



INTERNATIONAL CONFERENCE ON  
**ENTREPRENEURSHIP,  
INNOVATION  
&  
REGIONAL DEVELOPMENT**



Prof.  
Anišić

**ICEIRD – 2010**

27 – 29 May 2010

Novi Sad, Serbia

Organised by:  
University of Novi Sad, Faculty of Technical Sciences,  
University of Novi Sad, UNESCO Chair in Entrepreneurial Studies  
CISCO Entrepreneur Institute - Training Center Serbia

# PROCEEDINGS

## of the 3<sup>rd</sup> International Conference on Entrepreneurs, Innovation and Regional Development - ICEIRD 2010

May 27 – 29, 2010  
Novi Sad, Serbia

Organised by:

**UNIVERSITY OF NOVI SAD - FACULTY OF TECHNICAL SCIENCES**  
Department for Industrial Engineering and Management  
UNESCO Chair in Entrepreneurial Studies &  
CISCO Entrepreneur Institute, Training Centre Serbia

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## PREFACE

The 3<sup>rd</sup> International Conference ICEIRD 2010 is organized as a continuation of the previous conferences in Skopje and Thessaloniki, supported by 14 universities/institutions, gathered with the aim of promoting entrepreneurship, innovation and the idea of regional development, namely the University of Novi Sad, the Faculty of Technical Sciences (Serbia), the University of Ss.Cyril and Methodius Business Start-up Centre in Skopje, (Macedonia), CITY College and SEERC (Greece), the University of Sheffield (UK), George Washington University (USA), Georgia Southern University (USA), the S.C.ICTCM S.A. Mechanical Engineering and Research Institute (Romania), Urenio – Urban and Regional Innovation Research Unit (Greece), Tilburg University (Netherlands), Cardiff's Metropolitan University (UK), the University of Tampere (Finland), Sophia University (Bulgaria), the University of Liverpool (UK) and GEA –College (Slovenia).

The global economic situation, as well as the economic condition of the surrounding countries is anything but enviable, however, this conference does not have the aim of solving complex economic problems. The aim of this event is to gather entrepreneurs, researchers, and policy makers and provide a venue for exchange of experience and knowledge in order to be able to adjust to the current situation and overcome problems common in this field. So that the best effect and the most efficient work is achieved at the conference it is necessary to assemble a large number of participants from a wide range of scientific areas, which was precisely the goal of the organizers. The power is in the numbers and these will lead to constructive, competent conclusions and direction in the main theme of this conference:

*Entrepreneurship beyond crisis – channeling changes to advantage!*

Bearing this aim in mind, the conference promotes the participation of experts and practitioners from outside academic circles who are willing to share their experiences in the form of a presentation (case study contribution, practitioner contribution, institutional contribution). These contributions are included in a separate chapter within the Conference Proceedings. Of the initial 196 submissions, authors from more than 30 countries, the proceedings contain 114 full papers and 22 abstracts, which is a considerable success in terms of popularizing the main goals of the conference, aiming to:

- bridge the gap between academia and industry through applied research on technology, innovation and entrepreneurship and regional economic development.
- foster knowledge transfer and collaboration between the academic and industrial sectors in emergent technology, system and model contexts.
- understand barriers that prohibit the blooming of entrepreneurship in the global economy,
- publish results of projects in eminent academic and professional journals, books, handbooks, proceedings, and reports.
- facilitate regional partnerships and innovation networks.

We sincerely hope this publication will answer some of the questions concerning this field.

I wish to express my sincere gratitude to all institutions and businesses who have provided financial support in the organization of this conference. Also, a special "thank you" to the University of Novi Sad and the Faculty of Technical Sciences for accepting the role of host, as well as my fellow organizers who have worked tirelessly on this event.

