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MASTER'S THESIS

**THE ROLE OF BUSINESS NETWORKING IN SUCCESS OF B2B  
COMPANIES IN THE SLOVENIAN MARKET**

Ljubljana, December 2015

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## INTRODUCTION

The concept of business networking is often mentioned and recommended for building one's business or career. In most cases it is acknowledged for bringing positive effects; however, articles rarely discuss what exactly these positive effects are. »Most of the existing literature is premised on the belief that networking is beneficial. However, there has been little empirical evidence to date of an association between firm performance and the owner's use of networks, particularly for established businesses« (Watson, 2007, p. 853). Consequently, there is a lot of scepticism among marketers and businesspeople about the real effect of networking. That is why I decided to thoroughly research the phenomenon.

**The purpose** of the master thesis is to identify the financial and non-financial effects of business networking on the success of business-to-business companies. Research questions are referring to the effects of networking on an individual, the expectations networkers have about networking, its role in the marketing communication mix and its efficiency. The goal of the thesis is besides all mentioned also to gain deeper understanding about networkers' perception and opinion about business networking and especially its role and effects. There has been quite some research done on the phenomenon of networking in general, but not much specifically on its effects for the success of business-to-business companies – that is why I see as an opportunity to contribute to the academic aspect of this field. Some scientific contribution has been made mostly in the United States, but none in Slovenia. My research will focus on the structured form of networking (on the case of the largest business networking organization called Business Network International; hereinafter: BNI) and on highly active informal networking.

I will not discuss networking as a form of socializing or massively collecting business cards. The purpose is to discuss business networking that has a clear goal or more of them: Networking is the process of developing and utilizing the contacts to increase the business, enhance the knowledge, expand sphere of influence, or serve the community (Misner & Macedonio, 2011). Fraser's (2004) definition of this concept also focuses on goals – networking is the means to attain a goal, being an immediate goal or a long-term project that may span decades, as well as Iacobucci's (1996), which says networking describes initiation and necessity of interpersonal connections for the purpose of tapping those relationships later for commercial gain. However, commercial gain may not be the only goal; it can also be e.g. getting a job: »It is the cultivation of productive relationships for employment or business« (Search Term: networking, n.d.). George C. Fraser (2004) claims that there are four categories of networking – based on what effect we are expecting: networking for information, for influence (access to key people), for resources (e.g. investors or human resources) or for good (volunteerism). An individual can implement all of these – depending on the goals, people and situation. In the empirical part, I will focus

on networking for influence, although other categories are also represented in certain situations, especially when networking for resources.

The thesis is structured into two main parts: **the theoretical and the empirical part**. In the first one is the review of all the relevant secondary research. The second one consists of research methodology, description of data collection, limitations of the primary research, analysis of interviews and results, discussion and implications and finally, conclusion and literature. In the research process I followed the model of qualitative research process. As the primary research I applied the qualitative method of semi-structured in-depth interviews. The transcriptions of the interviews are not appended to the thesis due to their lengthiness; however, they have been stored.

## **1 REVIEW OF RESEARCH ON BUSINESS NETWORKING**

The majority of existing studies use quantitative approaches. The most common research design used to study networking is the concurrent design in which the self-reported networking behaviors are measured at the same point in time as the variables of interest. The assumption is that there is a temporal stability of variables. The other possibility for studying networking behaviors is the retrospective design in which current networking behaviors are related to historical variables of interest (e.g. prior career success). It relies on assumptions about the order of causality. The third type of the design is longitudinal design in which the variables are measured at multiple time points. The latter is used more rarely than the first two (Gibson, Hardy III, & Buckley, 2014).

### **1.1 Explanation of basic networking concepts**

Areas of networks, marketing and relationships are overlapping (Iacobucci, 1996). Other concepts, such as Word of mouth, Givers Gain<sup>®</sup>, trust, customer relation management and relationship marketing are often mentioned in the context of business networking and need to be understood in order to fully grasp the topic of the thesis. That, which is why I define and explain them hereinafter.

One of the basic concepts, connected to business networking, is a **referral**. It is the recommendation of an individual person or business to someone who has a need for the products or services and is willing to connect (Misner & Macedonio, 2011). The term often used instead of business networking is also **referral marketing**. It is a business strategy, which attracts new customers or clients through a process of building relationships, resulting in a stream of personally recommended business (Misner & Macedonio, 2011).

A very relevant concept for interorganizational markets is **business marketing**. It is defined as the task of selecting, developing and productively managing customer

relationships (rather than just making sales) for the advantage of both customer and supplier, with regard to their respective skills, resources, technologies, strategies and objectives. Rather than relationship marketing, Ford uses the expression relationship management, because both parties aim at managing the relationship (Ford, 2002). Iacobucci is complementing this idea by claiming that marketing is being revolutionized by focusing on long-term win-win relationships, which are based on mutuality of promise and trust (Iacobucci, 1996).

In the context of business marketing the concept of **Word of mouth** (hereinafter: WOM) needs to be mentioned. It is a communication process for the provision of advice either individually or in groups for a product or service that aims to provide personal information. It is one of the channels of communication that is often used by companies and enables easier distribution of the message the company wants to transfer – with the help of satisfied customers, referrals and references (Keller & Kotler, 2007).

WOM is closely related to networking – networking usually encourages WOM; however, the difference is in WOM working better when multiple sources give the same recommendation, while face-to-face networking builds on trust with only one party (Is Social Networking “Word of Mouth Marketing”?, 2014).

Each business transaction, which happens on the interorganizational market, is not an isolated event, but takes place in a **relationship**. Each transaction is related to the previous experience and more relationships are intertwined in a network. Relationships in the network enable a company to grow and develop (Ford, 2002) and network with the purpose of gaining new business opportunities. Iacobucci (1996) agrees that transactions can develop toward long-term relationships and from there to partnerships and alliances, which include networks of interconnections. Author comes back from alliances to relationships, claiming that the management of relationships is essential. Companies are operating in an environment of connectedness with other companies, not only to achieve their goals, but also to ensure their survival.

Relationships take place in **networks**. The function of most networks is mutual support and empowerment of the individual, and cooperation with the goal of affecting change (Fraser, 2004). The network itself is defined as »a set of nodes and the set of ties representing some relationship, or lack of relationship, between the nodes. We refer to the nodes as actors (individuals, work units, or organizations)« (Brass, Galaskiewicz, Greve, & Tsai, 2004, p. 795). More specifically, I will hereinafter discuss mostly **business networks**, which are defined as a mode of organising economic activities through inter-firm coordination and cooperation with the goal of exchanging or sharing either information or resources (Yeung, 1998), or as focused more on relationships: »Set of

interconnected business relationships, in which each exchange relation between businesses firms is conceptualised as collective actors« (Johanson & Vahlne, 2003, p. 92).

An important concept within the business-to-business field is also **relationship marketing**. It is defined by Morgan and Hunt (in Palmatier, Dant, Grewal, & Evans, 2006, p. 136) as »all marketing activities directed towards establishing, developing and maintaining successful relational exchanges«. According to Palmatier et al. (2006) it consists out of different relational constructs: trust, commitment, relationship satisfaction and relationship quality. Some of the most effective relationship-building strategies are expertise, communication, similarity to customers, relationship investments and generation of relationship-based benefits for customers. Most of the research assumes that relationship marketing generates stronger customer relationships which enhance seller objective performance outcomes, including sales growth, share and profits. Relationship marketing is more effective when relationships are more critical to customers – one of the examples are also interorganizational markets.

One of the relationship marketing's most important constructs is **trust**. It is defined as the perceived credibility and benevolence of a target. It consists out of two dimensions – first one focuses on the objective credibility of the exchange partner and the second one, benevolence, represents the extent to which one partner is genuinely interested in the other partner's welfare. Donney and Cannon (1997, p. 37) explain the importance of salesperson in the context of trust: »As the primary supplier contact, the salesperson represents an important personal source of trust for the buying firm.« Buying firms often assume that the sales representative's behaviour reflects the supplier's values and attitudes – the trust in salesperson is transferred to the supplier firm. Therefore, companies should teach their salespeople how to develop trust. Trust as an important characteristic of relational exchange enables both parties to focus on the long-term benefits of the relationship. Trust in business markets is essential, because it enhances competitiveness and channel member satisfaction. It also reduces transaction costs and conflict (Doney & Cannon, 1997). Trust is the most important requirement for successful long-term business networking.

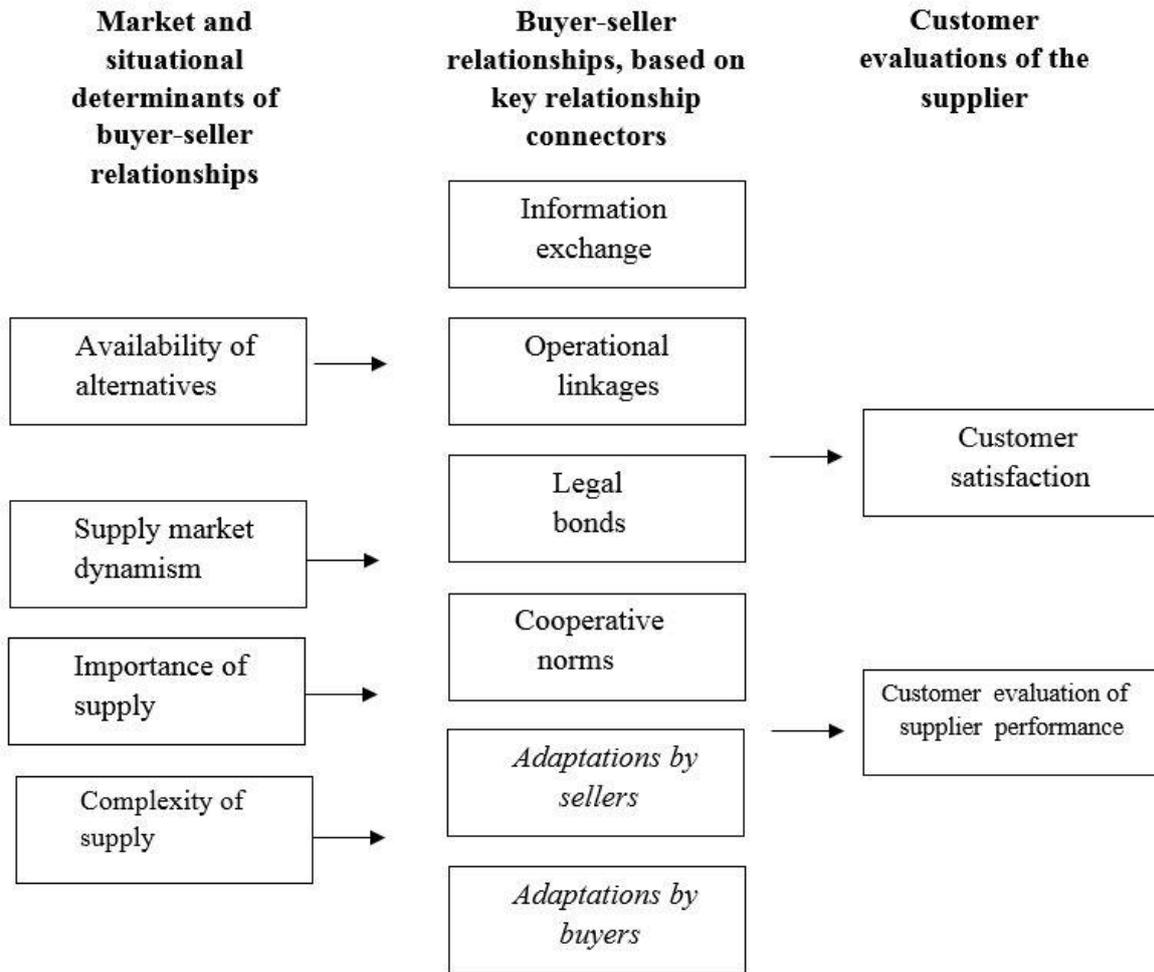
When discussing relationship management in business-to-business context, we also need to mention **customer relationship management**, which plays a valuable role in the interorganizational area and is based on the principles of relationship marketing. Researchers Zeynep Ata and Toker (2012) conducted a survey among 113 Turkish B2B companies: »The results indicate that CRM adoption has a significant positive effect on both customer satisfaction and organizational performance in B2B settings« (Zeynep Ata & Toker, 2012, p. 497). CRM adoption was also found, according to Zeynep Ata and Toker (2012), to affect organizational marketing performance significantly. Additionally, the results revealed that enhanced customer satisfaction leads to better organizational performance in the B2B company.

