THE NETWORK ORGANIZATION AS THE COORDINATION MECHANISM OF ECONOMIC PROCESSES

SUMMARY

The process of globalization is accompanied by the parallel process of 'atomisation' and dispersion of economic activity. The need for integration arises posing a challenge for decision makers to find the most effective and efficient coordination mechanism. In theory and practice there are two opposite co-ordination mechanisms: market and hierarchy. As the answer for drawbacks and inefficiencies of market and hierarchy - the third way emerges - the network. The network on the organizational level is the group of organizations which are committed in the long-range relation aimed at achieving shared strategy of competitive advantage over organizations outside the network. The network efficiency and co-ordination mechanism depends on strategic fit of member organizations and on the network structure. The network structure reflects the relative position of network participants which influence the network’s goal achievements and network functioning.

Translated by Wojciech Downar