



The
Strategically
Networked
Organization

**LEVERAGING SOCIAL NETWORKS TO IMPROVE
ORGANIZATIONAL PERFORMANCE**

HANNA LEHTIMÄKI



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Introduction

This book examines the informal organization, connections between people, and relational dynamics among the members of the organization. The key argument is that for an organization to build fast strategy for a rapidly changing business environment, attention needs to be paid to the ways by which people connect with each other while engaged in pursuing the economic success and sustainability in the operations of the organization. Changes in the global digitalized business environment are more frequent than before and this creates new demands for strategic decision making, human resources management, and leadership in organizations. In the digital business, new competition arises fast and new business constellations emerge from out of nowhere. In the global economy, companies need to adapt to abrupt changes in the global political environment and the global environmental and social crisis increase unpredictability. The global digitalized business environment is nothing but stable.

Yet, the tools companies use for leading business performance have been created in times when it was feasible to put your faith in a five year strategy plans and systematic organizational planning. In the current turbulent business environment, however, strategy plans provide results too slowly and may even diminish the company's ability to create competitive edge in the constantly changing business environment. While planning ahead is still needed, ways of creating agility and nimbleness are also in demand. To meet this challenge, large global companies are

looking into ways of creating fast strategy processes and involving all members of the organization in strategy making to deal with the emergence and quick changes. Small and medium-sized companies have an advantage in the new era, as they have never been very active in engaging in detailed strategic planning, but instead, relied on intuition and engaging everyone in the organization to creating the future of the company. Start-ups in the 2000s, in turn, are born to a business environment where change is constant and agility is a prerequisite for survival. The focus in the fast-moving business environment needs to be put on relations with customers and other internal and external stakeholders and formulate strategy in these key relationships. It could be said that not only companies but also public organizations will benefit from novel ways of thinking about strategy and making strategy. What are in demand are strategy-making tools and approaches that support quick decision making, ability to utilize emerging knowledge from various sources, and the potential for people involved to build commitment and motivation to work toward common goals.

This book joins the quest for exploring new ways of thinking about strategy and conducting strategic management in organizations. The book shifts attention from strategy plans and processes to social relations that contribute to practices in strategy making. Social relations between the members of the organization are highlighted as providing unique resources for creating strategically competitive value. In the global digitalized business environment, where knowledge creates the core of operations, it is important to be able to generate, understand, manage, and utilize flows of knowledge and information. In seeking ways to strengthen the strategic fit between the firm and the business environment, managers can benefit from a close understanding of the knowledge and competence that resides in the social networks within the firm.

This book talks about social networks as connections between people working in the organization. Typically, when people talk about social networks, they refer to connections in the Facebook, Linked-in, Facebook, Twitter, WhatsApp, and other mobile networking applications. In this book, these are considered as tools for creating and maintaining social networks, and thus, they are

not in the focal point of discussion. What is of primary interest is the ways by which people in organizations work together, communicate with each other, join in strategy work, and making the future of the organization.

The book encourages top and upper-middle management to pay attention to social networks as a hidden strategic asset with tremendous knowledge processing potential. With the social network approach in strategy making, managers can better understand how members of an organization as a social system make use of knowledge and join in making strategic initiatives based on knowledge available to them. With an increased awareness of social connections between individuals, a company, and a public organization alike, can be more effective in tapping the sources of knowledge, implementing strategies to make use of knowledge flows, and implementing change initiatives to support agility in a dynamic business environment. This book shows how managers can become more systematically aware of the functioning of the network of social relationships within the company, and thereby make a better use of the knowledge and competence readily available in the organization. With a broad-based understanding of the social interaction among the members of the organization, strategic management can make use of the human and social capital, and human resource management is better equipped in bringing aspects from the personnel management and organizational development into strategy making.

Directing attention to building, sustaining, and controlling patterns of social relationships is a relatively new approach in strategic management. It is part of a movement in the 2000s to look into practices and routines of strategy making, organizing, human resource management, and leadership. This movement is interested in understanding how the activities that the members of organization engage in creating the organizational and strategic outcomes, be it business plans, strategic human resource plans, or management systems. When examining the activities that members of the organization engage in, attention is paid to social interaction, routines, organizational culture, and even the use of language. This movement is not so much looking for universally