Closely connected with the customer relationship management in interorganizational markets are also the buyer-seller relationships. Figure 1 (Cannon & Perreault, 1999, p. 442) is a **Schematic overview of key constructs relevant to the practice of buyer-seller relationships**. It consists out of three blocks. The first one are market and situational determinants of buyer-seller relationships. Second block consists out of six types of buyer-seller relationships, based on key relationship connectors. The third block depicts the customer evaluations of the supplier. The most relevant concepts are the connectors in the second block.

**Information exchange** are the expectations of open sharing of information that might be useful for both parties. Second connector are the **operation linkages**, which capture the degree to which the procedures of the buying and selling organizations have been linked to facilitate operations. Next connector are the **legal bonds**, which are binding contractual agreements that specify the obligations of both parties in the relationship. Following connector are **cooperative norms**, which reflect expectations the two parties have about cooperating to achieve mutual goals.

For the subject of this master thesis are the most important connector **relationship-specific adaptations by the seller or buyer**. These are the investments in adaptations to process, product or procedures, specific to the needs of an exchange product. The pattern of the adaptation reflects important qualities of the relationship and also the commitment in business relationships. They can provide value to one or both parties to the extent that the investments reduce costs, increase revenues or create dependence.

Figure 1. Schematic overview of key constructs of buyer-seller relationships



Source: J.P. Cannon & W. D. Perreault Jr., *Buyer-Seller Relationships in Business Markets*, 1999, p. 442.

After defining all the core concepts in the field of business-to-business market, I can move on to the main research subject of this paper, **business networking** (in order to simplify, I will be using the expression *networking* instead). It involves forming and maintaining the relationships with other businesses. Firms that pursue it will benefit from relationships and consequently gain more clients, shareholders, business associates, suppliers, workforce, technical and market knowledge, trustworthiness, business guidance and problem solving (Farinda, Kamarulzaman, Abdullah, & Ahmad, 2009). It is also crucial that it is »an effective low-cost marketing method for developing sales opportunities and contacts, based on referrals and introductions – either face-to-face at meetings and gatherings, or by other contact methods (phone, email, social networking websites)« (Business networking, 2015). A definition that sums up the essence of networking is: »Networking is a form of goal-directed behaviour, both inside and outside of an organization, focused on creating, cultivating, and utilizing interpersonal relationships« (Gibson et al., p. 146).

Managing customer relationships enables the marketer to learn about customer's problems, but also to learn about the abilities the customer can offer the supplier in return (Ford, 2002). This indicates a reciprocal relation and this is also the way business networking works: in accordance with **Givers Gain**<sup>®</sup> principle. It means that by giving business to others, a businessman will gain business in return. The reason is that a person who gets recommended feels an obligation to try to find business opportunities for the businessman who recommended him (About BNI, 2015). The success is dependent not only on the businessperson himself / herself, but also on other people in the relationship. Iacobucci (1996) also mentions the importance of reciprocity – companies can collaborate with each other with the goal of pursuing the same or mutually beneficial goals.

Mutual support and reciprocity are also big part of the **social exchange theory**. The social psychological and sociological perspective is based on the relational exchange, the value of the relationship, the feelings of personal obligation, gratitude and trust. It explains stability as negotiated exchanges in a relationship – between two people. It is quite the opposite of the purely economic exchange (Luo & Donthu, 2007).

Another principle, which is practiced in business marketing, is the **VCP process**<sup>®</sup> (visibility, credibility and profitability), defined by BNI. It explains step by step how relationships can be built and managed or how it can even come to a relationship. Networking is not about immediately trying to take advantage of new connections (transactional approach – first do the business, and then develop a relationship). It is about »forming and nurturing mutually beneficial relationships, which brings you new connections with large numbers of people, some of whom will become good costumers« (Misner, Alexander, & Hilliard, 2009, p. XIV). This means, first nurture the relationship, then develop business opportunities (relational approach).

The first step of the VCP process<sup>®</sup> is **visibility**. This step is about growing a relationship – at the beginning, when »each of the players in the social circle becomes aware of the other(s)« (Misner, Walker, & de Raffe Jr., 2012, p. 68). In practice, this means that a potential customer becomes aware of the nature of one's business through a mutual connection (or through traditional media) and then they establish a connection, e.g. talk about product's availability. This phase creates recognition and awareness. Visibility must be actively maintained and developed. It is crucial for moving to the next phase, which is credibility.

According to Misner et al. (2012) requires **credibility** some time and cooperation – once two parties form expectations that are also fulfilled a couple of times, the relationship can enter the credibility phase. To save some time at this phase, a person may ask a common connection about one's credibility, honesty, abilities. It is crucial that not only words, but also actions are included. However, if one is not capable of keeping promises, the bad

reputation will stay with him / her for a longer time. The more solid relationships one builds, the more credible (s)he is. The more credibility (s)he grows, the more people will recommend this person.

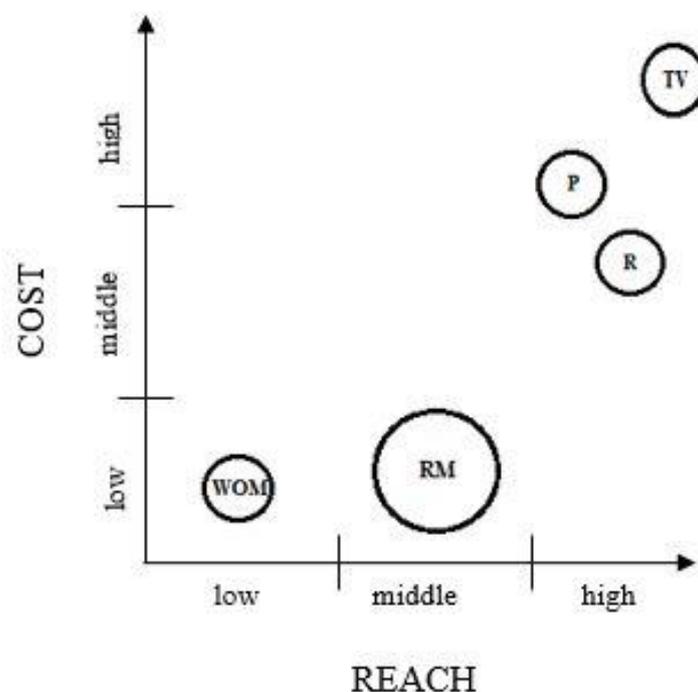
The third level is, as stated by Misner et al. (2012), **profitability** – the relationship is already mature and it can take a week or a year to come to this phase, it all depends on the intensity of the relationship and on the motivation and desire of both parties to please one another.

On the one hand, many businesspeople claim that networking does not hugely impact the success of their business – these are mostly those who stick to the transactional approach. On the other hand, people who build relationships first and then do the business, attribute a much bigger role to the power of networking. These relationships are stronger, last longer and are also more profitable than non-personal business relationships (Misner et al., 2012).

## **1.2 Effect of Word of mouth and referral marketing in the marketing mix**

Networking is in literature often compared to other marketing tools. Hereinafter I discuss about the effects of networking and the role of networking in the marketing mix. »When networking is practised effectively, especially for the small-business owner and sales professional, it yields richer, more lasting results than just advertising« (Misner et al., 2012, p. 113). Nielsen's research claims that »92 % of consumers around the world say they trust earned media, such as Word of mouth and recommendations from friends and family, above all other forms of advertising« (Nielsen: Global consumers' trust in "earned" advertising grows in importance, 2014). Figure 2 compares the effect of different forms of marketing, using the cost and the reach as influencing factors. It indicates the optimal effect of referral marketing – having low cost and middle reach – compared to other tools, which have either low cost and low reach (Word of mouth) or high reach, but also high cost (print, radio and TV advertising).

Figure 2. Comparison of referral marketing with other forms of marketing



Source: B. Hribar Pirc, *Napotitveno trženje v Sloveniji [Referral marketing in Slovenia]*, 2012, p. 40.

**Legend:**

- WOM – Word of Mouth
- RM – Referral marketing
- P – advertising in print media
- R – radio advertising
- TV – advertising on television

Networking is very important for sales leads, but also for finding out about products / services we need. Customers would perceive a specific brand or company differently if they heard about it via networking, via a contact they trusted – in comparison to when they heard about it via traditional mass media. In the latter case their trust is lower. Even though there are many review applications and websites, such as Yelp and Urbanspoon, Word of mouth (recommendations from friends, co-workers or some other trusted source in a person’s network) is still one of the most effective ways to win new costumers. This is due to the fact that traditional advertising actually does build brand awareness, but it does not resonate with target audiences (Word of Mouth Is the Best Ad, 2014). Face-to-face networking is still most widely used – compared to online networking. Based on the 2009 GFK research, 86 % of executives (altogether there were 500 in the sample) have not used social-networking sites, such as Facebook, Twitter and LinkedIn, to pursue business advice or information. The reason could be that 79 % of them find social networking sites to be of little help in finding new business leads. The share of executives, active at networking in

person at meetings, conferences, tradeshows etc. is much higher, 59 %. Online networking is less relevant than face-to-face networking for business success (Mallett & Cruz, 2010).

### **1.3 Shift of the role of sales people towards networking**

In the past, the majority of sales behaviour studies adopted a narrow view of performance solely focusing on in-role aspects of sales people, e.g. sales volume, dollar sales and managerial evaluations of sales effectiveness. However, in recent years concepts like pro-social behaviour, extra-role behaviour and organizational citizenship behaviour have been included into part of criteria of excellent sales people's performance. These criteria are viewed as extra-role behaviours, because they are not explicitly included in the role definitions of sales people. This means they are expected to handle several relationships inside and outside their organization (Oksanen, 2000). Networking is one part of extra-role behaviour.

### **1.4 Significance of networking for B2B companies**

Studies highlight the impact of business networking both in B2C, as well as in B2B markets. B2B markets are different from B2C markets in several characteristics – they have a more complex decision-making unit, B2B buyers are more rational, products are often more complex, there is a limited number of buying units in B2B markets, B2B buyers are long-term buyers and most importantly, personal relationships are more important compared to B2C markets (B2B Marketing: What Makes It Special?, 2015).

»A small customer base that buys regularly from the business-to-business supplier is relatively easy to talk to. Sales and technical representatives visit the customers. People are on first-name terms. Personal relationships and trust develop. It is not unusual for a business-to-business supplier to have customers that have been loyal and committed for many years« (B2B Marketing: What Makes It Special?, 2015).

All this speaks in favour of networking. The expenditure on sales people is much higher compared to promotion, advertising or some other mass marketing tool. B2B sales person's focus also has to be more on face-to-face contact, listening and cultivating a limited number of relationships rather than the more quantity-driven and transactional approach in the consumer markets (B2B Marketing: What Makes It Special?, 2015). The impact of networking is essential for B2B companies because their purchasing decisions often rely on social influences, such as Word of mouth or referrals (Kumar, Petersen, & Leone, 2013). Besides, on B2B markets compared to B2C markets it is more likely to happen that the initiative does not necessarily come from the seller, but from the customer. The buyer expects co-creation of value, to develop the value propositions together according to his desires and specification. The customer can in this case be treated as a resource

(Gummesson & Polese, 2009). Networking can be a useful tool for doing that – by definition, it helps finding resources. It also enables two-way communication and discovery of a potential new project the producer and the buyer in the B2B market could do together. For these reasons, the empirical part of this research will be focused on companies from B2B market.

