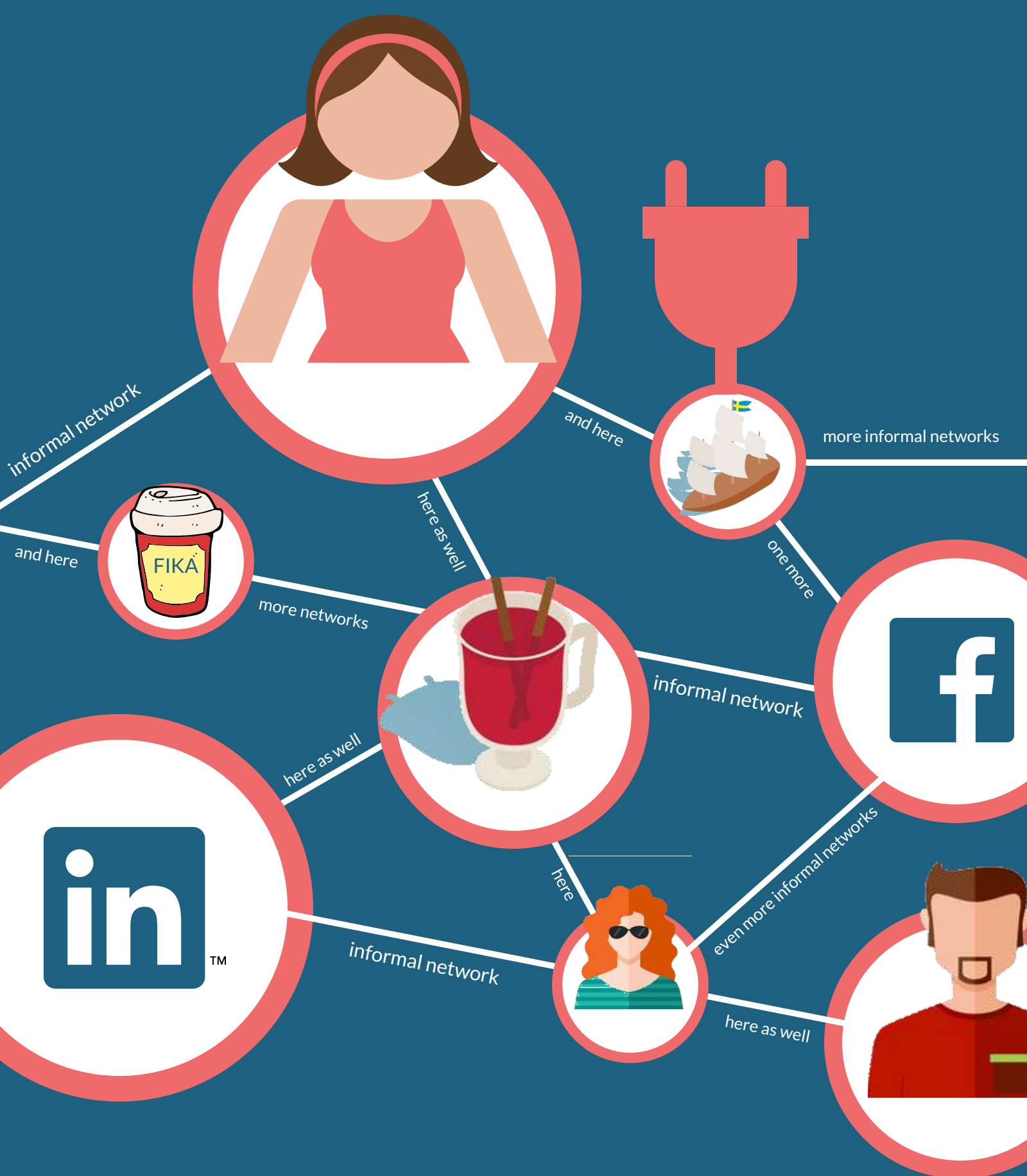


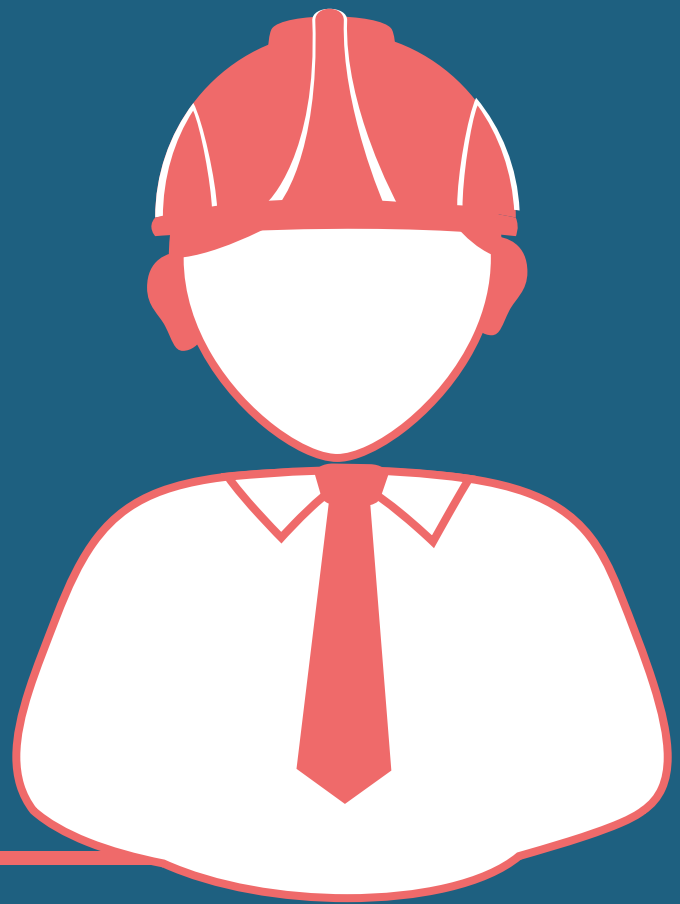
# PLUG IN YOUR NETWORK



## REVIEW OF THE ROLE OF INFORMAL NETWORK FOR KNOWLEDGE SHARING AND INNOVATION

[DOWNLOAD THE FULL REPORT - HERE](#)





---

**RESEARCH SHOWS  
THAT ENGINEERS  
ARE *FIVE TIMES*  
*MORE LIKELY* TO  
TURN TO FRIENDS  
OR COLLEAGUES  
FOR INFORMATION  
THAN TO  
IMPERSONAL  
SOURCES.**

