

Network Organizations as a Catalyst for Innovation

Olga I. Sobolewska

 <https://orcid.org/0000-0002-5377-2480>

Warsaw University of Technique, Poland

Jerzy A. Kisielnicki

Warsaw University, Poland

INTRODUCTION

Inter-organizational networks in the economic sphere are nowadays one of the indispensable elements of the organization's functioning. Kay (1996, p. 118) describes them as “groups of companies concluding relative contracts with each other. It is also visible in Prahalad's and Ramaswamy's works (2000, p. 79). They emphasize the need to use the resources and skills of external partners, which are not connected by a connection of a proprietary or organizational nature. They stress the necessity of using so-called a deeper network that is co-created by the company and its partners, suppliers and customers. The development of network activities is possible thanks to the rapid development of computer networks and IT management infrastructure.

In its cyclically repeated report, Gartner annually identifies trends and technologies that will have a significant impact on the functioning of the organization and our daily lives. The 5 basic IT trends listed are: the democratized AI, digitalized ecosystems, do-it-yourself biohacking, transparently immersive experiences and ubiquitous infrastructure (Panetta, 2018). These technologies are based on dispersed resources, both technical and human. None of them would have a chance to grow if different, and often unrelated, resources or organizations were not used to create them. All of these modern technologies are the result of network collaboration. They are also a natural environment for its further development.

BACKGROUND

The network organization emerge as a result of the transformation of traditional structures organized in a hierarchical way into modern forms relying on the use of ICTs. These are structures that are not affected by functional and geographical constraints as much as classical organizations. Their driving force is an IT network allowing them to cross both geographic and institutional boundaries without much impediment. M. Castells (2007, p. 189) even speaks of a new type of economy (information economy) that is replacing the old-fashioned industrial approach. In the previous type of economy, the competitive advantage was generated by economies of scale, while today's new economy relies on the economics of networks which involves expanding the reach of the network, whereby the network can significantly increase its value by connecting to other networks (Castells, 2007, p.191). The establishment and operation of network organizations under the new management approach is driven by the desire to find modern and non-standard solutions, the development of knowledge and the support for innovation.

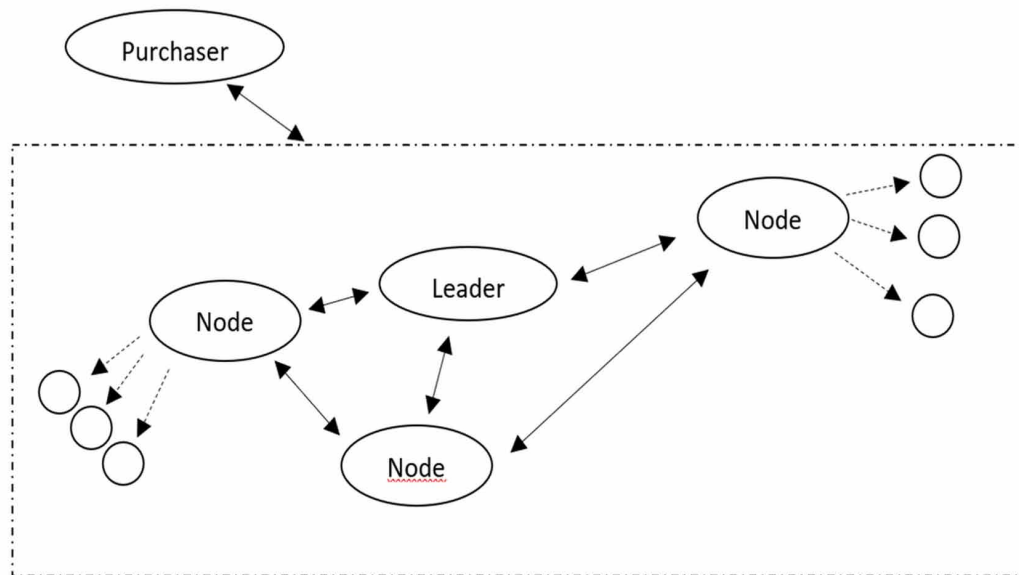
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A network organization is defined by P. Collin (2004, p. 268) as one that functions as long as possible in isolation from the traditional structure. In order to implement specific projects and defined goals, such organizations form teams. These teams are inherently impermanent since they are dissolved after project completion and the organization looks for new projects and new resources to support their implementation. The concept of network organization is often identified with the notion of virtual organization, which is also evident in P. Collin's works, where, nonetheless, the difference is that it is the structure that distinguishes a network organization, whereas a virtual organization is unique due to its operational manner that fully relies on modern ICTs (Collin, 2004, p. 442).

Network organizations are ones that are formed as a result of a merger of different, often independent, units (Figure 1) This connection may be temporary, often confined to the completion of a defined, specific task. Collaborative relationships among organizations can be varied and may involve both material and non-material organizational resources (Zott & Amit, 2010; Niemczyk, Stańczyk-Hugiet, & Jasiński, 2012; Kisielnicki & Sobolewska, 2019). The primary goal behind the formation of such structures is to achieve synergies – faster or more efficient attainment of defined goals by pooling resources. Hence, a particular emphasis on informational connections can be seen in network structures.

Figure 1. Network organization – nodes and relations

Source: based on: (Chrisidu-Budnik, 2012, p. 52)



Note: ○ network participant, - - - inter-organizational network boundary, → primary relations, - - - secondary relations

In this case, the nodes of the network are people or organizations joining the network. Depending on the goals pursued by the network organization, its individual members can work together, or such relationships may not occur at all. Cooperation may be of primary nature, which is a direct consequence of established cooperation. This is a relationship that results from the goals of the network organization

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