## 1.5 Structured and unstructured forms of business networking

There are at least seven types of networking groups (Misner & Macedonio, 2011):

1. Casual contact networks
2. Strong contact networks
3. Community service clubs
4. Professional associations
5. Social / business groups
6. Women's and ethnic organizations
7. Online / social networking

All of the listed groups, with the exception of number two, enable unstructured (informal) networking that happens spontaneously. However, strong contact networks enable structured (formal) networking. The formal networks usually cost more to access, but comprise weaker ties (they are building on network range which is critical for company's growth); on the other hand, the informal networks typically cost less to access and comprise stronger ties (building on network intensity which is critical for firm survival) (Watson, 2007). Both formal and informal networks are associated with company's survival; however, only formal networks are associated with growth (Watson, 2007). Examples of formal networks are Business Network International (BNI) and Givers gain UK.

**BNI** is the largest business networking organization, referrals and Word of mouth marketing organization. It is a system for acquiring new customers through Word of mouth marketing. It is based on weekly obligatory chapter's (group's) meetings of people of different professional speciality – only one profession per chapter is allowed. The philosophy of this organization is built upon the idea of »Givers Gain<sup>®</sup>« – if one businessman gave another one business, the other would give the first one business and consequently both would benefit. BNI's mission is helping »members increase their business through a structured, positive, and professional Word of mouth program that enables them to develop long-term, meaningful relationships with quality business professionals« (About BNI, 2015). »BNI provides a structured, supportive, business environment for local business people to network, learn valuable new skills and develop strong personal relationships« (What is BNI?, 2015). The result is trust, which leads to

referrals and new business. In 2014, members of BNI passed 6.6 million referrals, which generated over 8.6 billion US dollars worth of business for its members. It is present in 55 countries; it consists of 7100 chapters in which more than 181,000 companies from all over the world are active. At the moment, BNI Slovenia has 350 member companies, which made more than 7.3 million EUR worth of business in 2013 (About BNI, 2015).

**Givers gain UK** is a not-for-profit social networking group, based on short pitches that every member gives about their business. The core activities are weekly morning meetings and quarterly networking nights. The structure is looser compared to BNI; the members do not have to attend meetings on a weekly basis. The goal of Givers gain UK is to help businesses within the local community by offering support and recommending other businesses that offer outstanding service (About Givers Gain, 2015).

Another example of structured networking is a system based on a software that enables the attendees of an event »to pre-book the meetings that they later conduct in-person at the event. The software helps each attendee find the individuals that match expectations or needs; it then arranges a time and place for the attendees to meet at the event« (Structured Networking, 2014). Unstructured option enables spontaneous, unplanned networking and socializing. There are many different organizations and networks that enable informal mingling: Casual Contact Networks (e.g. business groups allowing many people from various overlapping professions), Community Service Clubs such as Rotary, Professional Associations such as National Speakers Association, Social / Business Organizations which serve both as business and social organization, and Women's Business Organizations (Want to Join a Networking Group?, 2015).

When planning networking, (realistic) goals have to be set: how do we expect our business will change as a result of referral marketing, how many referrals do we expect to get and how much money do we expect to earn from them and how many Referral Sources do we need to achieve in these projections? (Misner & Macedonio, 2011). In this thesis I will focus on the structured form of networking, because it is associated with a company's growth (in contrast with the unstructured networking), is more effective (time-wise and sometimes also money-wise) and consequently draws more decision-makers. Besides, it has added value for the attendees. Last but not least, it is also easier to measure its effects compared to effects of the unstructured form of networking.

## **1.6 Effects of networking on business**

Network ties between organizations are ubiquitous and important because they enable organizations to access resources that may otherwise be difficult to develop or acquire (Brass et al., 2004). These resources can include motivation, initiatives, information, capital and basic ideas of a new business and can positively influence one's business

environment, generate better market access, bureaucratic goodwill, and create trust and success (Kristiansen, 2004). Socioeconomic research recognizes the importance of social networks – which are creating social capital – for business development (Kristiansen, 2004). Businesses have six different motives to form business networks: necessity (because of law or regulation), asymmetry (concerning the competition; to be able to influence others), reciprocity (cooperation and compatibility with other businesses), efficiency (relationship costs and benefits, e.g. increased return on assets or reduction in unit cost), stability (business risk – better forecasts and lower uncertainty) and legitimacy (because of higher reputation) (Farinda et al., 2009).

»Network theory suggests that the ability of owners to gain access to resources not under their control in a cost effective way through networking can influence the success of business ventures« (Watson, 2007, p. 852). More specifically, the findings indicate networking is significantly positively associated with the company's survival (it lowers the company's risk of failure and increases its chances of success) and a little less strongly with growth; however, not with profitability (ROE – return on equity) (Watson, 2007). Networking is critical to the success of businesspeople all over the world. Based on research done by the networking organization BNI, conducted on 12,000 businesspeople, more than 91 % of people agreed that networking has played a role in their success. The reason for this effect lies not only in financial gain, but also in what successful businessmen learn while networking (e.g. how to build personal relationships, develop emotional intelligence skills, how to be perseverant etc.), which they can apply while doing business (Misner et al., 2012).

Authors Misner and Macedonio (2011) are describing results such as how much business a networker gained by referral and effects, which they describe as being the part of the iceberg below the surface and leading to sales: speaking engagements, referring others, collaborating, inviting etc. All of these are activities one has to perform in order to get new sales leads and then new business (come to the actual sales). However, intangible effects, which we do not have to carry out, such as visibility and trust, also happen as a consequence of networking and are not negligible.

Besides the mentioned effects and increased sales numbers, there are also other wealth effects (Misner et al., p. 113), such as:

- »added sales volume;
- higher average transaction amount per sale;
- greater closing ratio;
- higher occurrences of leads and referrals;
- more repeat business;
- greater positive Word of mouth marketing benefits;

- more customer loyalty;
- stronger community recognition;
- greater perceived value«.

Regarding business networking of Small and Medium-sized Enterprises (SMEs), literature indicates additional effects, such as:

- information about business opportunities and choices available;
- role in business decision making involving the capitals;
- reinforcement of identity, recognition and public acknowledgment.

The first out of the three stated effects is most commonly mentioned by different authors. Diverse personal social networks stimulate entrepreneurial success by providing access to more reliable and exclusive information which consequently leads to diverse customers and suppliers (Mallett & Cruz, 2010).

All the above mentioned effects are according to Farinda et al. (2009) crucial in the maintenance of long-term company success. A typical manufacturing SME is more likely to achieve business excellence with networking practices than without them. Networking has a significant positive effect on business excellence (Terziovski, 2003).

Especially in small high-tech companies, networking is a part of management and leadership: there is a »need to form relationships built on trust to overcome some of the challenges and embedded problems early in innovative projects« (Moensted, 2010, p. 16). The founder of the company has to be a networker, fostering not only professional interest and respect, but also reputation and trust (Moensted, 2010).

Another important research on the topic of networking was according to Misner et al. (2012) done by BNI between 2002 and 2012. It was conducted among 12,000 members in Great Britain with goals such as quantifying financial value of networking. It shows a linear correlation between the time spent for networking and the percentage of business that is derived from networking – the more hours one spends on networking, the more business (s)he derives from it. Besides the benefits of networking on businesspeople, there are additional benefits that should not be neglected – the benefits for all the entrepreneurs, who are members of a formal business network. The benefit of good ideas contains benefits that are transferable to all other entrepreneurs – it comes to the spillover effect – and with that also the society at large (Parker, 2008).

The 2012 BNI research shows that the average amount gained from networking in the last 12 months was almost 30,000 EUR. This value takes into account only the business that was referred to the members directly from other members. If we considered also indirectly gained business, this amount would be as high as 44,000 EUR in 2011 (BNI, 2012). The

value of the BNI seat, which means how much business a member has gained in the past 12 months has increased by 34 % from more than 33,000 EUR in 2002 to more than 44,000 EUR in 2012 (BNI, 2012). As the most important benefits, BNI members highlighted building long-term business relationships, increased business and networking skills. Other benefits are also fun and team spirit, improved presentational skills, motivation, strategic alliances and improved business skills. They said the membership in BNI helps them develop their business, as a marketing tool and a network. Based on the survey, BNI members generate more the longer they are members (BNI, 2012). This shows that networking can show success in the long run and that time is needed for building trust – business is often not closed when two persons meet for the first time at a networking event, but can take time. An important section of the survey is covering the weight of networking activities in gaining business – 72.5 % of businesses gain less than a third of their total turnover with the help of BNI. Almost 13 % of companies gain a third of their total turnover this way and the rest gain a larger share of their business deals via networking. Compared to 2002, a bigger share of business is generated via BNI (BNI, 2012).

## **1.7 Effects of networking at the interorganizational level**

An effect of networks, according to Lee, Abosag and Kwak (2011), is **higher performance**. Network ties within and across organizational units have a significant impact on organizational performance outcomes; organizational units that have denser networks, achieve a higher level of productivity and finish projects more quickly. Strong and weak ties also increase sales growth for new business. Higher performance is connected to higher sales and profits. The authors also point out the reduction of costs as an effect of networks.

As an important effect Brass et al. (2004) highlight **more innovation and knowledge activities**. Companies are sharing resources to enhance innovation and in close proximity to each other they gain knowledge spillovers. Recent network research has shown that research scientists would use strong and weak ties to share knowledge across organizational boundaries, especially if their organizations were not direct competitors. Networks provide learning and constant development for those companies and individuals, who are reflective. Networking may provide short-term solutions; however, it requires reflection on received information and its applicability to one's own experience (Silversides, 2001).

Additional consequences of networks according to Brass et al. (2004) are **imitation** (network ties transmit information, which leads to diffusion of practices and behavioral norms) and **firm survival**. Lack of stable exchange relations and lack of access to

resources could make new companies prone to failure. Positive effects of network ties on information access of a company contribute to company's survival.

**Expanding of markets** is also perceived as one of the effects of networking (Cannon & Homburg, 2001). Networking of multinational corporations with key local actors and consequently higher learning and commitment leads to easier and faster entry into a new market.

**Researchers identified the outcomes of networking, during the early years of a new business-to-business venture** (Vissa, 2010):

- mitigation of liabilities of newness and smallness;
- higher possibility for securing venture capital funding;
- acquiring competitive capabilities;
- gaining relevant, valuable resources;
- venture growth.

## **1.8 Negative effects of networking**

One-sided view of networking being of essential value for entrepreneurial success can be challenged by pointing out the negative and restrictive effects of networking. Networks can be considered a resource, but also a constraint. This is due to the fact that social networks include social obligations and responsibilities, and consequently many resources can be deducted from the enterprise in order to meet the private obligations of the owner (Egbert, 2009).

## **1.9 Tracking the networking effects**

In order to measure effectiveness of networking activities, a tool called Networking Scorecard is used. The worksheet (Table 1) lists an array of activities, which represent successful strategies for strengthening relationships and assigns point values to all of them. Activities, which demand less effort (e.g. sending a thank-you card) receive less points, while more time-consuming activities (such as arranging a group activity for clients) receive more points. It enables planning and tracking networking activities and also measuring their effects on a weekly basis. Usually a lag time (before closing business deals) of a few weeks or even months has to be taken into account (Misner & Macedonio, 2011). It can be used to compare the success of one week with another. If a networker collected more than 75 points in a week, it meant, (s)he would be doing an excellent job. The activities in the table serve only as a reference of the most commonly practiced activities – new ones can be added (Misner et al., 2009).

Table 1. Networking Scorecard Worksheet

Action	Points	Mon	Tue	Wed	Thu	Fri	Total
Send a thank-you card	1						
Send a gift	1						
Call someone in your network	1						
Arrange a one-to-one	5						
Attend a networking event (bring someone +5)	5						
Set up an activity – max 4 people, 1 hour/person	10						
Offer a referral							
Send an article of interest	5						
Arrange a group activity for clients	50						
Nominate someone	10						
Display another's brochures (first time only)	5						
Include others in a newsletter	5						
Arrange a speaking engagement	10						
Set up an advisory board (per person)	10						
Write and sign an agreement	10						
One thing that would help your business							
Another thing that would help your business							
<b>Total</b>							

**Business by Referral Score**

Less than 30 points = Some

30 – 50 points = Fair

50 – 75 points = Good / consistent

75 – 100 points = Excellent

100 or more = Fantastic

Source: Misner, Alexander, & Hilliard, *Networking like a pro*, 2009, p. 224.

