No business is an island: The network concept of business strategy

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Abstract

The purpose of this article is to explore the contributions that could be made to the conceptual frame of reference for business strategy management by one of the research programmes which focuses on the organization-environment interface, and to which a network approach has been applied. We start by examining some of the assumptions underlying the current strategy management doctrine. The network model of the organization-environment interface is then reviewed and three central issues of the strategy management doctrine are discussed from the viewpoint of the network model: (1) organizational boundaries, (2) determinants of organizational effectiveness, and (3) the process of managing business strategy.

The conclusion reached is that in all three areas changes are required in the assumptions of the business strategy model. Our arguments stem from a basic proposition about the situations described by the network model: continuous interaction with other parties...
Situations described by the network model: continuous interaction with other parties constituting the context with which the organization interacts endows the organization with meaning and a role. When this proposition applies, any attempt to manage the behaviour of the organization will require a shift in focus away from the way the organization allocates and structures its internal resources and towards the way it relates its own activities and resources to those of the other parties constituting its context. Such a shift in focus entails a somewhat different view of the meaning of organizational effectiveness: what does it depend on and how can it be managed?

Keywords
Network; strategy; environment; interaction; efficiency

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