Chapter 16
Internal Social Networks:
The Danger of Misleading Promises

Martin Heitmann
Berlin Institute of Technology, Germany

Monique Goepel
Berlin Institute of Technology, Germany

ABSTRACT

This chapter examines how the concept of social networks can be effectively transferred to a business context and why some of the promises associated with network use might be misleading. Special emphasis is given to the issue of co-determination within social networks in the light of networks' proposed benefits for modern companies. The chapter draws relevant insights from literature research and provides a comparison of social networks, user innovation communities, and company requirements. Findings are illustrated by three respective cases from the context of different networks, communities, as well as from network use in business contexts.

INTRODUCTION

Today's business is fast. Increased competition, dynamic environments as well as broad access to a global market pose challenges to business operations and organizations' internal coordinating mechanisms alike (Montoya-Weiss, Massey, & Song, 2001; Siggelkow & Rivkin, 2005). Hence, internal processes must meet the requirement of enabling the rapid flow of information to ensure well-informed decision making and successful coordination (Ericson, 2009; Lawrence & Lorsch, 1967; Milgrom & Roberts, 1995). As a result, the recent upsurge of social networks in different areas and these networks' seemingly superior potential for providing an efficient coordinating mechanism have come to the forefront of academic interest (Gloor, Paasivaara, Schoder, & Willems, 2008;

Hossain & Zhu, 2009). However, a question yet unanswered is whether these networks actually can help companies in establishing processes that meet the above mentioned requirement (Andriole, 2010). In this chapter, we propose that the fit of network activities and co-determination structures is an important aspect in order to answer this central question. Therefore, we ask if democratically structured networks are more suitable than meritocratically structured ones for companies to learn from.

Looking back, most companies used a hierarchical, top-down setup (Fayol, 1949). This setup had top management decide on strategic matters while management at lower levels of the firm dealt with more functional issues and front line employees were hardly involved in any kind of decision making. New organizational models have tried to reduce the rigidity of this original top-down model by setting up matrix-based structures, which cross-linked hierarchical lines with functional expertise (Galbraith, 1971). Until today, internal communication has continuously been revolutionized by establishing more internal communication channels to the point where finally any employee has the chance to contact and to be heard by upper management (Aldrich, 1979; Wyld, 2008). However, even in the research on these new organizational models the question of voting weight has largely been left unaddressed.

In parallel to this development a special kind of user network began a triumphal course – known today as social networks. Amongst other examples there are Facebook, MySpace, and Google+. To the huge surprise of many stakeholders, these networks rapidly developed into multi-billion user networks, in which members not only communicated daily issues, but also coordinated work related tasks, special events and much more content relevant to business contexts. As a consequence, these networks were quickly used as much by individuals as by companies (Dutta, 2010; Hais-

lip, 2006; Wilson, Guinan, Parise, & Weinberg, 2011). Examples such as the role of Facebook in the Arab Spring demonstrated the unforeseen potential inherent to social networks (Benn, 2011), raising huge expectations about the advantage of their internal use in an organization. However, as companies have thus far merely learnt to use such networks externally (e.g., Schilling & Phelps, 2007), the question is how to most effectively internalize these coordination mechanisms into existing company structures, if this is possible at all. Moreover, in order to answer this question it is important to acknowledge that there are several different kinds of networks to learn from. Hence, a more comprehensive perspective on their types and their respective benefits is needed.

In the course of the development of open innovation the existence of user innovation communities became an observable phenomenon for management researchers. With it came another kind of organizational model, seemingly highly efficient and thus compelling for a direct comparison with its organizational counterparts (Lee & Cole, 2003). As such, user innovation communities can produce some valuable goods and services of a certain quality in astonishingly short time frames. One prominent example is the development of the Linux kernel, which is known for its high quality standards and rapid development. Such user innovation networks are usually driven by meritocratic mechanisms and outcome oriented objectives (O'Mahony & Ferraro, 2007). Given the fact that their membership is usually voluntary and their non-profit nature, most of them have a lot in common with social networks.

Pinpointing the superiority of user and social network coordination, management scholars such as Gary Hamel suggest that modern companies can benefit from a more democratic, Web-oriented setup (Hamel in Crainer & Birkinshaw, 2008). As such, companies could employ blogs, as they are used for information exchange on the Internet, in

Related Content

Developing Instruments for Enterprise Resources Planning (ERP) Post-Implementation Failure Model

Malihe Motiei, Nor Hidayati Zakaria, Davide Aloiniand Mohammad Akbarpour Sekeh (2015). *International Journal of Enterprise Information Systems (pp. 68-83).*

www.irma-international.org/article/developing-instruments-for-enterprise-resources-planning-erp-post-implementation-failure-model/138832

An Exploratory Study on the Influencers of the Perceived Relevance of CIO's Activities and Skills: An Update

João Varajão, António Trigoand Pedro Soto-Acosta (2017). *Enterprise Information Systems and the Digitalization of Business Functions (pp. 401-421).*

www.irma-international.org/chapter/an-exploratory-study-on-the-influencers-of-the-perceived-relevance-of-cios-activities-and-skills/177353

The Impacts of the Quality Dimensions of the ERP System on the Realization of the Fundamental Business Objectives and Perceived Usefulness

Ashraf Ahmed Fadelelmoula (2018). *International Journal of Enterprise Information Systems (pp. 89-107).*

www.irma-international.org/article/the-impacts-of-the-quality-dimensions-of-the-erp-system-on-the-realization-of-the-fundamental-business-objectives-and-perceived-usefulness/215396

ERP-Driven Performance Changes and Process Isomorphism

Andrea Masini (2009). *Handbook of Research on Enterprise Systems (pp. 96-109).*

www.irma-international.org/chapter/erp-driven-performance-changes-process/20275

Initial Adoption vs. Institutionalization of E-Procurement in Construction Firms: The Role of Government in Developing Countries

De Chun Huang, Quang Dung Tran, Thi Quynh Trang Nguyenand Sajjad Nazir (2014). *International Journal of Enterprise Information Systems (pp. 1-21).*

www.irma-international.org/article/initial-adoption-vs-institutionalization-of-e-procurement-in-construction-firms/119166