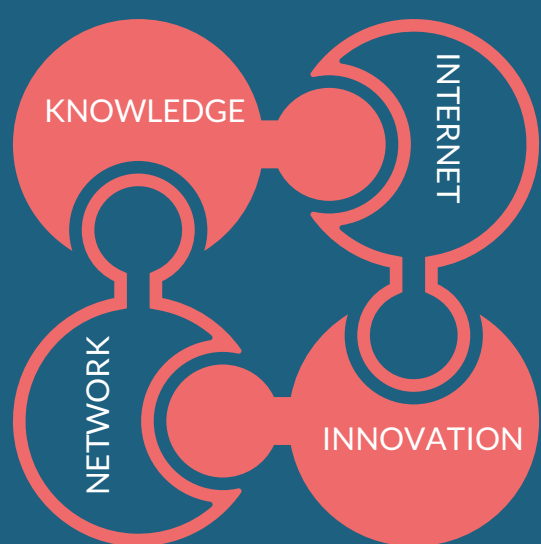
---

# WHY SHOULD YOU CARE ABOUT INFORMAL NETWORKS



Intensive informal networks have a growing prevalence and an increasing importance for **innovation and knowledge sharing** in the Internet era, building on mechanisms for productive exchange of ideas proven before the Internet in the Silicon Valley, but originally dating back to the first cities in human history, 10,000 years ago.

