Chapter 6
Value Creation in a Network Economy

Beatriz Olalla
Pontifical University of Salamanca, Spain

Montserrat Mata
Deusto University, Spain

ABSTRACT

In this chapter, authors try to identify factors and enablers involved in the evolution towards a new ‘network economy’ in companies, which is different from a ‘traditional economy’ perspective. All these factors and enablers are gathered together and analyzed through the point of view of the processes model of a company, to decide which activities related to these factors have the highest/lowest impact and effort in the company. Benefits resulted through this change of perspective in the company are also analyzed to understand and quantify the value generated by every factor. The objectives of this chapter are: identify the factors and enablers that boost network economy in a company, understand how these factors may be introduced into the processes model of a company, and identify the percentage of the global value in the company related to every factor in the new network economy.

NETWORK ECONOMY BACKGROUND

It is a fact that the world has changed since Internet was accessible to a large percentage of population, and luckily it was also possible to access to any kind of information wherever you were, whenever you wanted. But this was not enough for some people, so it appeared what was baptized as social networking, and then the revolution started. Although at first it seemed to be destined to the concerns of young teenagers, the utility could soon be applied to more academic areas and business environments. And this was the beginning of a new era in the way of doing business and so on in the way we talk about economy. Thanks to the spread of social networking, the field of economy has suffered the evolution that globalization era was demanding and necessary, otherwise, not to become obsolete.

In that context, it is not difficult to discover the amazing facility to create new ideas, concepts, etc., definitely to create value, something extremely powerful, even more when talking about the economic

DOI: 10.4018/978-1-5225-0097-1.ch006
Value Creation in a Network Economy

sphere. This new created value will be a catalyst in the process of earning more money and, in consequence, it will increase the benefits in a company. If we extrapolate these results, it could be deduced that the economy of the country would be improved considerably.

In this chapter, there have been presented the factors that need to be considered when talking about value creation in a network economy, identifying the ones that are important to increase the profit of companies and therefore, to increase the welfare of a nation. Highlights are exposed here, trying to explain the main reasons to be considered. It is not an extensive and complete guide because the number of factors could be greater, but the point has been not to forget the indispensables. These factors here exposed are linked, some of them very closely, starting with knowledge, an issue that has occupied and worried scientists, thinkers, engineers, authors, now and in the past. Something so important, besides difficult to be quantified, and whose management has a huge impact in all areas (from education to the economic performance of a company, and therefore a country) that needs to be seriously considered. This concept leads us to Knowledge Management and how to work with it looking for better results.

In spite of the fact we are in the Internet era, it has to be considered what has been mentioned before: social networking; changes introduced by it have made companies to rethink their organization and their culture. It has been natural the step undertaken by large companies to update and change their organizational structure and to incorporate new roles previously unavailable in the company like, for example, the Chief Technology Officer (CTO). And obviously, the culture of the company has been impacted; actually, in their adaptation it has been necessary to consider a more collaborative culture.

Firstly it was the social networking; not too much later, enterprises realized what could be done in the network by sharing knowledge, so they started to use it in another way. This leads naturally to a change in the way of managing that knowledge, and so on in its organizational structure. This means that the new way of working is based on the collaboration of people, and even more, of companies. New concepts for new times, pursuing the same old objective: increase profits as a result of an increasing of value in this network economy.

NETWORK ECONOMY EVOLUTION AND CURRENT STATUS

The ubiquity and increasing use of mobile devices and the consequent fact of being constantly on line, have led us to what is known as “sharing economy”, term that appears for the first time in the mid-2000s. But in the first years there was not a great development; the number of people connected was not so high to develop this idea in depth, maybe was relegated to the background, but as long as people started to use all kind of social networks everyone realized that it was possible to take a great advantage sharing not only private themes, but also professional details and academic information. Sharing professional information obviously implies that there will be an impact in the economy, and this can almost be considered a revolution, because maybe economy has been one of the businesses most stuck in the past.

Nowadays it is possible to buy, sell and share in every country, apart from our original one, so that the flow of money among countries has changed in a considerably way. But the concept of sharing is not only confined to the possibility of offering things to buy or sell, but also to the fact of sharing experiences, something that can help us to invest or to start a new company through what is known as crowdfunding. Regarding this new concept, it could be said that crowdfunding is the way people manage to start and carry on with a project by the monetary contribution of lots of unknown people, usually by Internet. It has been a great discovery, although there are a lot of details that need to be considered.