Novi Sad, May 2010

Dr Zoran ANIŠIĆ  
Chairperson of ICEIRD 2010

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# Social Networking as Driver of EICs formation

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To understand social networking as driver of EICs formation should take in first place Social Network Analysis theory. SNA assumes that people are interdependent. This approach has turned out to be useful in explaining many real-world phenomena. The important of this theory, are few things, which can help: actors and their actions are viewed as interdependent rather than independent; relational ties (linkages) between actors are channels for transfer or "flow" of resources (either material or nonmaterial); Network models focusing on individuals view the Network structural Environment as providing opportunities for or constraints on individual action and Network models conceptualize structure (social, economic, political and so forth) as lasting patterns of relations among actors. Using SNA tools in organizations are used to explain the major concepts and business benefits as well as their application to business problems. SMEs, managers or organisations should use it as an important component of an overall KM strategy. These representations (networks views) can then be used by managers to better address innovation problems related to corporate communication culture (quality of communication, frequency of communication, etc). Every type of organisation can benefit by using SNA tools, and in that way to understand the social networking as driver of EICs formation

## Keywords

(EICs formation, Information flow, Social networking, Social Network Analysis, Social Networking websites)

## 1. Introduction

Over the past decade, significant restructuring efforts have resulted in organizations with fewer hierarchical levels and more permeable internal and external boundaries. A byproduct of these restructuring efforts is that coordination and work increasingly occur through informal networks of relationships rather than through channels tightly prescribed by formal reporting structures or detailed work processes.

Movement toward de-layered, flexible organizations and emphasis on supporting collaboration in knowledge-intensive work has made it increasingly important for executives and managers to attend to informal networks within their organizations. Performance implications of effective informal networks can be significant as the rapidly growing social capital tradition has indicated at the individual, team, and organizational levels. Yet while research indicates ways managers can influence informal networks at both the individual and whole network levels, executives seem to do relatively little to assess and support critical, but often invisible, informal networks in organizations.

Social network analysis (SNA) would likely yield sufficient benefit to justify the investment of time and energy on the part of the organization. Social network analysis can be an invaluable tool for systematically assessing and then intervening at critical points within an informal network.

Design of an organization can have a strong influence on the pattern of informal networks via formal structure, physical proximity and nature of the task. While the outcomes of such

research might influence decision makers in terms of policy variables, a more contextualized perspective is needed to help practitioners apply network analysis to their specific organizational concerns.

Identifying people that are highly central in networks (and so disproportionately impact a group by controlling information or decision making) can help an entrepreneur consider how to reallocate informational domains or decision-making rights so that the EICs formation as a whole is more effective. Social network analysis is based on an assumption of the importance of relationships among interacting units. The social network perspective encompasses theories, models, and applications that are expressed in terms of relational concepts or processes. Along with growing interest and increased use of network analysis has come a consensus about the central principles underlying the network perspective. It is important because these reasons:

- Actors and their actions are viewed as interdependent rather than independent, autonomous units
- Relational ties (linkages) between actors are channels for transfer or "flow" of resources (either material or nonmaterial)
- Network models focusing on individuals view the network structural environment as providing opportunities for or constraints on individual action
- Network models conceptualize structure (social, economic, political, and so forth) as lasting patterns of relations among actors.

Network analysis is an entity consisting of a collection of individuals and the linkages among them. Network methods focus on dyads (two actors and their ties), triads (three actors and their ties), or larger systems (subgroups of individuals, or entire networks). Because of these social relations may talk about social network analysis. Social network analysis has emerged as a set of methods for the analysis of social structures, methods which are specifically geared towards an investigation of the relational aspects of these structures. The use of these methods, therefore, depends on the availability of relational rather than attribute data. Data is very important tool to make good decision. Data comes from the individuals, organizations and other groups, in mean, how they are more rapid, frequently, the network is more successful and making decision for entrepreneurs too. So, network analysis is the study of social relations among a set of actors. It is data which we seek to understand. In the process of working in this field, network researchers have developed a set of distinctive theoretical perspectives as well. Some of the hallmarks of these perspectives are:

- focus on relationships between actors rather than attributes of actors
- sense of interdependence: a molecular rather atomistic view
- structure affects substantive outcomes
- emergent effects

Social network analysis is focused on uncovering the patterning of people's interaction. Network analysts believe that how an individual lives depends in large part on how that individual is tied into the larger web of social connections. Many believe, that the success or failure of EICs formation often depends on the patterning of their internal structure. In this context, it is very important to notice the importance of organizational behavior, inter-organizational relations, the spread of contagious diseases, mental health, social support, the diffusion of information and animal social organization.

Social relationship among actors – individual human beings, small groups or economic organizations, nations or world military alliances, are subject to find their connection and what are they reflect to EICs formation.