The longer businessmen are BNI’s members, the stronger relationships they build with other members. Consequently, the referrals become better and they gain more business. »The ROI for members who stay with BNI for several years is many times more than the annual cost of participation« (Why BNI?, 2015). Among other things, the scorecard measures the number of received referrals and of closed businesses. These two categories show which activities bring the most results and which the most profitable referral relationships are. Consistent tracking also provides an accurate return on networking investment. It shows whether a networking plan is working and whether it is cost effective (Misner & Macedonio, 2011).

There is also a connection between tracking effects and success. More than half of the people who credit networking for some of their success (53 %) also keep a system for measuring the financial value of their networking activity. On the other hand, 65.6 % of the respondents who claim networking did not play any role in their success, had no system for tracking the financial effects. In total a little more than half of the respondents have a system in place for tracking the financial success (Misner et al., 2012).

Table 2. Tracking Financial Success by Using a System

Do you have a system to track any money that you generate from your participation in networking groups?			
	Has networking played a role in your success?		
	Yes (%)	No (%)	Response Totals (%)
Yes, I have a current system.	53.0	34.4	51.9
No, I currently do not have a system.	47.0	65.6	48.1

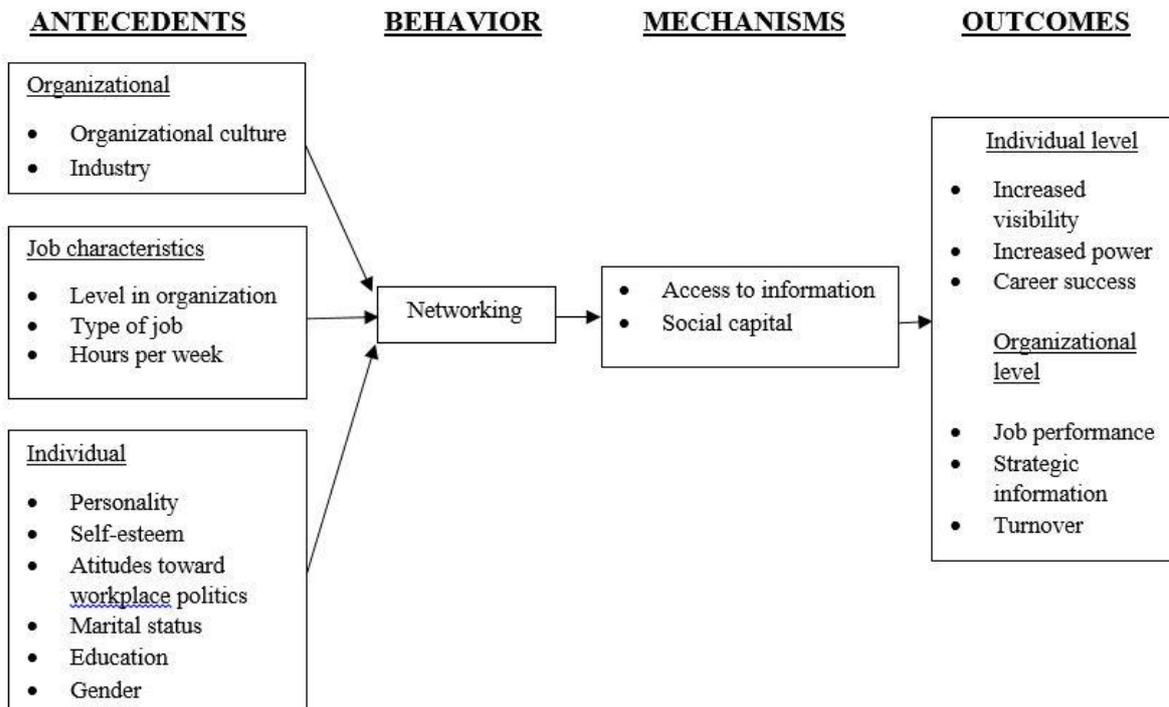
Source: Misner, Walker, & de Raffe Jr., *Business networking and sex (not what you think)*, 2012, p. 204.

One of the reasons for the importance of measuring is that the networkers can adapt their networking activities based on what the measurements show (Misner et al., 2012).

**Model of antecedents, mechanisms and outcomes of networking**

The model, derived from an American conceptual scientific paper, is based on the conceptualization of networking as a form of goal-directed behavior, focused on meetings, cultivating and utilizing interpersonal relationships. Figure 3 presents a model of antecedents, mechanisms and outcomes of networking in organizations.

Figure 3. Theoretical model of antecedents, mechanisms and outcomes of networking



Source: C. Gibson, J.H. Hardy III, M. R. Buckley, *Understanding the role of networking in organizations*, 2014, p. 153.

**Antecedents** are divided into the individual level, organizational level and job characteristics. The last two capture contextual level precursors to networking.

**Individual level:** The most frequently researched antecedent of networking behavior is personality. Several dimensions of it have been found to be related to networking behaviors, e.g. extraversion, openness (both having a positive effect) and neuroticism (negative effect). Self-esteem is also related to networking behavior – individuals with lower self-esteem are less likely to engage in social activities and additionally, many potential networking opportunities may lead to social rejection, which can be threatening for people with low self-esteem. The next aspect is the attitude toward workplace politics which means how an individual feels about using politics as a method of getting ahead. It is used to increase internal visibility. Networking is often associated with political behavior. People with a positive attitude toward workplace politics are more likely to engage in networking. The last internal predictors of networking are demographic variables. Previous studies have especially shown the influence of marital status, education and gender. Married people have different networking opportunities than the single ones (less after-work networking and more community activities). Education is related to network size in a way that it provides individuals with greater access to people on similar career paths. Networking may act differently for men and women; men receive more career satisfaction from networking than women.

**Job level:** Higher levels in organizational hierarchy are facilitating networking behaviors, because when an individual advances in an organization, s/he is usually more often expected to gain new clients and be involved in professional societies. The type of job can also facilitate (e.g. jobs in marketing) or inhibit (e.g. accounting jobs) networking behaviors. The last aspect of a job level are the hours an individual works per week – people who work longer, have greater opportunity to engage in activities such as maintaining contacts.

**Organizational level:** An important influence on networking behavior is the organization itself: organizations with a collaborative and open culture (e.g. companies with open-door policy) are more likely to encourage networking behaviors. The other influence is the industry to which the organization belongs – industries with more restrictions on networking behavior and with highly sensitive information will probably seek to restrict the networking activities of their employees.

## **Mechanisms**

The two main mechanisms that mediate the relationship between networking and outcomes are access to information and social capital. »Larger and better developed professional networks will allow individuals to access a wider range of information« (Gibson et al., 2014, p. 156). People who network effectively can achieve greater career success by knowing and being exposed to decision makers. Social capital is defined as goodwill, available to individuals or groups. It is a structure of individuals' contact networks which networking helps build (Gibson et al., 2014).

## **Outcomes**

**Individual level:** There is empirical evidence for the notion that networking leads to many positive outcomes for an individual. »There is more to networking than simply meeting new people or attempting to have a large personal network« (Gibson et al., 2014, p. 153). Networkers are more likely to have an advantage in their career and development. Networking is connected to increased visibility and power. Together, they result in greater career success. Success consequently increases opportunities for advancement, power and salary. Networking enables well-connected individuals to better solve problems and access opportunities which would otherwise be difficult to discover.

**Organizational level:** According to Gibson et al. (2014) is networking tangentially related to job performance, assuming that it provides employees with resources for more ambitious projects and therefore increases performance. Networkers might also provide their employers with important strategic information (e.g. about competitors' strategic direction) which can be useful for the organization.

Successful networking is almost universally positive for an individual; however, not all effects for the organization are desirable – e.g. external networking can cause higher turnover.

## **2 PRIMARY QUALITATIVE RESEARCH ON EFFECTS OF NETWORKING**

### **2.1 Research questions**

**The goal of the thesis:** To gain deeper understanding about networkers' perception and opinion about business networking and especially its role and effects.

**Main research question:** What effect does business networking have on business success of business-to-business companies?

**Other research questions:**

What effect does business networking have on an individual?

What expectations do networkers have from networking?

What role does business networking play in the marketing communication mix?

How efficient is networking as a marketing tool?

### **2.2 Research methodology**

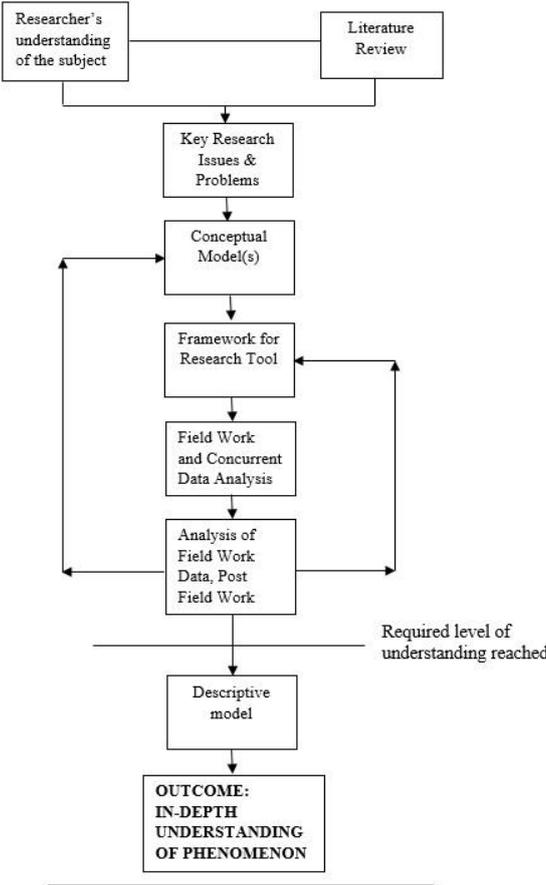
»There are reasons to be critical of quantitative analyses of networking behavior and entrepreneurial endeavour, which are processes difficult to capture by counting« (Kristiansen, 2004, p. 1159). Qualitative, in-depth interviews will give time and opportunity for participatory observation and for me to enter the life-worlds of the researched people (Kristiansen, 2004). A qualitative research approach is well-suited to better explain network content and inter-firm processes.

In-depth literature review indicates – and is also supported by authors, researching networking, such as O'Donnell and Cummins (1999) – that the majority of existing studies, connected to the role of networking, are based on quantitative methods. Authors claim networking could be better investigated by using more qualitative methods (Cummins & O'Donnell, 1999). Some other authors agree as well: »A qualitative research approach is well-suited to better explain network content and inter-firm processes« (Lechner & Dowling, 2003, p. 2). I will supplement the existing research with a qualitative study which has a high potential value for its richness and will enable better understanding of the topic with fruitful explanations. It will potentially lead to serendipitous findings and to new integrations (Miles, Huberman, & Saldana, 2014). I decided to conduct semi-structured in-depth interviews, because they will enable the understanding of why people

act as they do and what meaning and significance they give to their actions which they will be able to explain in their own words in the interviews (Cummins & O'Donnell, 1999). With the in-depth interviews I will try to figure out what the role is and what the specific aspects of how networking can affect especially the success of B2B companies are, but also what the effect on the individual networker is.

In the qualitative research process, I will follow the **model of qualitative research process** as described in Figure 4. I conducted an in-depth literature review and simultaneously I was improving the understanding of the subject. After that, I defined the key research issues and problems, which helped me to define the goal of the thesis and the research questions. With that, I had a conceptual model prepared. However it got adapted when carrying out the analysis of the field work data. I conducted a framework for the research tool and was with that ready for the next step – actual field work. Analysis of the field work data followed and with it I reached the required level of understanding of the subject. The research process was concluded with a descriptive model and the in-depth understanding of phenomenon as an outcome (Cummins & O'Donnell, 1999).

Figure 4. A qualitative research process



Source: D. Cummins, A. O'Donnell, *The use of qualitative methods to research networking in SMEs*, 1999, p.