WE ARE CONVINCED THAT THIS IS IMPORTANT FOR YOU BECAUSE:



A high level of knowledge flows within companies' ecosystem, even among competitors, **due to informal networking opportunities**. This report outlines what kind of impact informal networks have and presents the insights about the knowledge sharing and innovation, and their growing importance in the Internet era\*

FIND OUR FULL REPORTS **HERE**:

It is the second report from our three-year project: "**The Internet and its Direct and Indirect Effects on Innovation and the Swedish Economy**" our primary objective is to examine how the Internet and digitalization have influenced entrepreneurship and innovation in Sweden.

Our previous report "Chasing a Tale of the Unicorn – A study of Stockholm's misty meadows" focused on understanding the roots of the current "unicorn" success in Sweden and its capital city of Stockholm. (click [here](#) for the full report)

These are the infographics to our current report, in which we decided to explore aspects of formal and informal networks as they enable businesses to leverage: experiences, knowledge, and resources.

We have analyzed the current stage of knowledge using both scientific papers and professional literature to understand the connection of between informal networks, interlocking directorates and companies' success.



---

---

**"PROFESSIONALS WHO WANT TO WORK HORIZONTALLY ACROSS AN ORGANIZATION CURRENTLY FIND THEMSELVES FORCED TO SEARCH THROUGH POORLY CONNECTED ORGANIZATIONAL SILOS FOR THE KNOWLEDGE AND COLLABORATORS THEY NEED.**

**IN MANY COMPANIES, THESE MATRIX, AND OTHER HYBRID ORGANIZATIONS HAVE BECOME DYSFUNCTIONAL. THE SYMPTOMS INCLUDE ENDLESS MEETINGS, PHONE CALLS, AND E-MAIL EXCHANGES, AS WELL AS CONFUSED ACCOUNTABILITY FOR RESULTS."**

---

# TYPES OF INFORMAL NETWORKS

---

## THREE TYPES OF RELATIONSHIP NETWORKS



**THE ADVICE NETWORK** — prominent players in an organization on whom others depend on solving problems and providing technical information



**THE TRUST NETWORK** — tells which employees share delicate information and back one another in a crisis.

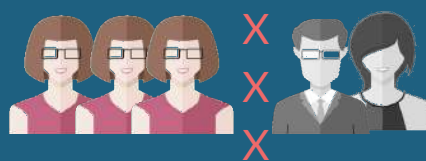


**THE COMMUNICATION NETWORK** — employees who talk about work-related matters on a regular basis.

---

## TYPICAL STRUCTURES FOUND AMONG COMMUNICATION NETWORKS

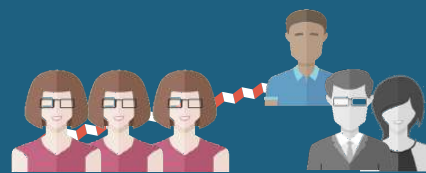
---



**IMPLODED RELATIONSHIPS**- when employees in a department only talk among themselves and not with other departments.



**IRREGULAR COMMUNICATION PATTERNS** — employees are communicating only with other groups and not among themselves.



**FRAGILE STRUCTURES** — group members that communicate only among themselves and with employees in one other division



**HOLES IN THE NETWORK** — places you would expect to find network ties but you don't.



**"BOW TIES"** — a network in which many players are dependent on a single employee.



---

***THE INTERNET ERA  
BRINGS THE  
TECHNOLOGICAL  
MEANS FOR  
BUILDING  
NETWORK-BASED  
ADAPTIVE  
STRUCTURES  
CAPABLE OF  
DEALING WITH  
CONTINUOUS  
CHANGE.***

---

# ROLES OF INFORMAL NETWORKS

SUGGESTION: ANALYZE THE INFORMAL NETWORKS WITHIN YOUR OWN ORGANIZATION AND REVIEW YOUR CURRENT ROLE BASED ON FOLLOWING SUBCATEGORIES:



**CENTRAL CONNECTORS** – The ones that link most people in an informal network with one another, and can match knowledge seekers with knowledge by either providing a human contact or retrieving such knowledge from a database.



**BOUNDARY SPANNERS** – Persons who connect an informal network with other parts of the company or with similar networks in other organizations. They play an important role in those situations where people need to share different kinds of expertise. Network maps can be used to check if the boundary spanners are making the right connections.