That why we could see the importance of multiplexity, acces, trust, psychological safety and dependence. A key relational concept is multiplexity. Multiplexity refers to the extent to which one kind of tie between two people is accompanied by another kind of tie between the same two people. Access is also a factor, especially in a sprawling multinational corporation where people may be widely separated geographically and in very different time zones. Another set of issues are trust, psychological safety and dependence.

The structure of social network affects how rapidly information flows from one end of the network to the other. Ultimately, the speed of information flow is a function of path lengths. When the length of the shortest path between a pair of nodes is high, it will take a long time for information to flow from one to the other. Networks with high average path lengths take longer to transmit information to all members. In turn, the average path length in a network is a function of a number of structural factors. The conclusion is that social networking impact in entrepreneurships.

There are , also Social networking websites. Social networking websites have become a hit amongst people of all ages. Today, there are social networking websites for friends, business, entertainment. Social networking websites for entrepreneurs are becoming very popular. Social networking websites for entrepreneurs can help to stay connected to important business friends and colleagues in circle. These websites are a great way to meet people within your target market. Social networking websites are a great way of increasing potential for growth. There can meet new people in same field, meet experts in same business specialization, get more business opportunities and efficiently manage own business. These websites can help to find partners, customers and friends. Also can easily sell your products/services and efficiently collaborate with other people. *For example, outsource2india, a pioneer in outsourcing has been providing professional and high-quality social network software development to make the web experience of entrepreneurs more exciting, business oriented and rewarding. O2I's social networking software for entrepreneurs enables customers to network online. If some organization wants to build a customized online social networking website for entrepreneurs, its one of the right place. At O2I, they have a professional and highly qualified team of software professionals who can create the perfect social networking software for an organization. This is an social networks software for entrepreneurs that would enable to communicate more efficiently with customers. Outsource2india has been offering skilled social network software, specialized web portal software and vortal development services that cater to specific industry groups since the year 1999. The development process at O2I is made of several stages such as, the capture stage, the design stage, the development stage and the testing stage.*

#### **Benefits of social networking for entrepreneurs are:**

- Experience and expertise in developing social networking portals for entrepreneurs and corporate networks
- Cost-effective social networks software services
- Professional and high-quality online social networking software development
- Experienced, qualified and well-trained team of software developers
- Quick turnaround time

Outsource the development of social networking software for entrepreneurs give to business a competitive edge. So, the premise of social marketing is to establish a personal dialogue with customers and prospects alike.

Throuht the social networking there are a few opportunities:

1. Social Media Strategy

The initial step will be to understand business goals behind taking up a social media optimization / marketing campaign. Based on the industry vertical that the business operates, can identify social networks and customer communities that can be targeted. This is followed by an action plan that details activities that will be carried out. A schedule is then drawn and our marketers follow this plan through the end of the project. Along the course of the project you will be apprised of the progress.

## 2. Business Blogging – Strategy and Implementation

Implementing a business blog can help in developing business its own personal voice and generate new customer relationships as well as partnership opportunities.

## 3. Social Media Profile Management

These profiles will act as access points where customers can reach the entrepreneur as well as spread the word about your brand.

## 4. Link Baiting and Social Bookmarking

Through social bookmarking websites and engaging blog posts can create back links that can used to increase the pagerank of the website. Social bookmarking can also be used to announce important events in the company and promote the communication from the blog.

## 5. Rich Media – Video, Podcasting and Photosharing

With an increase in broadband networks worldwide, people prefer to consume rich media such as videos and podcasts. It has also been shown that even low quality videos with the right message can generate thousands of dollars in revenue. Incorporating rich media in website can also help in promoting a site and increasing subscribers.

## 6. Monitoring and Reporting

Combining technology and human insight there is possibility to provide "buzz" tracking and performance analysis for social media campaigns.

Identifying people that are highly central in networks can help a entrepreneur consider how to reallocate informational domains or decision-making rights so that the EICs formation as a whole is more effective.

The most important thing is establishing applications of SNA as a diagnostic tool for entrepreneurs attempting to promote collaboration and knowledge sharing in important networks. Through this process, social networking uniquely effective in:

- promoting effective collaboration within a strategically important group;
- supporting critical junctures in networks that cross functional, hierarchical, or geographic boundaries; and
- ensuring integration within groups following strategic restructuring initiatives.

