

# [Knowledge management, social networks and innovation essay sample](https://assignbuster.com/knowledge-management-social-networks-and-innovation-essay-sample/)

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We know that the innovation is the power to push the development of our society, and organizations are the pioneer of innovation, at the same time people find that knowledge management (KM) is the most important way to support innovation, so The KM has become a important field of increasing practical interest to managers, professionals, and also to organizational consultants. But what is knowledge management? How could it support the innovation? The development of social media offers a great channel for companies to enhance their knowledge management, at the same time also create a better innovation environment.

Social networks have been at the core of human society since we were hunters and gatherers. People were tied together through their relations with one another and their dependence on one another. With the developing of the technology of communication, social media is becoming a more and more important way for people and companies to communicate with others, and from the research from Nielsen News (2010) we can see that “ The world now spends more than 110 billion minutes on social networks and blog sites per month. This equates to 22 percent of all time online ― or one in every 4. 5 minutes.

At the same time McKinsey & Company observed that 9 out of every 10 businesses using Web 2. 0 technology are seeing measurable business benefits from its use (McKinsey, 2009). So we can find that the development of social network is changing the way of our living, the way of doing business. Since that most of us are not very clear about the concept and the function of social network and social media, and how can social network support companies on innovation, so in this pepper we are going to do some research with the analysis of the social media strategy of American Express help people to understand more about them.

Literature review   
From the concept of the knowledge based view (KBV) of the ﬁrm, Kogut and Zander (1992), who argued that ﬁrms exist to create, transfer, and apply knowledge and information efficiently. Others have argued that a KBV provides strategic guidance, enabling a firm in a competitive and dynamic environment to arrange their internal activities to optimize their use of knowledge for competitive advantage and for growth (Conner and Prahalad 1996; Kogut and Zander 1992). Moreover, the importance of KM within organizations has dramatically risen due to the fast grow of globalization, the acceleration in the rate of technological change, or the need to share best practices (Zack, 1999a; Mehta, 2008).

(Kogut and Zander, 1992; Grant, 1996; Spender and Grant, 1996) think knowledge is considered as the most important resource for ensuring an organization’s long term survival and success since some forms of complex knowledge, such as capabilities or routines can be valuable, scarce and difficult to imitate (DeCarolis and Deeds, 1999). So processes and practices that firms utilize in order to manage knowledge are really important for attaining strategic objectives by harnessing complexity and making the best use of existing resources and capabilities (Zack, 1999a; Zollo and Winter, 2002). It could be forecasted that empirical study of social network would occupy an important position in the field of management and the guiding role of the research would become more obvious.( Yonghai, Y, 2010)

Several years ago, one of the major challenges in knowledge management is to explore creative ways to convert the tacit knowledge base in organisations into explicit knowledge (Nonaka, 1994). But with the development of social network and social media, this challenge seems already had a good solution. Now more and more researchers have already realized the importance of social networks and social Medias to the KM.

Knowledge management   
Recently, knowledge management (KM) has already been recognized as a key instrument to improve effectiveness and performance in the organization (Zack et al., 2009). The OECD has recognised that knowledge and technology have become drivers of productivity and economic growth in modern economies in 1996.

According to the definition from The Jennex (2005) expand on Stein and Zwass’s(1995) model of an organizational memory information system, define KM as the practice of selectively applying knowledge from previous experiences of decision making to current and future decision making activities with the express purpose of improving the organization’s effectiveness. And Holsapple and Joshi (2004) think KM is an entity’s systematic and deliberate efforts to expand, cultivate, and apply available knowledge in ways that add value to the entity, in the sense of positive results in accomplishing its objectives or fulfilling its purpose. The American Productivity and Quality Center (AQPC) defines KM as a conscious strategy of getting the right knowledge to the right people at the right time and helping people share and put information into action in ways that will improve organizational performance.

The development of social network and social media   
Although Scholars gave a lot of different definitions of social network, but a lot of common features existed among them, such as relevance, systematic, complexity, dynamism and universality. All in all it could be said that “ the social network is the relationship that linked members of different community and society”.