**GATEKEEPERS** – Those who control what knowledge leaves a given entity and what is allowed to enter. In doing so, they ensure knowledge protection and network stability. On the other hand, gatekeepers decrease the scope and the flexibility of integration, thereby contributing negatively to competitive advantage



**INFORMATION BROKERS** or **BRIDGES**- Individuals who keep the different subgroups in an informal network together, and also have the capability to understand a variety of knowledge in different contexts. If they didn't communicate across the subgroups, the network as a whole would be split into smaller, less effective segments. There is, however, a degree of danger in relying too much on information brokers, whose departure can tear apart an informal network.



**PERIPHERAL SPECIALISTS OR EXPERTS** - Individuals who keep the different subgroups in an informal network together, and also have the capability to understand a variety of knowledge in different contexts. If they didn't communicate across the subgroups, the network as a whole would be split into smaller, less effective segments. There is, however, a degree of danger in relying too much on information brokers, whose departure can tear apart an informal network.



HUNT'S TIP FOR AN EFFICIENT  
INFORMAL NETWORK

---

**“SO IT IS NO  
SURPRISE THAT  
MOST SUCCESSFUL  
INNOVATORS HAVE  
VAST, INFORMAL  
NETWORKS OF  
DIVERSE PEOPLE,  
WITH WHOM THEY  
CONSTANTLY  
SHARE THEIR  
THOUGHTS AND  
IDEAS.”**

---

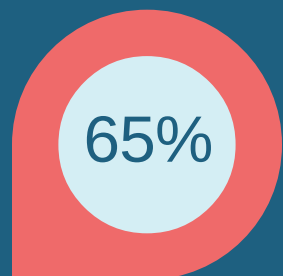


# MANY COMPANIES DON'T UTILIZE THE POWER OF INFORMAL NETWORKS IN THEIR ORGANIZATION

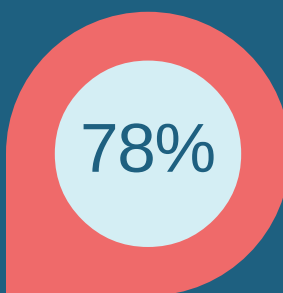
The effect on innovation and knowledge sharing that informal networks and horizontal structures have from a generalized perspective—not the least in the analysis of Silicon Valley's successful growth of performance since the 1980's—makes it plausible that benefits should be expected, and that it is valuable to encourage, map and analyze informal networks in and between all kinds of organizations.

There are also good indications that well developed informal networks can be a **significant competitive advantage, both for firms and regions:**

## EXAMPLES:



- of the respondents to a survey of 510 US workers rely on themselves and co-workers to provide solutions as opposed to reaching outside of their broader informal networks\*



- of the respondents to an Economist Intelligence Unit survey of 1,000 entrepreneurs across ten cities with reputations as innovation hubs, are convinced that the informal environment will be important or crucial to their business over the next three years.\*\*



58% of those entrepreneurs take part in business-oriented social networking groups on global platforms such as Facebook or LinkedIn.\*\*



In a survey among executives of 100 software start-ups in Israel during the dot-com economic growth era, with information added eight years later about their ability to survive the burst of the dot-com bubble, it was found that **start-ups that have larger informal communication networks improved their chance to survive the external shock.**\*\*\*

### Source:

\*Katzenbach Partners LLC. Survey Finds Most Workers in Big Companies (65%) Rely on One Another, Not Management, to Solve Problems... Press Release. 2007-07-31. <http://www.prweb.com/releases/informal/companies/prweb543720.htm> (Accessed 2016-10-05).

\*\* The Economist Intelligence Unit (EIU): "Informal innovation: Networks that Power Start-up Cities." May 2016. [https://www.eiuperspectives.economist.com/sites/default/files/EIU\\_IDA\\_Informal%20Innovation\\_Intro%20and%20summary.pdf](https://www.eiuperspectives.economist.com/sites/default/files/EIU_IDA_Informal%20Innovation_Intro%20and%20summary.pdf) (Accessed 2016-10-07).

\*\*\*Raz and Gloor, 2007. "Size really matters – new insights for start-ups' survival." Management Science 53(2):169-177. February 2007.



