Strategic Knowledge Network Enterprises Based on Social Network Theory

Chen Hong   Wang Huiliang

Management Department of North University of China Taiyuan 030051
Management School of Tianjin University, Tianjin 300071

Abstract the article studied knowledge network construction of China enterprises from the perspective of social network theory. It went the following conclusions. First, the precondition for economic activities embedded social structure is the rules and culture faced the actors, within which, Chinese enterprises are rather relationship oriented than principle oriented given the “discrepancy structure”. Second, China ought to foster her intermediary structure, and positively built a strategic knowledge network on the basis of principle to adapt to international competition. Third, the article constructed strategic knowledge network model based on core competition cultivation of the Chinese enterprises.

Keywords: social network, knowledge network, relationship oriented, enterprise strategic network

1 Introduction

The knowledge network is a special linkage mechanism formed along knowledge activities (knowledge study, communication, and innovation) among the knowledge units (individual or organization). It includes the carriers as individual or organization, rules and regulations to abide by in knowledge activities, and organizations and facilities set to fulfill knowledge activities. In this regard, the knowledge network paid much more attention to social network mechanism between individuals, individual and organization, and organizations, and then digital information network became a method and an agent. The article studied the social network of Chinese enterprises, as well as function and forming mechanism in organization knowledge communication, innovation, to search for a promising efficient way to construct the strategic knowledge network for China enterprises.

Social network theory researched on economic activities and system from material social structure or and social network. Economics assumed that individual decision was isolated or rational. In fact, individual activities and economic activities are all embedded in social structure. Therefore, sociology could provide a better analysis of economic activities and system. Krackhardt applied network analysis on organization activities study, thinking that inter-person network behaved as information transmission channel for individuals. And, people could reach agreement by sharing opinions with, influencing and compromise between each other. Hereby, network structure was a map in information and knowledge transmission in organization. Foreign scholars mostly focused themselves on the meanings carried by the knowledge network constructed, and were devoted to research on economic and marketing model of the knowledge network. The knowledge network is still new for Chinese scholars, and study carried out is likely in given fields and industries, analyzing the developing mode of the knowledge network and its influence.

2. Characteristic of Social Network for China Enterprises: Relationship Oriented

Social network for Enterprise knowledge network likely decides enterprises’ ability to gain knowledge resources. Lin Nan referred to network as external variable of social capital. Social capital is far richer than social relationship and social network, and incurs mosaic and obtainable resources. Network position is an indispensable condition to gain mosaic resources, and network position will unavoidably involve social structure characteristic where an organization lived.
2.1 The precondition for “Economic Activities Embedded Social Structure” is the rules and culture faced the actors.

The assumption of “economic activities embedded social structure” avoided externalization of the network. If profit generalized by a social network comes from sacrifices of the inferiors within and out of the network, then network profit will be larger, but the whole economy or social profit is not necessarily large. For example, oriental union between the enterprises is not always to increase the consumers benefit. The rule is what people should abide by in their activities. It is prone to build credit within the whole society, and reduce social transaction cost. Network and rule are influenced under culture, and development of social network theory is based on culture and rule. The western rising network theories and related network analysis are supported by their perfect and sound marketing system, namely, as Fei Xiaotong said, “Group structure”. Relationship between the individuals is based on trust and credit, and its social network and social capital are utilized in the precondition that it won’t offend current system, or hurt the wholesome social benefit. No matter in social network or individual network, entrepreneurs are all restricted by credit, behind which are limitations on network activities of social culture and systems.

2.2 Relationship Orientation of China Enterprises under “Discrepancy Structure”

Compared with western social network, China enterprises emphasized much on construction of relationship network. China society itself is “discrepancy structure”, activities are oriented toward relationship, and regulations are somewhat neglected. To some extent, relationship is much stronger than credit in China. The relationship between China enterprises and government and upper supervising institutions is upwards, in the purpose of getting and obtaining resources from them. This network will inevitably hurt benefit of the institutions outside the network. In China’s transition economy, the government’s controlling power on the enterprises is gradually reduced, but formal and informal influence still exists, and constitutes a part of enterprise’s social capital. Due to excess relationship actions, China marketization and construction of the system are hindered, which leads to credit crisis in the whole society.

In a society, the government, intermediary institutions and enterprises are the three main organizing modes. According to western research, production and innovation of social capital tied tightly with intermediary development. China lacks intermediary institutions, so the society performs as “dumbbell shape”, the strong government on one side, and, individuals, families and enterprises on the other side. The relationship centralized family concepts handicapped those lacking relationships in developing institutions and organizations. The intermediary institutions such as labor union, association and chamber of commerce, etc, will greatly impact the narrow family concepts, and help to set up participating sense and group structure as well.

