



Chapter 6

Succeeding in the Virtual World: How Relationships Add Value on the Web

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As organizations race to stake their claim on the information superhighway, many are finding that the World Wide Web is not only a place for selling products and providing information, but it is also an effective tool for managing their relationships with other organizations. Without downplaying the importance of electronic commerce, a cursory surf of the Web reveals that the majority of Web links, which move Web site visitors from one organization space to another, are not mechanisms of active coordination. Instead, organizations strategically create many of these links to reinforce and/or promote a relationship with another organization. The links reflect a strategic choice on the part of the organization (Jackson, 1997).

Across a variety of industries, organizations are using the Web to reinforce strategic alliances, to promote joint ventures, to endorse partnerships, and to manage their public image. For example, the Geico Insurance Company uses its Web site to promote its business partnerships by including links to the Web sites of its partner organizations. And the American Red Cross provides links on its Web site to highlight joint disaster response efforts with other nonprofit agencies. By including these links on their Web sites, Geico and the American Red Cross are able not only to provide access to additional products and services but also to reinforce their relationships. They are not alone. By late 1995, approximately twenty percent of all organiza-

tional Web sites contained some type of link to another organization (Bray, 1996), and this number has increased more than twofold since then.

Clearly, organizations are using the Web to manage their relationships, but the question is why. What value does Geico gain by including a link to the American Dental Hygienists Association on its Web site? Why would the American Red Cross include a link on its Web site to CNN? Perhaps Geico wants its customers to learn about good dental hygiene. A noble thought, but is Geico in the business of dental hygiene? Certainly organizations are motivated by more than just the technical ability to create these links, but what is driving their behavior?

In this chapter, we explore why organizations create Web links to other organizations by looking at the set of relationships among a group of disaster response organizations. We discuss how these organizations add value to their Web sites by using use Web links to reinforce their interorganizational relationships – solidifying exchange relationships and promoting normative ones. Our observations deal primarily with the set of organizations responding to the 1996 flooding in western Pennsylvania. For these organizations, we compare the relationships displayed on the Web to those reported between the organizations during the actual disaster response. This comparison allows us to draw conclusions about why the organizations created Web links and how they use these links to manage their interorganizational relationships and add value to their Web sites.

MANAGING DISASTER RESPONSE

Hurricanes, floods, oil spills, and other natural and technological disasters occur all too often in our society. When they do, a host of organizations appear on the scene almost instantaneously, ready to help the victims. For some organizations, like the Federal Emergency Management Agency (FEMA) or the American Red Cross, disaster response is their mission. These agencies are responsible for overall success and for coordinating the other organizations participating in the response.

However, organizations from several other industries also respond. Mass care and religious organizations like the Salvation Army come to provide victim support. Military and civil defense units keep order and are often called upon to provide protection for victims, their abandoned belongings, and assistance workers. Hospitals send out teams of emergency health care workers. Schools and hotels temporarily house both victims and emergency workers. Private businesses provide supplies and monetary donations. And media organizations keep the public informed through broadcasts of the disaster response effort.

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