Social networking can be a very effective tool for promoting collaboration and knowledge sharing within important groups such as core functions of an organization, research and development departments, and strategic business units. By integrating highly specialized skill sets, leadership of the consultancy felt the firm could provide a holistic knowledge management solution that would differentiate it from competitors focusing on solely technical or organizational solutions. However, the partner leading this group felt intuitively that the team was not leveraging its abilities as effectively as possible and asked us to conduct an SNA of information flow within the group.

Social networking can also be an effective means of pinpointing breakdowns in informal networks that cross functional, hierarchical, geographic, or organizational boundaries. People within these networks must often collaborate effectively for the organization to benefit despite the fact that they may reside in different physical locations and/or be held accountable for different financial and operational goals. SNA provides insight into collaborative behavior within and across boundaries that can yield a similar purchase on performance improvement

opportunities as process mapping did for reengineering in the early 1990s. That's the reason to confirm that social networking make out as driver of EICs formation.

Collaboration across functional boundaries of the organization had become acutely aware of the need to create a entrepreneur network that was able to recognize opportunities in one sphere of the network and know enough of what others in the entrepreneurship knew to be able to combine the appropriate resources in response to these opportunities.

Mapping the pattern of information flow functional barriers can yield critical insight into where entrepreneurship should target efforts to promote collaboration that will provide strategic benefit. By tracking changes in networks over time, EICs formation and network participants have a very real way of assessing the impact of interventions on both the informal network and organizational effectiveness.

Social networking can also play role in assessing the health of informal structure after a change has been implemented such as an internal restructuring. It is well known that performance does not always improve as anticipated even when technically sound solutions are implemented. Frequently, this problem is attributed either to a misalignment somewhere in the organization's formal structure or to a failure of entrepreneurship. However, it could found that a lack of social, technical, or organizational support provided to strategically important informal networks is at least as important a predictor of failure. Very often, large-scale change initiatives impair the effectiveness of established networks while at the same time doing little to help development of new relationships.

So, social networking can be a very useful means of assessing the impact of strategic restructuring initiatives on the informal structure of an organization.

## Conclusion

In today's fast-paced knowledge-intensive economy, work of importance is increasingly accomplished collaboratively through networks. As a result, assessing and supporting strategically important networks in entrepreneurship can yield substantial performance benefits. In addition, network relationships are critical anchoring points for employees, whose loyalty and commitment may be more to sets of individuals in their network than to a given organization.

SNA is a powerful managerial tool because it makes visible the patterns of information sharing within and across strategically important networks. Entrepreneurs usually results in myriad recommendations, as people immersed in the patterns of relationships define and resolve issues affecting group performance. Using social network diagrams as prompts in facilitated sessions can serve to identify issues that are currently hindering a group and the specific behaviors and organizational design elements requiring modification to improve group efficiency and effectiveness.

Social networking involve rich discussions to the members of a group and asking them to diagnose the patterns they see, as well as the issues facilitating or impeding their effectiveness. Often its simultaneously creates common awareness of problems, helps define solutions, and gains agreement on actions, all critical steps to effecting entrepreneurial change.

Social networking can give power to individuals to actively shape their personal networks. While certain entrepreneurial decisions and actions can be important to facilitate development of a network, an equally critical means of effecting change is for each person in the network to actively work on improving their own connectivity.

Social networking provides a means with which to identify and assess the health of strategically important networks within an organization. By making visible these otherwise "invisible" patterns of interaction, it becomes possible to work with important groups to facilitate effective collaboration.



Perhaps just as importantly, social networking serve to focus executive attention on informal networks that can be critical to entrepreneurial effectiveness. Scarce resources—ranging from funding and technology support on the one hand to executive recognition on the other—tend to go to those units that can be found on an organizational chart. Despite often not being reflective of how work is done, entrepreneurial charts and reporting relationships are the agreed on currency of executive decision makers and their trusted advisors.

Researches have shown that while social relationships cannot be mandated by entrepreneurship, they are strongly affected by elements under entrepreneurship control, such as hierarchical levels, horizontal departments, office location, project staffing, and so on. With social networking, entrepreneurs have a means of assessing the effects of decisions on the social fabric of the organization.

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