2.3 Impact of Enterprises’ Individual Network on Enterprise Knowledge Network

In discrepancy structure, we can’t neglect the impact of enterprises’ individual network and social network on construction of the knowledge network. As an important production factor, the entrepreneur possesses of social network abilities, and it’s very important to enterprise development. The enterprises should be devoted to contacting different groups in each industry, forming a broad feeble connection, in order to mobilize all available resources for its innovation and development. The enterprises have different positions in the network, as well as their network abilities. The enterprise should take full advantage of their own resources and abilities, to try to get the key network positions. And they ought to cooperate with others, to enlarge their benefit allocated in the network. As the enterprise has improved its abilities, it ought to keep contact with dominant enterprises outside the network, and especially, the foreign advanced enterprises, to be a bridge between regional networks and industrial new technologies.

To the enterprises, they could not neglect social culture and regulations where they live in on one hand, and, on the other hand, they need to think positively how to build up a strategic knowledge network based on rules and regulations in an increasingly competitive globalizing world.
3. Way to Construct Strategic Knowledge Network Model of China Enterprise

The enterprises enter or construct strategic network mainly for the purpose of detecting, absorbing and integrating network knowledge in network study, and creating and developing new knowledge to promote one’s own core competence. In the past, the so-called organization capability was equipment scale of the enterprises and controlling and operating abilities of its leadership (Chandler, 1977; 1990). Nowadays, organization capability is referred to as abilities to manage the knowledge network. Therefore, China enterprises must construct enterprise strategic knowledge network from the angle of strategy, so as to quickly accumulate knowledge and promote their knowledge innovation capabilities.

Anil and Vijay think that acquirement and transfer of the knowledge could be studied from the angles of activities of the individual unit, united activities between the units, and the activities of the whole network. This article focused on how can the enterprises, from the view of individual unit, seek knowledge to complete their knowledge gap through constructing the knowledge network and enhance the core competence. After entering into international competition, China enterprises must abide by international competition rules. They could construct a closely related external knowledge network within the rules and regulations, to promote their knowledge innovation capabilities. The external knowledge network should be constructed by the following ways: (1) emphasize on cooperative R&D, to set up network core competence; (2) emphasize on collaboration between industry and education, to promote knowledge innovation capability; (3) emphasize on the knowledge based consumer network, to enhance its ability to lead the market.

As social division of labor get advanced, China enterprises will need to develop the manufacture network with other developing countries, and develop cooperative research and knowledge sharing mechanism with suppliers, in order to form enterprises’ strategic knowledge cooperation network. By improving knowledge innovation capability, the enterprises could achieve sustainable competitive advantages and increase the integral performance.

4 Strategic Knowledge Network Model of China Enterprises

![Knowledge Network Model of China Enterprises](image)
Hereof

(1) It analyzes enterprises’ core competence, from its current condition, make new strategic goal, and identify its knowledge gap. It’s a process of locating the future developing orientation and current network position, which is directly related to member choices in strategic knowledge network construction and makes the enterprise realize knowledge it likes to provide to and wants to obtain from the network.

(2) It decides on the knowledge innovation goal of the strategic knowledge network. According to the strategic and knowledge gap, the knowledge innovation goal could be made by balancing knowledge requirement and knowledge acquirement.

(3) It analyzes the enterprises’ network capability. With help of social network theory, it analyzes network resources the organization owned. In this process, it is required to dig potential network resources of entrepreneurs and organization members, and to consider any possibilities that a feeble connection might get stronger connection.

(4) It formed a strategic knowledge network through relation to object enterprise. The former strong connection it owned turned out to be external network of this strategic knowledge network. To some extent, it could advance the social network capabilities, and provide knowledge resources for knowledge gap.

(5) It refers that we could achieve credit and inter-study by contracts, relationships and economic activities between network members. Enterprises’ study ability and absorbing ability, and etc, are determined by efficiency of the internal knowledge network. Only after study inclination and study ability of the internal knowledge network get improved, could a knowledge cooperation of “the internal knowledge innovation capability is enhanced by the external knowledge network” be achieved. Internal knowledge network innovate and ferment knowledge obtained outside, the innovated knowledge would increase and update core competence more, and avoid and overcome core rigidity.

(6) Strategic knowledge network will renovate and reconstruct along with changes of complementary resources. Appraisal from the network members on strategic network cooperation determines the stability and continuity of the network. The members could adjust their activities by communicating with each other, so as to maintain their cooperation. Meanwhile, to adapt the strategic goal of the enterprise to the changes of marketing competition, it needs to update knowledge resources. It also needs choose network members according to the network ability, to form a new strategic knowledge network.

References