With the developing of internet, the web2. 0 technology opens a new page of social network in this century, with this technology a lot of internet social network media sites appeared (such as Twitter, Youtube, etc ). The development of Social Media (figure 1) offers a great channel for companies to enhance their knowledge management and their ability on innovation. Though people’s networks contain substantial numbers of friends, neighbours, relatives, and workmates who are locally based, social networks are supplemented by new internet-based media (Boase et al. 2006).

According to the figure 1, we can see that the first recognizable social network site launched in 1997. SixDegrees. com allowed users to create profiles, list their Friends and surf the Friends lists. Then AIM and ICQ buddy lists supported lists of Friends. Later Classmates. com solved this problem, it allowed people to communicate with their classmates and surf the network for others who were also affiliated. But users still could not create profiles or list Friends until years later. SixDegrees. com combined these features together. Unfortunately in 2000, the service closed. But its founder believes that SixDegrees. com was simply ahead of its time (A. Weinreich, personal communication, July 11, 2007).

AsianAvenue, BlackPlanet, and MiGente allowed users to create personal, professional, and dating profiles. Users could identify Friends on their personal profiles without seeking approval for those connections (O. Wasow, personal communication, August 16, 2007). The next wave of social media began when Ryze. com was launched in 2001 to help people leverage their business networks. And several years later Facebook, Youtube began to attract people’s eyes. And now they already become the most popular social media in the world.

A History of Social Network Sites

Figure 1 Timeline of the launch dates of many major SNSs and dates when community sites re-launched with SNS features(source from Danah M. B. and Nicole. B. E. (2008)). The process of innovation and knowledge transmission in the organization In the book of Innovation, Social Capital and the new economy, Jane Futai En and Robert Atkinson(2013) pointed out that innovation was the driving force of the development of enterprises. Innovation came into being through the dynamic relations of production or co-creating value networks in new economy. Innovative activities of enterprises were often organized and promoted by the entrepreneurs. Joseph Schumpeter(1883-1950) even regarded the innovation as the evaluation criteria of entrepreneurs. In order to understand how the social media can help organizations to improve the ability of creativity and innovation, we must clear about the process of innovation (figure 2), also should understand the process of how does the knowledge transfer within an organization.

Figure 2 the process of innovation in the organization(source from Degen, R. (2010)). From the figure 2 we can find that every step of the innovation process is an intensely social interaction between company collaborators, and hard analytical work, and from this figure we can also see the importance of social interaction. With the help of social network, organizations can receive vast of ideas and feedbacks, and that can help every step in the innovation process. Although the steps are represented as an orderly sequence with checkpoints and feedback loops, the process does not have to be so orderly. In fact, in a vast number of cases the sequence is shortened by a creative insight that jumpstarts some of these steps. Nevertheless, even with these shortcuts, the majority of companies that pursue R&D projects more or less follow this general process.

And we can also realize that rather than a shortage of relevant information, the problem today is more about selecting quality information. Social media seems like the best solution through the efforts of the crowd. For example, each viral event has been massively ﬁltered through the double decision process of ﬁlter-forward of every single person who forwarded it. The audience members for such events are exactly the people with an interest in that event, who are also the people who engage with and propagate the message’s diffusion (jeff. H., and Robert. M, 2013).

Case of American Express   
American Express (AmEx) is a one of the biggest Credit card company in the world. It joined the social media scene in 2009 with presences on Twitter and Facebook, aimed at providing customer service for cardholders. Customer Service is at the Core of the Strategy

AmEx first made its appearance on Twitter focused on servicing Card member and merchant questions and needs. And the official AmEx Facebook homePage came soon after. “ Our mission is to be everywhere our card members and merchants are,” says Berland (SVP of Digital Partnerships and Development of American Express) “ To engage with them, service them, deliver unique value that’s shareable and create seamless digital experiences that surprise and delight.” Since the beginning, American Express has built its social strategy on service, and it continues to improve its implementation by taking in user feedback. “ We spent a great deal of time listening to the community.

