Study on the Management Model of Modern Enterprise’s Strategic Networks

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Abstract: It’s a key to build actual and feasible management model for the implement of modern enterprise’s strategic networks. Based on discussing the connotation of the strategic networks, he authors builds the model of interaction between the strategic networks and the core competency of enterprise, brings forward the management model of modern enterprise’s strategic networks, and analyzes its properties. It is propitious to direct the manager of enterprises to force the management of the strategic networks.

Keywords: strategic networks, core competency, the management model, strategic management

1 Introduction

In the circumstances of network competition, the enterprise should contact other organizations and enterprises to form various social relationships for acquiring and exchanging knowledge, information and other resources. By this means can the enterprise realize the strategic goal of sustainable competitive advantage by harnessing respective superiorities, sharing information and interest and partaking in ventures. Therefore, the enterprise should study the enterprise’s strategies in the light of the networks. In other words, when formulating and implementing the enterprise’s strategies, the enterprise should allow for its relationships and the interests of networks as a whole.

Gulati, et.al hold that the thinking of the strategic networks should be integrated to the study on the enterprise’s strategic networks, and the current study can be combined with the study on the following five aspects: industrial structure analysis, industrial orientation, the enterprise’s competency, cost of transaction and conversion, and network evolution and enterprise’s benefits. However, they haven’t integrate the thinking of strategic networks to the study on the enterprise’s strategic networks, and haven’t put forward a detailed management model of strategies, which directly influences the feasibility and practice of the strategic networks. Thus, the study on a feasible management model for implementing modern enterprise’s strategic networks is an urgent issue to guide the enterprise to implement strategic networks and cultivate, apply and promote its core competency, with an aim of obtaining sustainable competitive advantages.

2 Connotations of the Strategic Networks

The strategic network is defined to be a network system of economic partnership with mutual prospects, bringing partnership of strategies closely together by striking a contract of relationships. Characterized by the core of a strategic central enterprise and supported by modern information and technology, it is based on trust and long-term cooperation. The strategic central enterprise is referred to the one which can be the center of the networks to bring a number of organizations together launching some collective activities.

the strategic networks represents a new network organization featuring the competencies of self-organizing, self-learning and self-adapting, while more importantly, it mirrors a new strategic thinking. Featuring a connecting economy connecting nodes of the strategic networks through information network, network economy is aimed to establish a new relationship of competition and cooperation creating network economy efficiency. The nodes of the strategic networks, on the one

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hand, taking a cooperative attitude within its own network, create the network competitive advantages by sharing resources and knowledge. On the other hand, out of its network and with other enterprises’ strategic networks, it is a dynamic relationship of network competition.

The connotation of the modern enterprise’s strategic networks is that each node, for mutual prospects, exploits its intelligence and resources on the activities which it has superiority and contributes its core competency to the network. Meanwhile, it assigns other activities without superiorities to other nodes in the hope of obtaining mutual efficiency and mutual development, i.e., each node contributes its own core competency into the strategic networks and integrates into the core competency of the strategic networks, and makes profits by network production and selling integrated products or services. Furthermore, some part of profits are used to enhance and widen its core competency, and maintain and develop network, to form a healthy circulation of the network’s evolution and optimization.

Therefore, the core competency is the pre-condition to realize the modern enterprise’s strategic networks. Otherwise, it is difficulty to build its own network and join in other enterprises’ networks. The degree of the core competency is decisive regarding to the enterprise’s position and benefits in the networks. As a result, if an enterprise wants to be a member of or build a strategic network, then survive and improve itself in the network, it should mainly cultivate and improve its core competency. Then through learning from each other and improving its core competency, the enterprise can strengthen its power and improve its position and role to gain more benefits in the network. In brief, the modern enterprise’s strategic network is closely linked with its core competency.

To sum it up, the strategic network is a thinking of the networks strategy for the modern enterprise. Based on the network information technology and network competition and cooperation, the modern enterprise depends on and cultivates its core competency, improve the cooperative and network efficiencies through integrating the network resources for its own development, aiming to realize strategic innovation and advantages. The enterprise can gain two superiorities from the network, one is the cultivation and improvement of its core competency and the other is to play a levering role of core competency to gain network benefits. Thus, the strategic network is an effective measure for enterprises and organizations to be in tune with the competitive times, a necessary requirement made by the development of network information technology, and a strategic orientation of the enterprise’s survival and development in the case of network economy.

3 A Model of Interaction between the Strategic Networks and the Enterprise’s Core Competency

By the analysis of the connotation of the strategic networks, the core competency and the strategic networks are interdependent and interactive in the process of improving the modern enterprise’s performance and forming competitive advantages. Thus, to comprehend their interaction is the basis of study on the management model of modern enterprise’s strategic networks.