---

**“ENTREPRENEURS  
HELPING  
ENTREPRENEURS IN  
INFORMAL  
NETWORKS ARE A  
CORE COMPONENT  
OF WHAT'S  
BECOME KNOWN  
AS A ‘START-UP  
ECOSYSTEM”**

---

# JOIN OUR RESEARCH NETWORK ON FINTECH AND SHARING ECONOMY

The project “Innovative Internet” is funded by The Internet Foundation in Sweden (IIS – Internetstiftelsen i Sverige). The project is being executed by researchers from Center for Strategy and Competitiveness. The next phase of the project will review the impact of FinTech and Sharing Economy.

This is the first time when we have decided to create an infographic from our report to make our research more accessible and would like to know if you like it. Additionally in case you see cooperation potential, would like to invite us for presentation to share our findings or like to join our research team send us an email to [innovative.internet@hhs.se](mailto:innovative.internet@hhs.se)

## SHORTLY ABOUT US:



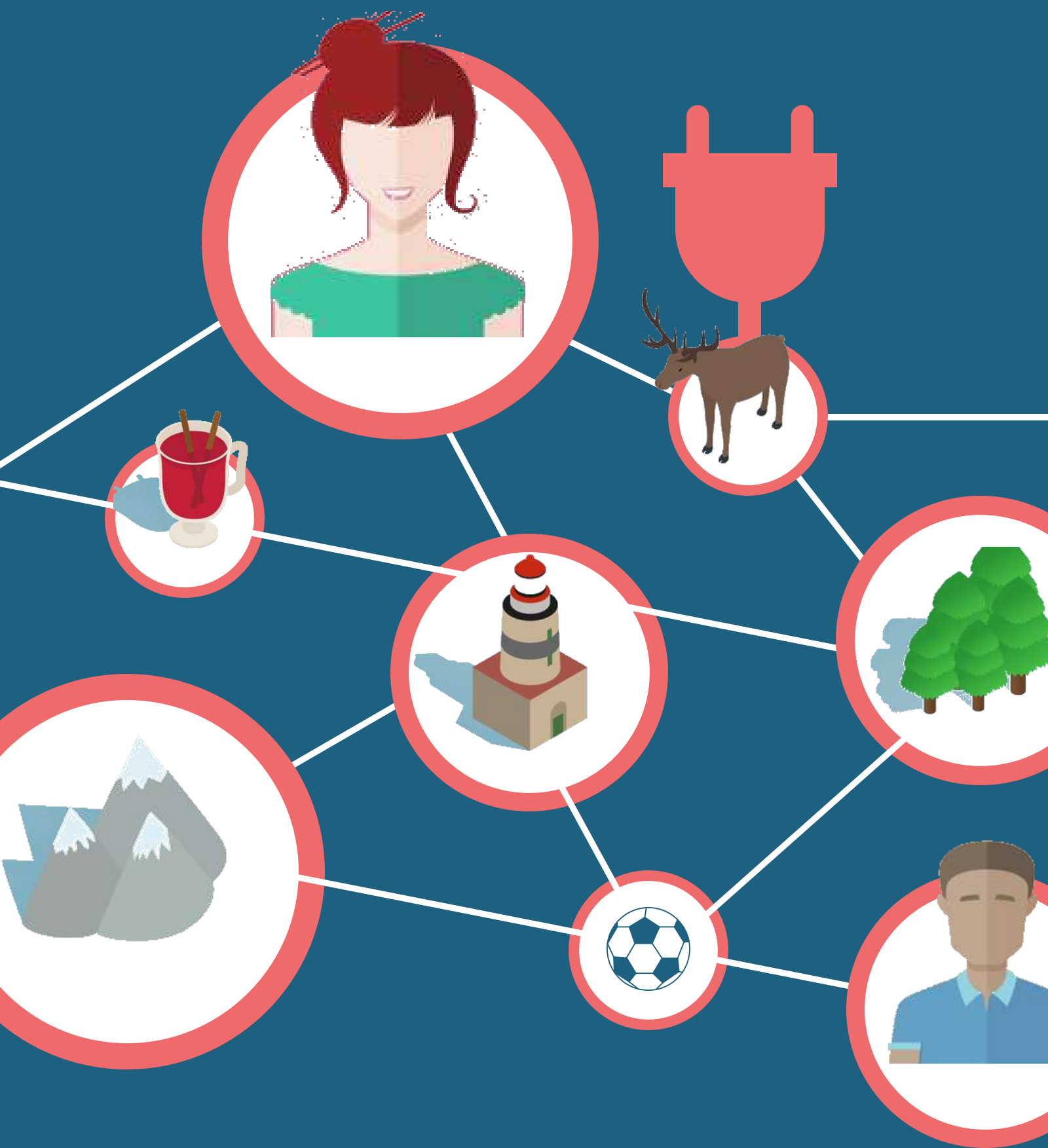
CSC, Center for Strategy and Competitiveness Center for The Center for Strategy and Competitiveness (CSC) was founded in 2005 and focuses on five research tracks: Strategy and Market Systems, International Business, Knowledge in Networks, Clusters, and Competitiveness Policy. Center for Strategy and Competitiveness is a center at Stockholm School of Economics Institute for Research which is an independent research foundation, founded in 2010. The overall aim is to conduct qualified academic research within the economic sciences, which aims to unite scientific stringency with empirical relevance. The Institute’s Board Consists of Professors and other Representatives from the faculty of Stockholm School of Economics. The Institute encourages and supports the affiliated researchers to communicate their research findings. The purpose of the Institute’s publications is to disseminate research concerning corporate enterprises and society. Questions connected to the review, please contact the coordinator of this review:

[michal.gromek@phdstudent.hhs.se](mailto:michal.gromek@phdstudent.hhs.se)



The Internet Foundation in Sweden (IIS – Internetstiftelsen i Sverige) is an independent organization for the benefit of the public that promotes the positive development of the Internet in Sweden. IIS is and intends to remain the natural choice for companies, private individuals, and organizations that want a domain name associated with Sweden. The Foundation’s ultimate objective is for everyone to be able to harness the internet’s potential. Questions connected to the Internet Foundation of Sweden, please contact

[jannike.tilla@iis.se](mailto:jannike.tilla@iis.se)



## RESEARCH TEAM MEMBERS

WHO CONTRIBUTED TO SECOND  
PART OF THE REPORT IN ALPHABETICAL ORDER:

ALBIN SKOG: [ALBIN.SKOG@PHDSTUDENT.HHS.SE](mailto:ALBIN.SKOG@PHDSTUDENT.HHS.SE)

ALEXANDRA SEVERIN: [ALEXANDRA.SEVERIN@TELIA.COM](mailto:ALEXANDRA.SEVERIN@TELIA.COM)

KATARZYNA.JERECZEK: [KATARZYNA.JERECZEK@GMAIL.COM](mailto:KATARZYNA.JERECZEK@GMAIL.COM)

MATS LEWAN: [MATS@MATSLEWAN.SE](mailto:MATS@MATSLEWAN.SE)

MICHAL GROMEK: [MICHAL.GROMEK@PHDSTUDENT.HHS.SE](mailto:MICHAL.GROMEK@PHDSTUDENT.HHS.SE)

**PROF. ROBIN TEIGLAND: [ROBIN.TEIGLAND@HHS.SE](mailto:ROBIN.TEIGLAND@HHS.SE)**

SERGEY MORGULIS-YAKUSHEV: [SERGEY.MORGULIS-YAKUSHEV@HHS.SE](mailto:SERGEY.MORGULIS-YAKUSHEV@HHS.SE)

SHAHRYAR SIRI: [SHAHRYAR.SIRI@HHS.SE](mailto:SHAHRYAR.SIRI@HHS.SE)

YIXIN LU: [Y2.LU@VU.NL](mailto:Y2.LU@VU.NL)

ISBN 978-91-7731-059-4

DESIGN: MICHAL GROMEK

SHARE THIS REPORT

THIS REPORT IS MADE AVAILABLE UNDER  
A CREATIVE COMMONS LICENSE, CC BY-NC-SA 4.0