In this part of the thesis, I will focus on the **empirical research** (primary data) – I will present the goal of the research, research questions, how the data was collected, what the limitations were and what results the analysis of in-depth interviews brought.

### **2.3 Data collection**

The process of collecting the data took place between March and June 2015. I used the snowball sampling technique to find suitable participants – I started with generally known experts and practitioners of networking, who recommended other potential participants. I tried to find participants from different industries and with different backgrounds who could, by my assessment, provide diversified aspects. I also tried to have an equal representation of both sexes. Altogether I conducted 12 interviews, all in Slovenian language. On average each interview was 40–50 minutes long. Most of them were conducted via the online video tool Skype, but a few also face-to-face. Half of the interviewees were men and half were women. Seven of them were highly active and committed members of BNI. Most of them are owners or managing directors of micro, small and medium companies that are active on the Slovenian market. The reason for choosing participants from SMEs is self-evident: they in particular benefit from networking, because they often lack sufficient resources and knowledge (which they can gain through networking) to deal with the rapidly changing environment in which they operate (Schoonjans, Van Cauwenberge, & Vander Bauwhede, 2011). The other participants in the research are entrepreneurs who are very active in networking, but not networking as members of a networking organization. Two of them are experts in the field of business networking – they are managing organizations, the main business of which is connected to the researched field.

We can classify them into three groups:

- Representatives of the structured networking organization BNI
- Representatives of highly active informal networking
- Representatives of experts of the field

All participants of the interviews are presented in Table 3:

Table 3. Characteristics of the participating interviewees

	<b>Gender</b>	<b>Type of networking</b>	<b>Size and type of the company (sector)</b>
Interviewee 1	Male	Highly active informal networker	Micro consulting company
Interviewee 2	Female	Structured networking organization BNI	Small architecture company
Interviewee 3	Male	Structured networking organization BNI	Micro advertising agency
Interviewee 4	Female	Structured networking organization BNI	Micro architecture company
Interviewee 5	Male	Highly active informal networker	Small advertising agency
Interviewee 6	Female	Structured networking organization BNI	Micro coaching company
Interviewee 7	Male	Structured networking organization BNI	Small office equipment company
Interviewee 8	Female	Expert of the field	Medium size online retail company
Interviewee 9	Female	Highly active informal networker	Small advertising agency
Interviewee 10	Female	Structured networking organization BNI	Small Public Relations agency
Interviewee 11	Male	Structured networking organization BNI	Medium size digital advertising agency
Interviewee 12	Male	Expert of the field	Medium size networking company

The fields, which the participants work in, are:

- Advertising
- Consulting
- Architecture
- Public Relations
- Coaching
- Office equipment
- Online retail

The interviews were informal to formal – it depended on the fact whether I knew the interviewee personally or not. During the individual semi-structured interviews I followed

the pre-prepared guidelines (Appendix A) for the in-depth interviews, which included questions from six different sections: demographic questions, their goals of networking, effects of networking (in general), effects of networking on the organizational level (effects on the company), effects of networking on individual level (effects on the individual) and the role of networking in the marketing mix. The guidelines for the in-depth interviews (with all the questions) can be found in the Appendices (Appendix A). I did not strictly stick to the questions, but asked additional sub-questions or changed the sequence of questions and topics when needed. All participants were assured anonymity, which helped with gaining honest opinions. Most of the questions were open. At the beginning, I asked for the permission to record the conversation and shortly after I wrote the transcriptions of the interviews.

After completing the process of the data collection, I carried out data condensation, which means coding of the data-selecting, simplifying and abstracting the data. Concretely, this meant going through the answers and classifying them in Microsoft Excel by topics, sub-topics and research questions which were set in advance. All of this makes the data stronger by focusing and organizing it in such a way that the final conclusions can be easier drawn. The next step in data analysis is data display. Data was already compressed and organized, prepared for conclusion drawing and verification, which is the next stream of the analysis activity. Verification means going briefly back through the field notes or it can be thorough and elaborate with lengthy argumentation. The meanings have to be tested for validity. All mentioned steps form an interactive, cyclical process (Miles et al., 2014). With verification the process of analysing the data was completed.

## **2.4 Limitations**

There were a few very good, experienced possible candidates for interviewees with whom I wanted to conduct an interview; however, due to their lack of time this was not possible. There is a possibility that most opinions are positively inclined, because I chose interviewees who are practising networking often, probably because they see many advantages in it. The limitation of all in-depth interviews is that the findings would not have been generalized as they would have been if I had used any of the quantitative methods. The research was conducted only on the Slovenian market which means I would have gathered different aspects if it had been conducted on some other market or geographical area. Another limitation is the medium – in perfect circumstances it would be best to conduct all interviews face-to-face and not via Skype – occasionally the connection was bad which resulted in interrupted flow of thoughts. Yet another limitation was that the topic is rather new and not much research has been done yet, especially not on the Slovenian market, which meant my research was quite exploratory. However, this means it will form a good basis for the future, also for quantitative research.

### 3 ANALYSIS OF INTERVIEWS AND RESULTS

#### 3.1 Reasons for networking

My interest was in the motivation for networking – why they started with networking in the first place. All of the answers were self-initiated, non-encouraged. The reason that came up the most often was **to expand one's business network** – the number of contacts, people in it, getting to know new people who would become members of the business network. As added Interviewee 3 and Interviewee 4 (both members of BNI), is the purpose of networking in connecting people among them, so they can help each other. At the beginning it is important to meet new people, which consequently brings new business deals.

This effect (expanding one's network) is according to Misner et al. (2012) the first step of the VCP process<sup>®</sup> – visibility, creating recognition and awareness, which in practice means increasing the number of contacts in one's network.

Interviewee 5 (male, informal networker) explained, the first goal of networking is to get to know as many people as possible. And afterwards also to understand what they are doing, what they are interested in, what trouble they deal with and whether there is an overlap between what they are doing and what they need. There is not always one, in fact often there is none.

Interviewee 6 (female, BNI member) elaborated on what happens after growing the network – she is always capable to refer someone from the field needed. BNI helped her to grow her network for ten times.

It was also pointed out that it is not important only to meet a lot of people who work in very diverse fields, but to **focus** on the field where most potential customers could be.

Interviewee 1 (male, informal networker) shares his piece of advice:

»To focus means to attend events that cover the area of your business, that are relevant for you. In the circles I work in – IT, corporate events, start-up events – I already know almost half of the people and the net gain is lower. But it is my focus.«

Interviewee 8 (female, expert) shares the opinion - a businessperson must carefully choose the events s(he) is going to attend based on the attendees who are going to be attending. It can be worth paying more for a conference, because the right target audience is present. She explains, what it means to be present at a premium event:

»If you wanted to become a part of the first league, you would also have to be present there. When the attendees see you at this kind of event a couple of times, they begin to accept you as one of their own; they think you must be important. If you did not have a strong network, you would be swimming only among the average and would not be able to reach the upper level.«

Researchers »place an emphasis on the strong relationships found in communities and collaboration, relationships that imply a certain closeness and unity of purpose« (Jones, Ferreday, & Hodgson, 2007, str. 2).

The second reason most often mentioned was the acquisition of new business opportunities and **gaining new business deals and projects** which is consequentially connected to increasing one's network. Interviewee 11 (male, BNI member) explained the usual path – a networker gets introduced to new contacts, (s)he can get and give new referrals, use them and after some time business can get realised. Interviewee 12 (male), being the networking expert, further develops the thought about the source of referrals – usually the satisfied customers refer the company further. Getting and keeping the satisfied customers means long-term work.

The SMEs (the owners of which are heavily involved in networking) normally outperform the SMEs the owners of which only make limited or no use of networks. By *heavily involved*, we usually refer to weak ties (acquaintances) – it is recommended that the owners of high-growth companies develop ties beyond their personal circle of contacts, because weak ties are usually more important than strong ties in the dissemination of information (Watson, 2007).

The two steps – getting to know new people and gaining new business deals are most of the time in the order mentioned. It can rarely work in the opposite direction. Some of the members of BNI joined the organization with the goal of getting new business deals, immediately finding new customers and selling them their products / services. However now they think differently. As Interviewee 12 (male, expert) expressed his thoughts, he networks in the context of Givers Gain<sup>®</sup> – he thinks about how he can help the person and with that he begins to build the relationship. He does not network to get something. First he always puts in some effort and then he can gain.

Another networker mentioned her goal: to outline a new project together with other businessmen from the same area of work and execute it together from the beginning till the end product – she would not be able to carry this out on her own. It is easier to do it with others because of their specific knowledge and ideas.

Another goal they had when they started networking was to **be among similar-minded people**. People, who also believe networking is a positive way of getting new contacts, acquaintances.

Interviewee 2 (female, BNI member) described members of BNI as similar-minded people, with the same goals in their mind. They have a similar flow of thoughts, similar views, sometimes also similar challenges and problems.

Another stimulus for networking mentioned was a **better way of gaining new business deals**. Interviewee 6 (female, BNI member), coming from a micro company, shared an interesting explanation about why networking is a better way of gaining new business compared to other tools. Before seriously resorting to networking, it was very unpredictable and it seemed like the wrong approach:

»There is a lot of “knocking on doors” and rejections – this took 90 % of all time and I had only 10 % for actually getting things done. This was too exhausting. To me, networking is an **easier way** of getting new business – because the first contact with the potential customer has already been made by the common acquaintance and you did not have to do it. You also already got some information about the potential customer, which helps you figure out how you will deal with the lead. It is completely different from cold calling.«

Most initiatives to decide to network have in common that they did **not set clear, specific goals** – what they wanted to achieve. Their goals were very unspecific and intangible. E.g. Interviewee 9 (female, informal networker) was very spontaneous – she still does not have any goals in mind when she is networking. She believes in spontaneous networking:

»It happens spontaneously that you start talking to someone who seems interesting, they are interested in what you are doing and this way you can meet the most people.«

However, this does not hold true for all interviewees – the difference can be seen between those, who are networking in an unstructured way and networkers, who are members of structured networking organization. The first ones less often set goals. Interviewee 12 (male, expert, coming from structured networking organization), recommends knowing in advance, what a person wants to gain from an event. That is why he declines attendance at a lot of events. However, one can also set as a goal gaining something in the undefined future, not necessarily immediately.

As complained Interviewee 6 (female, BNI member), a challenge – also of those, who set the goals for their own networking – is, how to introduce the effects of networking well to a non-member of networking organization. Especially because the person listening has not

had an experience with networking yet and is sceptical about the effects. It is difficult to truly understand the networking effects without having a first-hand experience with it.

### **3.2 Why do others network?**

I used the nominative technique that is »recommended by several social scientists. [...] Avoid asking the sampled person about the [...] stigmatizing characteristic of oneself, but only assuming that the person is aware of it being true of some of the person's acquaintances with no particular references given out« (Chaudhuri, 2010, p. 113). This might have helped with getting the stigma out of the way and allowing them to answer what they really think about the topic.

#### **Opportunism, egoism, short-term benefit only for oneself**

Interviewees emphasized that many networkers – especially those who are beginners – have only short-term goals in mind. Common topics, which emerged during interviews, are opportunism, short-term benefit, egoism, being pushy, immediately selling when meeting a person at networking events, shallow way of networking, meeting a specific person with the sole goal of getting something from him / her. Interviewee 11 (female, BNI member) commented, this kind of purposes can be felt immediately, because these people talk only about themselves.

However, Interviewee 3 (male, BNI member) admits that increasing one's business comes from egoistic purposes:

»Sometimes in BNI groups egoistic purposes of networking show up. Fundamentally, I want to help with my networking activities.«

The theory advises to avoid immediate sales, since mingling is not the place to sell, but the place to meet people. Once a networker meets his /her peers, the ball is in the networker's court for further interaction (Fischer, 2001).

