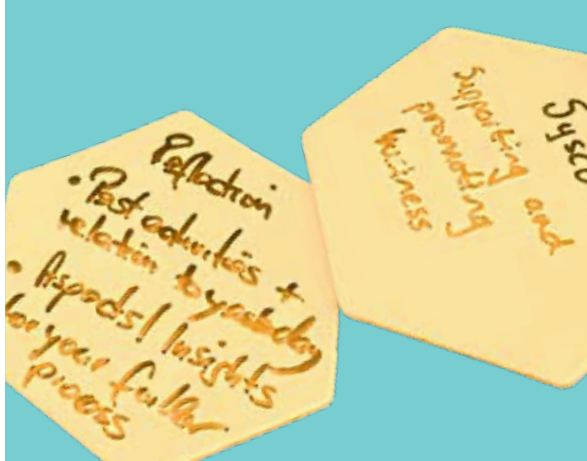


05

Improving the performance of networks





We are all members of networks. Some networks are social, like our family, friends and the communities we are part of. Other networks are more formal, such as associations or working groups focused on formulating new policy recommendations. We could also be part of networks in which we hardly interact with other members, such as being a fan of a sports team or a member of a society. We have all at some time been part of very lively networks from which we have since moved on. They were at some time important to us, but over time they gradually lost their relevance to us.

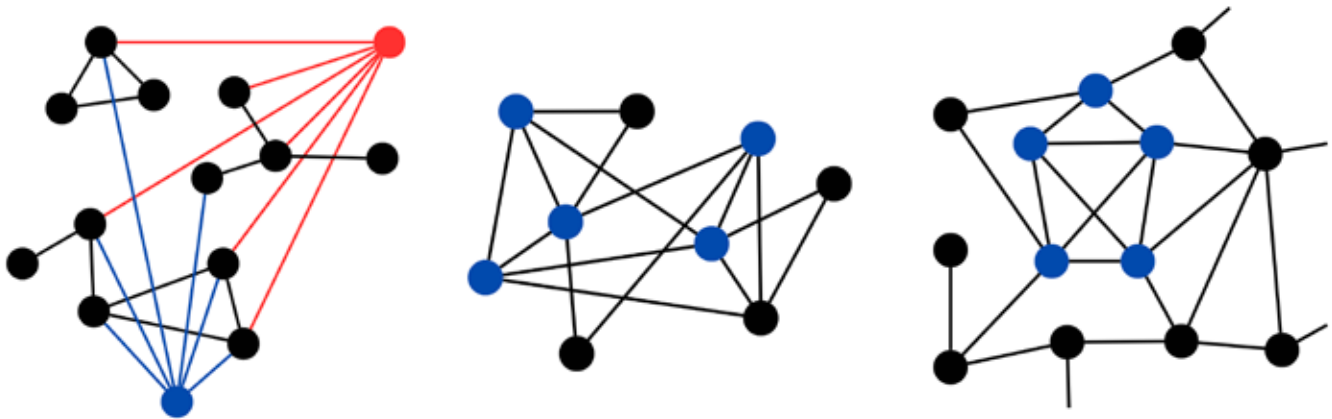
Despite networks being so central to how we humans socialise and coordinate our actions, it is still quite a challenge to improve the dynamics or collaboration in a network when we step forward in a role to strengthen it. Networks are powerful because they bring interests, talents and resources together. Networks connect people over organisational, social and geographical boundaries. Unlocking the benefits of networks is often a positive side-effect of social relations built over time as people learn to trust or rely on each other. Unleashing the creativity and resources of a networked community requires careful consideration of how trust can be fostered, how contributions can be recognised

and how divergent and common interests must be navigated. Even if dynamic networks sometimes emerge organically, it is still challenging to be asked to lead or facilitate a network.

This article shares some insights on the different functions of networks that we frequently encounter in economic development.

First, we must clarify that the primary purpose of networks is to coordinate access to information and to allocate resources using social relations. These relations can be formal or informal and change over time. Even in social networks, resource allocations take place based on personal relations, bartering and reciprocity. This makes networks different from markets, where allocations are often more impersonal and transactional, and hierarchies, where decisions are made mainly based on authority. In fact, networks are so pervasive that many organisations (hierarchies) would grind to a halt if it were not for networking functions that allowed information and resources to be accessed despite silos, systems and red tape.

Networks are a distinctive mode of organisation, and in evolutionary terms, they precede markets and hierarchies. Exchange is based on reciprocity and is reinforced mainly through social pressure. A challenge is that the performance of networks is much harder to measure than in markets and hierarchies. It is also possible to collaborate in markets and hierarchies, even when trust is low, through contracts, legal institutions or impersonal exchanges. In networks information is shared between people based on shared interests, past reliability and social proximity. Networks are vulnerable to breaches of trust and may falter when social norms are breached.