Due to the dynamic complexity of the strategic networks and the vagueness of the core competency development, the interaction between them is a non-linear complex process. Therefore, the concept of enterprise’s network competency is hereby introduced for studying the mechanism of interaction between the strategic networks and the core competency.

3.1 Enterprise’s network competency and its composing

The enterprise’s network competency refers to the enterprise’s capability of developing and managing the exterior networks. Despite the network superiority, the features of the strategic networks decide the complexity of organizing and managing. It is substantially a dynamic competency of integrating, reconstructing and reshaping the interior and exterior resources, which shows that the enterprise’s network competency has the competitive advantage in the strategic networks through embedding its networks and developing and integrating networks resources. Thus, the introduction of the enterprise’s network competency broadens the vision of studying the interaction between the strategic networks and the core competency.
The enterprise’s network competency belongs to the organizing level of the strategic networks with three levels: strategy, relationship and process, which correspondently form three –level competencies of the enterprise’s network competency: network conceiving competency, role managing competency and relationship combining competency.

1) Network conceiving competency: It refers to the enterprise’s ability to identify the strategic networks and to plan to develop the strategic networks. It also refers to the ability to search for the chances, resources and competency to develop the enterprise itself from the strategic networks. As a result, the enterprise is demanded to value the network resources and knowledge, and analyze the partnership’s effect on itself, thinking and planning strategically in the networks’ light.

2) Role managing competency: It refers to the ability to manage enterprises itself in the strategic networks from three aspects of planning, organizing and manipulating. Planning means the enterprise identify its role and position in the networks by analyzing the exterior and interior environment, and plan its duties in the networks. Organizing means the enterprise fulfills its network goals by optimizing the collocation of network resources via the networks. Manipulating means that the behavior and performance of each node of the network and its staff are propitious to realize its goal by adopting some measures of system and encouragement.

3) Relationship combining competency: It refers the enterprise’s management competency on the networks embedded. Compared with role managing competency, it features the competency of integrating network resources, information and knowledge, including optimizing the relationships and integrating the network learning and competency. Thus, the core competency of the networks can be formed and the enterprise’s core competency can be promoted.

3.2 The Model of Interaction between the Enterprise’s Core Competency and the Strategic Networks

From the above analysis of enterprise’s core competency and its composing, the enterprise’s core competency is of service to exchange, share and integrate network resources, information and knowledge by harnessing its functions of conceiving, encouraging, integrating and managing. The enterprise’s core competency plays a key role in the interaction between the enterprise’s core competency and the strategic networks. Therefore, the author put forward a model of interaction centered by the enterprise’s core competency, as Figure 1 shows;

![Figure 1: A Model of Interaction between the Strategic Networks and the Enterprise’s Core Competency](image)

As the model shows, the interactive process is as the following goes: By exploiting the conceiving and simulating roles of the enterprise’s network competency, each node with its core competency promotes other nodes to contribute their core competencies, thus forming the strategic networks. Then, by exploiting the integrating and managing roles, the competency as a whole of the strategic networks will be outstanding after realizing the cooperative efficiency of each node’s core competency and forming the network’s core competency. The network’s core competency, in turn, strengthens its core competency and the enterprise’s core competency. The strategic network has a cultivating, applying,
improving and analyzing effect on the enterprise’s core competency. Therefore, the strategic networks can be dynamically optimized through the non-linear interactive system among the enterprise’s core competency, the network’s core competency and the enterprise’s network competency.

According to the above analysis, the enterprise’s core competency is the premise and basis of formatting and developing the strategic networks, and to some extent, is decisive to its features and structure and the power of the network’s core competency. In turn, the strategic networks have an improving, leveling, reinforcing and innovating effect on the enterprise’s core competency. Furthermore, the leveling role of the enterprise’s core competency is manipulated by the networks which it belongs to. The enterprise’s network competency plays roles of coordinating, manipulating, managing and integrating in the process of interaction between the enterprise’s core competency and the strategic networks, ensuring a cooperative effect.

Accordingly, in the strategic networks, the enterprise’s performance improvement and competitive superiority result from the interaction among the enterprise’s core competency, the network’s core competency and the network competency.

The enterprise’s core competency is the basic condition and source for the enterprise to achieve good performances and advantages. Because the potential source of developing the increase and profit is mainly to make the central business innovative and creative which is essentially the effective performance of the core competency. So the enterprise should harness the resources to cultivate and strengthen its core competency, focusing on the activities and sectors with core competency to make itself more attractive in the networks.