#### **New business opportunities and expanding of business network**

Interviewee 4 (female, BNI member) revealed the true reason for networking: »Basically we all network because of money. The end result is money.«

Interviewee 8 (female, expert) explained the results of a survey they carried out in a structured networking organization, she is managing. They were interested in what the reason for people's membership in the organization is. Most of them are attending events to find new business opportunities, to find people who they can do business with. A

smaller group of people attends because they are interested in getting new knowledge. A lot of them leave the association because they do not see added value for themselves. They say they are losing time and are not accomplishing anything. This indicates, that people would only want to be a part of the networking organization mostly if they could (with its help) find new business opportunities.

There is a difference between networkers' goals when they start with their activities and their goals after they have been networking for some time. As Interviewee 7 (male, BNI member) puts it, most of the business people network because of business – more business and more earnings. But those who have been long-term BNI members admit that the biggest advantage is the social capital – the network they built, new contacts, people who from formal contacts migrate to informal ones, even friendships emerge:

»You do not see it at the beginning, but then you see that this is almost more important than the business itself.«

Interviewee 10 (female, BNI member) describes how social capital works in a circle – with gaining new contacts, visibility and influence of a networker grows. The circle of influential people then helps the networker with gaining new contacts and new business and finding career opportunities.

### **Networking as a hobby**

An interesting phenomenon, mentioned by two interviewees is “networking as a hobby”. These networkers do not have any clear goals in mind and thus the results of networking are random. Interviewee 5 (male, informal networker) explained, many people network because they like it, without a clear agenda. People like to socialize with people who are similar to them, e.g. a manager will socialize with other managers, not because (s)he wants something from them, but because (s)he likes it.

### **3.3 Effects and role of networking**

At the beginning I would like to present the quotation of female expert (Interviewee 8) about the importance of networking:

»The difference between an average and a good businessman is in his network – how fast others help the company grow.«

Interviewees came up with the following effects on their own – they were at the top of their mind, which means they can be considered as the most important for them. »Various standard measures, such as aided and unaided brand name recall and top-of-mind

awareness, rest on the assumption that the ability of the consumer to remember a brand or product will strongly affect the probability of its being considered for purchase« (Nedungadi & Wesley Hutchinson, 1985). Top of the mind recall is considered as the highest awareness level – the brand (or in this case the effect) dominates the mind and pops up as first whenever applicable (Marketing, Strategy & Management - Brand Awareness, 2015).

### **3.3.1 New business opportunities**

Entrepreneurs recognize networking as one of the means of discovering new business opportunities. As Interviewee 10 (female, BNI member) explains the process, first step is getting new contacts through networking. She tries to get to know them on a personal level and get to know their business. When people start to trust each other, new possibilities and opportunities show up, business ties begin to build.

Another aspect reveals the networking expert – Interviewee 8. Via networking a businessperson can access the right people in leadership positions with whom they can conduct bigger business deals. If the sales people tried to access the person in the leadership position, they would need much longer or they would not succeed at all. In her opinion it means if a businessperson did not network, there is a possibility (s)he would be more or less getting only smaller business deals.

Besides direct networking, there are also advanced possibilities. As Interviewee 12 (male, expert) explains, one can find a contact and build a relationship with this contact with the purpose of building a partnership. This connection can help bring the businessperson a lot of customers (e.g. if a lawyer had a well-connected accountant, he would bring a lot of new clients to the company).

There was an interesting remark made by the Interviewee 10 (female, BNI member) – however since this entrepreneur was the only one who brought up the topic, it is not necessary that we devote great attention to it. In order to get opportunities for new business deals, it would be helpful if the counterpart had at least a minimum understanding of services / products the businessman is offering. Additionally, there should be at least a minimum need for the product / service, otherwise it is difficult to develop a business opportunity without pushing the counterpart. This remark indicates that developing new business opportunity is not dependant only on the one who is trying to develop it, but also on the counterpart.

»Through social interaction, firms are able to quickly identify and exploit opportunities« (Schoonjans et al., 2011, p. 170). However, according to the 2014 study of entrepreneurship, regarding the perceived business opportunities by Slovenian

entrepreneurs, Slovenia is ranking the lowest among European nations (Global Entrepreneurship Monitor, 2015). This means that there is still a lot of room for improvement in this area.

### 3.3.2 Long term effects of networking

Interviewees believe that it takes time to meet people, start trusting each other and consequently grow business. It takes years to build, develop a relationship with a contact and this is crucial. That is why networking works in the long run. It is hard to plan what the desired outcomes of an event are – sometimes they need a long time to start showing. Some interviewees attend networking events without a specific goal in mind.

A good example is Interviewee 1 (male, informal networker), who thoroughly described his experience with long-term effects of networking – he has been active on LinkedIn and Facebook for the last 10 years and often it after some time turned out that he was able to use one contact for a completely different, not connected project, which was a completely unexpected effect. Because of these in a way coincidental events – he names them *serendipity moments* – he rather never expects to get anything concrete, he does not count on immediate results. Instead, he widens his network, because one can never know, what it can bring. He reveals his networking experience:

»The more people you have in your network, the more opportunities turn up. At the beginning one is sceptical what they can do with the established contacts, but slowly, when you have a lot of contacts, things start to develop.«

One of the interviewees mentioned he adds people to his social networks; he knows a few facts about them and in the undefined future a situation arises when this contact turns out to be useful – even though when he met these contacts, he had no goal, what exactly he wanted to achieve with their help. Usually the contact is working at a company the networker is trying to access. Through this contact the networker manages to get to the right counterpart in the company much faster.

Another networker agreed that there are many events and meetings from which nothing concrete turns out. However, if one did not attend them, he would miss a chance to have that few random moments when (s)he would find a good connection with another networker. This could also mean a business opportunity in the future. The common opinion of networkers is that networking on the long-term brings high quality contacts, customers that have – since the relationship is built and one's effort invested first and only then a business opportunity develops – a high possibility to become loyal customers. Networking on the short-term can also result in quick sales or a networker who has a specific issue can find someone who can solve it through mingling, but this happens more rarely.

One of the networkers – Interviewee 6 (female, BNI member) used an expressive metaphor to explain the difference between short-term and long-term networking:

»Short-term effect is like a stylish makeover – a person can have new clothes, a new haircut and make up and look great that day. However, in two weeks (s)he will look the same as before.«

### **3.3.3 Emergence of new ideas**

Being in contact with people who are working in different, interesting businesses, helps a businessman get new ideas (which can lead to new companies) which otherwise would not appear. Female networker, BNI member (Interviewee 10) describes the networking organization as a team of colleagues, where one can get new ideas, talk to other about business topics. She mentioned again the Givers Gain<sup>®</sup> concept – after one helps others it also works the other way around. Interviewee 11 (male, BNI member) complements her with possibilities for exchanging experience and for partnerships. On the scientific level one can look for know-how, for people who have specific skills, with which they can help to reach one's goals.«

According to Interviewee 7 (male, BNI member) there is another advantage that networking brings:

»It helps to solve business problems – it helps to find a way, a viewpoint, to deal with the problem. «

Empirical studies done on the subject of networking effects on company's performance show that networking is linked to innovation, the amount of sales, availability of credit, probability of survival, growth of the company etc. (Schoonjans et al., 2011).

Networking enables accessing resources that may otherwise be difficult to develop or acquire (Brass et al., 2004) – among these resources are also initiatives, information and ideas for a new business (Kristiansen, 2004). Literature suggests a positive association between social capital, its variables, some other elements and innovation. Due to social interactions with other companies, a company will have more opportunities to exchange and combine resources in the network, which has a positive impact on innovation (Molina Morales & Martinez Fernandez, 2010). More specifically, there should be a particular mix of strong and weak ties which then result in radical innovations – weak ties are crucial for discovering opportunities, while the strong ties are beneficial for gaining legitimacy (Elfring & Hulsink, 2003).

### **3.4 Time spent for networking:**

Most of the interviewees pointed out that the number of hours differs from week to week – it depends on how many networking events there are and which month of the year it is.

For interviewees who are members of a structured networking organization it was easier to assess the hours spent networking. Their answers were mostly around 10 hours weekly.

However, others had some problems assessing the time spent for networking because it also depends on which activities exactly one includes in networking (for a unified understanding, I consider all networking activities in this research – also online and unplanned ones – as networking). A good example is Interviewee 1 (male, informal networker), who claims that every event one goes to, can be considered as networking. It depends on the definition – what one regards as networking. It can also include e.g. the plugin rapportive in Gmail. If he considered the wider definition, then a bigger part (75 %) of his work would be considered as networking activities.

It can be difficult to assess the time spent, because, as Interviewee 4 (female, BNI member) formulated his thoughts: »Networking becomes a way of life, you are doing it all the time.« This is why it is hard to define time when one is networking – it would be easier to do it with a few days of keeping a record (diary).

As interviewees, I chose entrepreneurs who practice mingling a lot; consequently, it is not surprising that most of them are of the opinion that a big part of their job is networking, so they use a few hours per day for it. An example is a female expert (Interviewee 8), who uses her whole working day for connecting different spheres among each other. The contacts she makes are so important for her that she even has an assistant who takes care of the operative and she does the part of getting to know a person face-to-face, which is also the most important. The bottom line is that all of them are networking quite a lot – at least a few hours per week, which can have an influence on their (positive) attitude towards the effects of networking.

Misner's research shows that the time spent for networking is related to the attitude towards the effect of networking:

»The study found that people who said “networking played a role” in their success spent an average of 6.3 hours a week participating in networking activities. On the other hand, the majority of people who claimed that “networking did not play a role” in their success spent only 2 hours or less per week developing their network« (Net Time: How Much Time Should You Spend Networking?, 2015).

That is why it was good to check how much time participants of the interview spend networking and keep this in mind when analyzing their positive or negative inclination to the subject.

### **3.5 Financial effects of networking on success of B2B companies**

At the beginning I would like to mention an exception – a quick effect networking can bring – which was pointed out only by one participant of the research – Interviewee 1 (male, informal networker):

»Every now and then, when you are meeting new people, a situation comes along when somebody says: “Oh, really, you do that? We need a solution just like this.”«

However, in most situations the results need time to start showing. At the beginning someone can e.g. be only happy for the information received and will keep the person who provided it in mind for the possible future projects.

In order to get to the sales sometimes, as emphasized by Interviewee 8 (female, expert), many events need to happen where two counterparts meet. At the beginning they might only chat, then, after they have already established the relationship and built the trust, they will be willing to recommend each other’s services. After meeting many times, each other’s services will be the first ones in their minds when they will be asked to refer a service from that specific field. The expert explains further:

»Word of mouth recommendation is the strongest recommendation – it is much better than blindly googling for a provider.«

Some of the participants mentioned the **extension of business areas** as means to get new business. Interviewee 6 (female, BNI member) emphasized she extended her business in some areas of which she did not even think before. She was more or less aiming only at one area, big companies. Inside BNI a new world of small to medium enterprises opened to her. The spectre of potential clients, projects, opportunities for collaboration grew.

### **3.6 Non-financial effects of networking on success of B2B companies**

#### **3.6.1 Time efficiency**

According to the interviewees, time efficiency is one of the effects – one needs less time to get a response from a company when (s)he contacts an employee of the company whom (s)he met through networking. With the help of networking it takes less time to reach out

to the right person in a company who is responsible for a project that one needs information about. As Interviewee 1 (male, informal networker) put it:

»When you know somebody and this person knows you, the answer to any question is much faster, things are happening faster.«

If one executed connecting to a network correctly (instead of doing cold calls) and targeted the right audience (which (s)he reached through the network), these efforts would drive conversations that would boost the company's ability to strengthen the engagement with existing customers and expand their reach to new audiences (Social Media in B2B Marketing: Publish or Perish!, 2015).

### **3.6.2 Running the business better**

Another effect of networking is being pushed to run the business better, which includes better quality of services, elimination of possible disadvantages of the product etc. The reason for this is the more a person is connected, the more people are observing his / her business, the more transparent the business gets, which means the networker has to make sure (s)he has all processes and aspects of business set as they should be. If the entrepreneur was doing something wrong, (s)he would sooner or later get a negative feedback from his / her connections. As Interviewee 1 (male, informal networker) wonderfully expressed himself:

»The more you invest into networking, the more it pushes you to eliminate all the bugs and weaknesses of your business; you are getting better and better.«

Another reason why business networks contribute to better running of business is that they »facilitate the acquisition of resources and knowledge essential for firm survival and growth« (Schoonjans et al., 2011, p. 169). Interviewee 10 (female, BNI member) further elaborated the contribution of networking – it can serve as customer support, it means being available for the customers, so that they have a feeling that they got more than they paid for.