A powerful feature of networks is that members can access other members' extended acquaintances or resources, a phenomenon that Mark Granovetter describes as the "strength of weak ties."³ However, this requires trust, as people will only share their connections with others if they trust the person with whom they share this resource. Networks increase confidence in cooperating with unfamiliar network members through social connections and the shared norms and legacy of the network.

The different networks and how they function

The performance of a network depends on its purposes or functions. Networks can change their purpose or function over time or have multiple functions. Adjustments in network functions often happen naturally because decisions are frequently made in a decentralised way. However, networks are shaped by the contexts from which they emerge, so social norms, traditions and other factors might influence the direction and speed of change.

We use a simple heuristic framework to assess the function or character of a network. In a network with

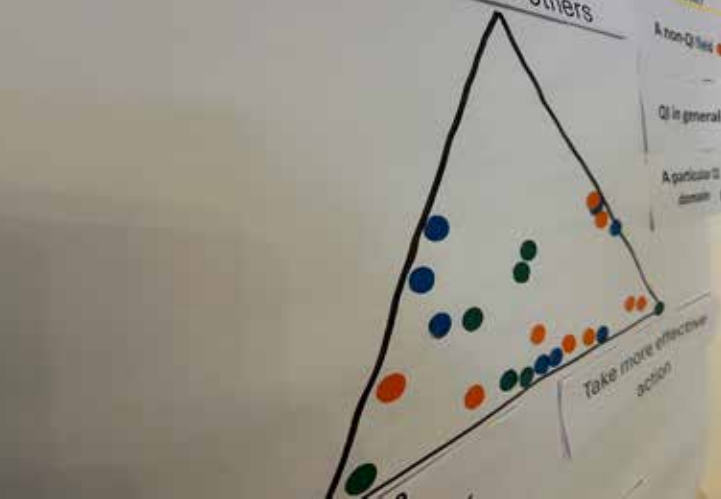
multiple purposes, each purpose would define how an area of the network could be evaluated.

The most common network is an affinity⁴ or information network, which forms around a common topic or shared interest. Members of these networks affiliate with a topic, theme or issue.

- One kind of affinity network is where information is acquired, synthesised and disseminated to members (few-to-many information and resources flow). These information networks are typically characterised by a small group of people who collect (assimilate) and then share (disseminate) information or resources. The members value the network for the relevance of shared information and may or may not form connections with other members.
- Advocacy networks are another form of affinity network, where a few people collect information from members and are sanctioned to communicate, advocate or represent the interests of the network to other stakeholders or specific groups (many-to-few flow of information and resources). While the members of information networks may be active

3 Granovetter, M. S. (1973). [The Strength of Weak Ties](#). American Journal of Sociology, 78(6), 1360-1380.

4 Ed Morrison coined the term "affinity networks", and also described the three kinds of networks in his blog: <https://agilestrategylab.org/breaking-the-grip-of-silos/>.



or passive, in advocacy networks, the status and willingness of members to share data or participate in collective action when called for is essential.

A second kind of network is a peer learning or knowledge network. Such networks could also be called a community of practice. In these networks, members share information or learn about a topic of interest together as peers. It is a more intimate network where members are expected to share their experiences, lessons or resources. Members who do not actively participate may be left behind. In these networks, members' learning is accelerated; instead of only learning from their own experience, members learn from the efforts and insights of others. How much members share or contribute often depends on reciprocity. Learning networks may lose momentum when key members have learned enough about a topic or when members drift to other networks because of a shift in their interests or context.

A third kind of network is the innovation network. These networks are scarcer but often draw their members from the other forms of networks. In

innovation networks, members work together to achieve a complicated goal or solve a difficult problem which they cannot solve independently. An innovation network works because of the differences and complementary capabilities of the members. For example, some clusters or entrepreneurial innovation ecosystems are innovation networks. Open innovation efforts may be a kind of innovation network that connects "problem owners" with innovators who are unknown to the problem owner but bring new ideas to a situation.

What makes innovation networks different from affinity and learning networks is that they purposefully venture into the unknown; they pursue missions or goals that no single member could easily achieve alone.

In conclusion

In development, network promotion is a valuable mechanism to foster information sharing, advocacy, collaboration or coordination of stakeholders or resources. Different kinds of networks require different levels of commitment from members. In networks, members often make decisions in a decentralised way, making them nimbler than organisations. Networks can reach over boundaries and silos as they connect people to shared interests or themes. Exchange is mainly based on reciprocity, and collaboration relies on trust. Therefore, networks should not be expected to perform like a hierarchy, even if some decisions or powers have been delegated to representatives. Social pressure is often the only mechanism in networks to enforce shared norms or collective decisions. In contrast, in hierarchies and markets, there are often formal procedures to hold people accountable for their promises.

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