or business models. However, companies do not always have sufficient resources or qualified personnel to perform such innovation activities. Thus, gathering information from consumers can be a fast and useful way for

companies to meet customer desires and stay strong in the face of increasing competition.

To benefit from the characteristics of online social networks, it is likely that the organizational architectures of enterprises will need to undergo some changes. The motivation of this chapter is to investigate the factors that arise from the uses of online social networks and how these factors could affect organizations in the global cooperative environment. This understanding will be key to creating successful future experiences.

The theory of organizational architecture suggests some insights into and directions for research on online social networks. However, instead of deepening the findings of studies that have focused only on organizational architecture, this chapter aims to explore some of the aspects of online social networks that can influence the design of organizations. To do so, this chapter analyses two primary topics: 1) the various aspects of interorganizational networks and 2) the possibilities and limitations of online social networks focusing on innovation. These analyses are based on a theoretical background of innovation and social networks, as well as on research on the Twitter usage of selected innovative Brazilian companies. The conclusions of this study are intended to facilitate a deeper understanding of the relationship between social networks and their impacts on organizational architecture.

The purpose of this chapter is to discuss some of the characteristics of information resources in virtual social networks, which may be useful for promoting changes in companies and, especially, in interorganizational networks. The analyses were based on the possible uses of each information resource within the innovative processes of selected companies. Specifically, available data on innovative Brazilian companies were used to conduct a case study. This choice of data source resulted from the companies' common interest in innovation, but also from the support offered

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