Another effect of networking that helps to run the business better, are “ready to help” connections. In Interviewee 4's (female, BNI member) words they are quality business connections that are not of the friendly type, but also not only of the business type:

»They are reciprocal and can not be evaluated with monetary means. It means one has an available network of people with the help of whom they can then help someone else.«

### 3.6.3 Higher visibility of the company

Most of the participants are recognizing higher visibility as one of the advantages of networking. This happened to some of the participants at different conferences: when they introduced themselves to a new person, this businessperson already knew them, has heard about them or their company.

Some of those, who are members of BNI, noticed the power of branding of an individual inside BNI – the awareness grew steadily, which was not the case before when they were not investing much in marketing tools (especially those coming from micro companies). They are emphasizing the effect of branding – networking helps the branding of the company and also the individual's brand. Another similar effect is also building on the image of the company. Most of the interviewees claim they became much more visible through networking. With higher visibility and awareness of one's company, the possibility of getting new business increases.

However, a male informal networker (Interviewee 5) believes that networking is too slow of a process to raise awareness of a company. One can get to know a limited number of people. Enough awareness can not be raised only with this tool because it is too slow. He builds awareness through other channels as well (mostly presence in professional organizations and creating online content).

Literature suggests reinforcement of identity, recognition and public acknowledgment (Mallett & Cruz, 2010) as effects of networking. Being well positioned within a network is related to the signalling property of a company's network position. »Firms that are well positioned in their network are highly visible which engenders important reputational effects and improves the external legitimacy of a firm« (Schoonjans et al., 2011, p. 171).

Visibility of the company can be closely intertwined with the **individual's visibility** – in most cases of participants, the brand of the individual is stronger compared to the brand of the company – even though some interviewees try to put more emphasis on the company than on themselves when networking. There are also networkers who, when appearing at a mingling event, get associated with the company immediately – probably because they have been employed there a long time. The concept of an individual before a company holds true also for the reputation. Primarily, it is important to be a member of a networking organization because of yourself – even if one changed jobs, his / her personal brand would still exist. As Interviewee 6 (female, BNI member) put it:

»The person is more important than the company (s)he represents because the person is the one who builds the relationships.«

This means, if there was always one sales person representing the company at the networking event and then this person sent a substitute from the same company to the event, others would not be able to connect with him / her immediately. The reason is, there has no relationship been built yet. Another aspect of the increased individual visibility is the grown authority – the entrepreneur gets because of that more connections on social media websites, which again grows her visibility. Networking expert (Interviewee 8) connected the concept of individual's visibility to the concept of personal brand:

»The personal brand is a phenomenon by itself. It is defined by what you are known for in the industry or in the business environment, what others say about you. Even if my company went bankrupt, my network would be able to help me, it would make my ideas and initiatives happen. This is of enormous importance.«

However, there are also a few participants who see a downside to the high visibility – it can work against businessmen – e.g. the mistakes they make get noticed faster.

Another level higher than visibility, based on the VCP process<sup>®</sup>, is credibility, as was also pointed out by Interviewee 3 (male, BNI member) – his credibility as a businessman is growing in parallel with his reputation. Credibility grows especially when one helps other networkers.

On the contrary, the personal visibility of the minority of interviewees is low because they try to bring the visibility of their companies to the front while networking. They prefer to build their own visibility through their work and measurable results.

### **3.7 Effect of networking on an individual**

#### **3.7.1 Gaining new skills / expanding one's skillset**

Most of the participants who are members of BNI recognized business skills as an effect of their networking efforts. Interviewee 6 (female, BNI member) gave a picturesque example of the skill of holding a meeting:

»Before, I had fear of holding a meeting with a big company. Because of having meetings with representatives of small and big companies (as a consequence of networking), this fear is now gone. I gained experience, a feeling that I know how the business is done. Tomorrow I could go on a meeting with Donald Trump and I would be as cool as a cucumber.«

Other mentioned skills are networking skills, presentation skills, entrepreneurial skills, time management skills, leadership skills, organization of work, multitasking, business

etiquette. Networking helps transforming a businessperson from gaining new business deals by luck into one who really knows how to sell himself / herself. One can with its help slowly start to work in a more self-confident way. It also contributes to broadening the spectre of knowledge from different areas of business and it contributes to improving the knowledge of management which is useful for running the company. Networkers can test most of the gained skills when communicating with other businessmen, which means they have a “testing field” available to improve and get rid of the fear before putting the knowledge in practice with their customers and business partners. All of the mentioned knowledge is highly appreciated especially by entrepreneurs who are not part of bigger companies which would prepare different types of trainings for them. Pointed out was an example of “clumsy” businessmen who were members of BNI and at the beginning had undeveloped soft skills. However, over time, they improved them with the help of BNI’s structure and co-members.

In addition, one of the gained skills is being able to talk to businessmen from a profession, one has no knowledge about. A lot of experience with networking brings a broad spectre of knowledge from different professional areas. Mingling also teaches one how to deal with different types of profiles and different people. It was emphasized by Interviewee 8 (female, expert) that it is true, that being a good networker partly is based on one’s character, but it can also be learned.

On the contrary, networkers who are networking informally treat expanding of their skillset (connected to networking) as negligible and think that professional trainings and business schools are better places to acquire new skills.

Another aspect of learning from other networkers is personal growth. Networkers meet a lot of new people and they can learn something from each of them – either business aspects or some personal characteristics. A female member of BNI (Interviewee 4) emphasized the positivity and professionalism of the business environment which contributes to a better job performance.

Besides gaining new skills, one female networker, member of BNI (Interviewee 2) exposed the entrepreneurial mind-set – he learned how to do things differently, in a way he had never done them before and differently compared to the competition. He learned to socialize with people who are positive and successful and help him move upwards, not downwards. He learned that he should work even harder and never give up.

As discussed earlier, one of the reasons for the role of networking in businessmen’s success, is what they learn while networking (e.g. how to build personal relationships, develop emotional intelligence skills, how to be perseverant) (Misner et al., 2012). Lack of resources in the area of knowledge, expertise, access to customers and immaterial

resources can be overcome with forming connections which enable exchange of information (Richter, 2000).

### **3.7.2 Higher effectiveness as the outcome of networking**

One of the effects on an individual businessman, based on the interviews conducted, is higher effectiveness. Participants know how to better organize their work and their working hours, because they know when they have to be at a networking event and are consequently more efficient at work. They become better at time management. It improves the order and discipline of entrepreneurs which is helpful at conducting the business. Interviewee 6 (female, BNI member) describes, why networking inside BNI is a great motivator in all aspects:

»It keeps me in rhythm which helps with better organization of my work. Networking would only be successful if you prepared for it and did the follow up. In order to do that you have to be organized.«

The other aspect of higher effectiveness is also that the actions required get done faster – an entrepreneur gets useful information faster, sets up meetings faster; moreover, (s)he can skip the introductory part of getting to know his / her counterpart.

Nevertheless, one issue was pointed out: networking is time consuming, which means the more time businessmen devote to this activity, the less time they have for their core work activities. Looking from the short-term perspective, the time spent working on the core activities instead of networking can be better for business and has more immediate effects. However, on the long-term it is not necessarily as beneficial. Networking expert (Interviewee 12) revealed, it could sometimes seem as if one was losing time while networking because there were not any visible instant results. However, it is a very important activity that brings results on the long-run.

Networking events can be used not only with the goal of gaining new business opportunities, but also as a reward for the successful employees. It also brings more opportunities for working on new projects. Especially those participants from micro companies can have problems due to the lack of time to work on these projects. A highlighted challenge was also that one's mood when networking is different compared to the mood needed for focused working. One has to somehow combine these two states to work together well.

### 3.7.3 Strategic information

One of the effects of networking is also getting acquainted with **strategic information** before it becomes of public nature. The information can come from a contact from the same field or from another one. Knowing about a future project, which might be of interest for the entrepreneur, before the competitors, puts him / her in advantage. However, one does not find out about the information easily or even automatically. The process of getting access to this information, works only reciprocally – one must share a certain level of private information in order to get to know a similar level of private information. The precondition for sharing information is trust. The strategic information also helps to find out what the competition is doing. One can make the analysis of competition through analysing the official competitor's communication in form of articles, online posts, advertisements. However, the unfiltered, first-hand information comes from unofficial, insider sources. They are usually communicated verbally, not via email. Another aspect of strategic information is getting familiar with upcoming trends. Professional associations from the same field of work are a good source of those.

### 3.7.4 Career opportunities

Additionally, networking brings new **career opportunities** – due to building credibility and also due to increasing the number of contacts in one's network. There are more opportunities for people who are self-initiative. Female Interviewee 10 (BNI member) used a very vivid metaphor to present that:

»The groom does not turn up at the door by himself and also the business does not come to the door and ring the bell. You have to see the opportunities, open new projects and excite people.«

As Interviewee 8 (female, expert) elaborated, an employee often knows many people from his / her own field, but not many people from other areas. If one had a lot of contacts, they would help him / her find a new job when (s)he would be looking for one, without having to go through the in between, unemployed period.

Interviewee 8 continues about how nowadays it is normal to switch jobs every three or four years which is why people are not promoting only their companies while networking, but also building their own personal credibility, which transfers to the new company when the person changes jobs. The personal brand is even more important than the company's brand while networking. Before networking one has to set career goals and priorities. While one still has a job, (s)he always has to think about the future career moves. Good positions are often filled through connections and not through tenders. This is also important for

entrepreneurs – after some time, when their company is capable of being managed by other employees, they might be looking for new career challenges.

There is another aspect of how networking is connected to the individual's career – it is necessary to master it when one comes to the managerial position: »Networking accomplishes [...] a manager's "agenda" – the loosely connected goals and plans addressing the manager's responsibilities. By obtaining relevant and needed information from his or her networks, the effective general manager is able to implement his or her agenda« (Luthans, 1988, p. 127). The research by Luthans (1988) also shows that the most successful managers were doing considerably more networking than their less successful counterparts. Networking also makes the biggest relative contribution to manager's success.

### **3.8 The role of networking in the marketing mix**

Most of the interviewees emphasized the higher effectiveness of networking compared to other marketing tools. One reason is that the quality of leads is better. There might be smaller number of them, compared e.g. to received ones from the company's website, but the actual sales based on the leads from networking can in more cases be realized. Another remark they made was, it enables to do business in an easier way – one can get with the help of networking faster in touch with the right contact. E.g. using cold calling to reach the same number of customers would be much more time consuming.

The literature recognizes networking effects as better in many areas compared to the effects of other marketing tools – Word of mouth referrals have stronger impact on new customer acquisition compared to traditional advertising. The long-term elasticity of customer acquisition is for Word of mouth for example, approximately 20 times higher compared to the one for marketing events and 30 times that of media appearances. Word of mouth referrals also have substantially longer carryover effects than traditional marketing activities and also result in substantially higher response elasticities (Trusov, Bucklin, & Pauwels, 2009).

For most businessmen in the research (Nierenberg, 2004), networking is the main means of acquiring business. For some a 100 %, for some a little less, but for all of them it is a source of more than half of their business. Networking does not necessarily bring the most leads (compared to other channels), but they are of higher quality. Rather than handing out a lot of business cards at a networking event, it is better to make a smaller number of quality contacts. A new person someone met does not automatically mean the connection was built.

The other aspect is that interviewees get contacted by people who are friends or

acquaintances of their existing satisfied customers and they referred the businessman. Some time after starting networking, businessmen evaluate the effects compared to the efficiency of other marketing tools and decide how many resources (financial and timewise) they will put into each marketing tool.

Most see networking as the most efficient marketing tool they use, because it is more personal. In tools such as online marketing potential customers often compare different providers among each other only based on price. They do not understand the added value, because it is more difficult to demonstrate it e.g. on company's website compared to face-to-face communication.