The community interests and feedback defined our strategy,” says Berland. AmEx first launched Sync with Foursquare in June 2011. In July, it added Facebook in on the fun, launching its “ Link, Like, Love” app — after linking an AmEx card, a user can then access deals based on brands that he or she “ likes” on Facebook. At SXSW 2012, AmEx stole the show, launching Sync for Twitter and offering up Jay-Z tickets for SXSWers that completed the sync. Partnering with the likes of Whole Foods, McDonald’s and Best Buy, AmEx announced that after linking an AmEx card to their Twitter accounts, cardholders can tweet strategic hashtags to load deals onto their cards. With the hashtag #AmexWholeFoods.

Celebrating Small Businesses

AmEx goes beyond its core mission of enhancing the customer experience online by also creating content that appeals to merchants. An example of how American Express reaches out to small businesses is with the Small Business Saturday campaign it created. AmEx used both online and traditional media channels to promote its Small Shop Movement. The company encouraged consumers to head over to their favorite local business on Small Business Saturday to makes purchases between Black Friday and Cyber Monday. Berland told Mashable that the program was a huge success, explaining, “ In 2011, more than 2. 7 million Facebook users ‘ liked’ the Small Business Saturday Page –- more than doubling the 1. 2 million Likes in 2010. Nearly 195, 000 tweets were sent in support of Small Business Saturday in November.

Analysis and Discussion   
From the case of AmEx and the process of innovation above, we can summarize several major functions of the social media on support the innovation in the organization. The first: Improved understanding of existing and future trends in the market. As we introduced above, the first step of innovation is idea generate, but how could an organization ensure that the idea is in a right direction? The answer of AmEx is to test them via the social media. From this way companies can received the feedback from customers directly. And after the analysis about these feedbacks, companies can know if the idea fits the customers’ need or not, or what kind of improvement should be done in the future. And from these information companies can also understand what kind of innovation or serves is real need by customers.

What AmEx did at SXSW2012 is a good example of it. the In order to avoid the risk always test the input by involving people both internally and externally in scenario and trend workshops, it can also hence decide on the sort of innovative products or services they should be developing. It is a powerful way to enhance the co-creation product innovation process. The second: to reduce the risk of wrong innovation direction. The volume of information is increasing dramatically in any industry. But at the same time we find that it’s hard to collect and summarize the information we need.

What you read may not always be the truth – and could even be information that is intentionally misrepresented, if we analysis all the information may cause information chaos or overload, the resulting has the potential to provoke more frustration than creativity. So let us see what AmEx did so as to avoid this problem. When they begin the Small Business Saturday project, they use the social media to collect feedback from the people who interest in this innovation. From this way they can collect the really useful information directly from the people who are the potential customer. These high quality information and make sure their direction is correct. And this is another function of social media on support organizations’ innovation.

The third: more innovative ideas.   
The direction of innovation is not decided by the experts, is decided by the customers’ need. And some of the idea is also from the customer. People’s thinking is limited. But the social media can help organizations shift focus beyond existing paradigms and historical knowledge. With this help more innovative ideas could be found. Let us back to the story what happened on the SXSW2012. How could AmEx find this opportunity? Of course it is from the social media. Before SXSW2012 AmEx find that lots of people were talking about it, and also post vast of real-time pictures and videos on the social media, such mobile images and videos make a refreshing stimulus for idea generation. As the result, to combine with their business, the new serves appeared. It is an innovation, and the idea is from the social media.

Conclusion   
Social media, by providing speed, reach, and dynamic connectivity across platforms, has created an evolving complex knowledge ecosystem (KE) within which organizations face growing challenges to older ways of managing knowledge and innovation. With the continuing development of the internet technology, the role of social network on support organizations’ innovation will be more and more important in the future. Our exploratory study above is only the first step toward an understanding of the knowledge management and the function of social network. In many ways, social media have made market intelligence for innovation more accessible, the challenge is how to integrate it into your own innovation management. Despite the meaningful discussions we made on this paper, there still remain issues in the future study. There still remains many new insights yet to be discovered consider the relationship between social network theory and entrepreneurship.

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