However, for the enterprise belonging to the strategic networks, the profit made by its core competency is dependent on the strategic networks. That is, it must be interactive with other nodes’ core competency to create the network’s core competency via the enterprise’s network competency. What’s more, via the network’s core competency, the enterprise can not only fulfill the advantages made by its core competency, but share the rising values brought about by the network’s core competency according to its contribution to the network. Thus, the enterprise’s network competency of the strategic networks acts on the core competency contributed by all nodes, forming the network’s core competency and fulfilling the network superiority and network cooperative effect.

The analysis of the model of interaction between the enterprise’s core competency and the strategic networks illuminates that the enterprise belonging to the strategic networks has two aspects of sustainable competitive superiorities: the enterprise’s core competency is constantly cultivated and improved, so is the network competency as a whole and the network’s core competency of the strategic networks belonging to or built. The former represents the enterprise’s self-strengthening, being the static performance and natural prosperities of the enterprise’s competitiveness, and the latter shows the network exists and evolves dynamically, being a dynamic performance and social prosperities of the enterprise’s competitiveness.

4. The Management Model of Modern Enterprise’s Strategic Networks

As is shown by the interactive mechanism between the enterprise’s core competency and the strategic networks, in order to improve the enterprise’s performance strategically, the enterprise should constantly cultivate and promote its core competency which is the source of motivation and basic condition for improving the enterprise’s performances. But the vital thing is how to exploit the enterprise’s network competency and effectively set up and manage its strategic networks to form the network’s core competency and make the network as a whole most competitive by effectively integrating exterior competencies and its core competency.

The management model of Modern Enterprise’s Strategic Networks (as Figure 2 shows), with a goal of cultivating, applying and promoting its core competency, is to reconstruct or integrate the enterprise’s networks and establish dynamically a long-term relationship of strategic cooperation by analyzing its interior competency and relationships and acting in the principles of mutual benefit and mutual interest, superiority complementarities and cooperative development. It is aimed to strengthen the management of the enterprise’s strategic networks during the whole process and learn from each
other to develop together. It is also meant to discover and grasp the chances to fulfill the sustainable development of the enterprise by constantly valuating and optimizing the network. The symbol in Figure 2 shows the roles of interaction and feedback.

Based on the strategic management model of the enterprise’s dynamic networks stemming from the concepts of strategic networks, this model applies the concepts of strategic networks to update the process of analyzing, formulating and implementing the enterprise’s strategies. It aims to innovate the enterprise’s strategies to fulfill a sustainable superiority of network competition and achieve the enterprise’s cooperative development within the networks in the circumstances of network competition.

The management model of Modern Enterprise’s Strategic Networks gives prominence to the core competency whose implementation is the basis strategy. As the strategic goal is to cultivate and promote its core competency, the enterprise is required to integrate its knowledge and resources to create such a strong competitive superiority as to improve its network attraction and its position and authority in the networks, which is benefic to establish a strategic network with other nodes and become a central unit.

The management model of modern enterprise’s strategic networks attaches emphasis to cooperative effects and optimization as a whole. This model features that via professional division the nodes in the strategic networks contribute its core competency to the networks, especially focusing on the activities with superiority, while assign other activities to other more competent nodes. Being closely linked and interactive, the dynamic of optimization of networks can be obtained according to the non-linear mechanism.

The management model of modern enterprise’s strategic networks represents the dynamism of the strategic management. Based on the core competency, the model consists of two dialectical processes: competition and cooperation which is the basic motivation of the innovation and dynamic change of the network. That is, through evaluating network performances, the strategic networks will be constantly evolutes to meet with the requirement of changing environment of network competition by optimizing nodes, reconstructing networks and readjusting strategies dynamically.

To conclude, the management model of modern enterprise’s strategic networks is a new model based
on the networks of social relationships and information. As a node of the network itself, in the light of the enterprise’s network as a whole, it is meant to manage the enterprise strategically corresponding to its core competency, and the focus of management is to establish, maintain, develop and promote the enterprise’s networks. Guided by the new paradigm of the enterprise’s strategic management, the innovation of its model can be fulfilled.

5 Conclusions

The strategic networks is a concept of network strategy for the enterprise to adapt itself to the times of network competition and the development of network information and technology, focusing on the interaction between the enterprise’s core competency and the strategic networks it belongs to. The model of interaction between the strategic networks and the enterprise’s core competency with the center of the enterprise’s network competency, shows that the enterprise’s performance improvement and competitive superiority stem from the interaction among three competencies: the enterprise’s core competency, network’s core competency and network competency. And the most important one is to effectively build and manage the enterprise’s strategic networks. Therefore, the author has brought up a basic framework of the management model of modern enterprise’s strategic networks, which gives much concern about the following aspects: the enterprise’s core competency, management of networks, cooperative effects and optimization as a whole. This model also represents the dynamism of the strategic management and provides a theoretical guidance for effectively implementing the strategic management of networks, thus putting the strategic networks into practice.

References


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