Networking on the other hand enables proving the adequacy of the service / product not only regarding the price, but it also shows the added value – regarding the reliability, quality, service, suitable business partner etc. Competing with the low prices can be dangerous, because it creates a higher pressure regarding the profitability (Kapferer, 2008). A low price indicates that the differentiating attribute of the brand must be worth little – low price indicates low value (Carpenter, Glazer, & Nakamoto, 1994), which works in favour of practising networking compared to other tools.

I can conclude based on my sample analysis that the other channels, through which the representatives are generating business, are referrals (which can actually also be counted as a category of networking) and existing, long-term clients / customers, tenders. One source of business is of the reactive type – customers find the company by themselves, which is a consequence of the visibility of the company. Other channels that they have tried out were advertisements (mostly in smaller scope because they have limited resources as smaller companies), trade fairs, social media, Public Relations and sponsoring – but they do not know what effect they had or they did not show apparent effects. Most of them agree that a personal approach brings the best effects.

Interviewee 9 (female, informal networker) stressed the importance of personal relationships:

»Every new business we get is a consequence of the good relationship we built before and sharing the same philosophy. I am a person of personal relationships, not marketing tools.«

Interviewee 11 (male, BNI member) presented a picturesque metaphor for the importance of personal connections:

»It does not work without human communication. A scientist without networking and presenting his idea will not be able to sell his patent.«

The highest level of a personal connection (compared to other tools) enables the businessman to persuade the potential customer on a more personal level. Interviewee 6 (female, BNI member) pointed out the importance of networking compared to other marketing tools. The advantage of networking being, people can see and hear her in person. They can in this way easier understand, what her knowledge is based on. Also because she sees them face-to-face, she is able to tell them something about themselves that they did not know or notice before. This makes them react and decide for her service. Furthermore, Interviewee 9 (female, informal networker) emphasized the saying “It's not personal, it's business.” does not hold true, because being a businessperson means everything becomes personal. Business can not be strictly business, because one puts himself / herself in the business.

Two of the interviewees discussed the impersonal nature of online marketing (in contrast with networking) – as Interviewee 2 (female, BNI member) mentioned, those potential customers, who send an inquiry through the company's website, often compare the company with the competition only by price. Opinion of Interviewee 6 (female, BNI member) of effect of online marketing tools is also doubtful, specifically of social networks. She indicated she has never seen a direct effect - she has never sold anything through Facebook. The reason in her opinion lies in the virtual contact, which is worse than the face-to-face connection.

Based on my analysis it seems that one advantage of networking, compared to some marketing tools like presence at a tradeshow, is that networking takes place many times and usually costs a smaller amount of money, the cost being spread through a longer period of time. A tradeshow on the contrary is a one time opportunity to get in contact with potential customers – if a businessperson was not ready there, (s)he would waste the financial, but also time investment and energy (s)he put into preparing the stand.

It depends on the industry, but normally it is best to have an integrated marketing mix – combine networking with other marketing tools that can have complementary effects. Female expert (Interviewee 8) explains, how one can do a lot with networking, however:

»It is slow work and demands a lot of input. Businessmen can develop a mass market with marketing and then get credibility, trust and key accounts with networking. Networking events are suitable for B2B companies to be present, because the business customers are also there.«

Nevertheless, networking events only have a limited number of attendees – not all B2B customers are there, and this is why other marketing channels have to be used additionally – to reach those who do not attend the events.

There is an optimum level of resources that should be devoted to networking – excessive use of networks can be counter-productive (Watson, 2007). The best is to combine offline efforts with the online ones. Face-to-face networking needs to be combined with social media networking that is growing in its importance (Herzlich, 2011). Networking brings advantages that other tools can not: »Networking facilitates the acquisition of knowledge, skills and resources essential for firm growth and survival that would otherwise be difficult to obtain« (Schoonjans et al., 2011, p. 179). However, it should still be combined with other marketing tools.

### **3.9 Efficiency of networking**

Most of the interviewees claim that it is difficult to evaluate the efficiency of networking since it is not the only tool, influencing the business deals, awareness, credibility etc. One way of evaluating the efficiency is according to Interviewee 5 (male, informal networker) assessing the number of contacts (e.g. through LinkedIn and Facebook) who can provide a solution to a problem that a networker has in the moment when a problem appears. Interviewee 6 (female, BNI member) is as the other way for monitoring efficiency (in the case of a formal networking organization) mentioning the system of “thank you cards”. They include the exact value of gained business one handed out to fellow networkers for the business one received.

Measuring the effects is simpler for smaller B2B companies – for each new business deal they make, they ask the employee who discovered the lead (often the sales person) how they got to the contact. According to the Interviewee 11 (male, BNI member), bigger companies need to use more complex customer relations management (CRM) systems.

»Networking enables firms to get access to knowledge and resources in a timely and cost-effective manner« (Schoonjans et al., 2011, p. 170). All of the interviewees in this research agreed they get a positive return on investment with networking. One of the aspects of efficiency is faster processing of tasks or dealing with potential customers. Interviewee 1 (male, informal networker) presents an illustrative example: There are 100 customers that one needs to address. Without a strong network (s)he would need about three months to get feedback and at the end close 2–3 % of the open deals. However, if one had a strong network and thus many mutual contacts with the 100 customers, (s)he would get through the list in two days. The businessman gained a lot considering how much this time is worth and how much the wages of the employees who would contact the customers are.

Another example provided Interviewee 11 (male, BNI member), namely comparing the effect of networking with the effect of sponsorship:

»If I invested 10,000 EUR in a sponsorship for one year or the same amount in networking (in terms of how much my employees get paid per hour), the investment in networking would return times five compared to the investment in sponsorship.«

Based on the analysis of conducted in-depth interviews I can presume networking is of essential importance especially in the segment of micro, small and medium companies, because they do not have big marketing budgets. Networking on the other hand can be done in a cheap and efficient way. In order to be efficient, one has to work consciously at networking events. This means not only talking to already existing acquaintances, but making the extra mile – make a few new contacts. After the event, a follow up via LinkedIn and a »thank you« note is necessary – to make sure that return on investment happens.

It demands investment in the form of time and in some cases also a financial investment – an annual membership fee in case of a networking organization or a fee for a conference. However, in the long term, it brings results – financial effects, which are a consequence of relationships between people. A prerequisite for networking to be efficient in networking organizations is that the member has to be active, take part in events and not just be a member for the sake of being a member without putting any effort in it. Another requirement for the efficiency is that the networker has to find the right people to network with.

### **3.10 Measuring of investment into networking**

I can conclude based on my sample analysis that the investment that was recognized by interviewees as the most important is the one in the form of time. Networkers from formal networking organizations need time for different kinds of meetings and events and getting to know other networkers better (one-on-one meetings). Most networkers spend between 10 and 15 hours per week for networking. Based on the hourly fee they charge to their clients, some claim it can easily be calculated how much this time is worth. The others claim the time spent can not be evaluated in terms of money, because they obtain skills during that time that they can use for their work with which they actually saved some time and money.

Also based on the sample analysis I can identify the financial investment as the second most important investment: for members of formal networking organizations it is the membership fee; for others, it is the ticket for conferences and other networking events. There are other costs, intended for items necessary for networking – e.g. business cards, business clothing, coffee, lunch, gas and others. The majority is of the opinion that the financial investment into networking is hard to evaluate, also because it is rather difficult to track all the costs which are directly and especially indirectly connected to all

networking activities. The financial investment is strongly connected to the level of one's activity – e.g. one can be attending only the most important networking events, compared to another businessman who works more on his visibility and is hence a member of boards of networking organizations which demands more time and voluntary engagement.

The last but not least investment is the one in terms of energy and effort. None of the interviewees measure it. There is a cost associated with networking (a time and financial one) – consequently, entrepreneurs must be strategic in their use of networks by balancing the potential benefits against the costs (Zhao & Aram, 1995). In order to reach networking goals, it is recommended to track the networking efforts. One way is to use a networking scorecard that measures the number of arranged one-on-one meetings, given referrals etc. (Misner et al., 2009).

### **3.11 Negative effects of networking**

#### **3.11.1 Short term effects – at networking events themselves**

As one of the negative effects of networking at the networking events themselves, Interviewee 1 (male, informal networker) indicated feeling uncomfortable. This can happen because talking to people one does not know means going out of the comfort zone. It is the evolutionary tendency that we fear people we do not know. We fear that the person is an invader and consequently it is not natural to shake hands with everyone.

Another reason for being uncomfortable is the goal of some people to sell products / services at events instead of connecting to other people and searching for new opportunities. According to Interviewee 2 (female, BNI member) this often does not work – people do not come to events to buy something – they feel inefficient and, hence, disappointed. Interviewee 5 (male, informal networker) is supporting this thought: When networkers are under pressure to sell something, e.g. to collect ten business cards, they feel burdened, which affects their relaxedness and the output they manage to generate. Especially if they had problems with selling at the event, other networkers would easily sense this stressful state of the businessperson. Interviewee 12 (male, expert) is adding a thought about the topic of so called *hunters*, who are attending as many events as possible where they promote their services. With this they become less credible and their high visibility starts working against them.

With his / her behaviour, a networker can make a negative impression and consequently this image transfers to the company they are representing. Such example was described by Interviewee 11 (male, BNI member) – especially junior sales people can behave unprofessionally and other people remember them as being impolite and arrogant. This

connotation they apply to the company. This means, as much one can do good with networking, (s)he can also cause damage.

According to Interviewee 11 (male, BNI member) people can also make a bad impression with their perceived identity – because they are members of a society or association, others immediately give them a sticker – they perceive them and their values as the same as those of the association which can be bad for the individual's reputation.

As claimed by Interviewee 4 (female, BNI member), another reason for feeling uncomfortable is that some businessmen do not feel good when they have to interact with many people, especially when they are strangers. Networking events might not be most suitable for this kind of people.

Another negative aspect of networking is that it is exhausting and time consuming. It is supposed to take less time than classical sales and cold calls though, but still, the networking events demand a lot of time – not only the official ones, but also social, relationship building ones. One can have a feeling that they are wasting time, because they can not show any results. As a matter of fact, it is an important part of the business that brings results in the long term. There are also costs connected to networking, e.g. buying new business clothes, paying for the meals and trainings.

»There is an optimal level of networking, since networking has a time and financial cost associated with it. Accordingly, firms can benefit from participating in a network [...] when they have not yet reached their optimal level of networking« (Schoonjans et al., 2011, p. 179). For companies that have already reached their optimal level of networking, joining a formal networking organization might be counter-productive (Schoonjans et al., 2011).

Interviewee 3 (male, BNI member) described another negative effect, which would occur if a networker referred somebody, thinking the quality of his / her services / products was good, which turned out as false. This can also hurt the image and credibility of the businessman who referred this networker. That is why it is important to be careful when referring somebody.

There is another negative effect that networkers did not mention, because they often talked about weak ties. The negative outcome, mentioned in the literature is »group think«, which is caused by longer-term relationships, the strong interorganizational linkages. It can result in collective inertia and blindness to new ideas. That is why it is important that the company keeps a balance between strong and open network linkages – between established, trusted partners and new, diverse partners (Eisingerich & Bell, 2008).

### **3.11.2 Long term effects of networking**

As described by Interviewee 2 (female, BNI member) and agreed by most of interviewees as well, networking is a long-term process; there are not many immediate effects. One can not count on results when he invests into networking, but a few months later.

Dealing with people that the networker meets for the first time in Interviewee 6's (female, BNI member) words means there is no guarantee about the reliability of people. Especially those who are members of formal networking organizations automatically trust other members because of common values, which they are most probably sharing with the organization. This can in rare cases turn out badly – lack of payment discipline; if the network of people grew too much, it would be more difficult for the networkers to get to know and trust other networkers.

Based on the primary data it seems that a networker making a mistake in the business process, a problem with his product or service or too high expectations of the customer – all of these can cause a backfire. The higher visibility the person has, the worse the backfire is – a negative feedback can occur faster when being in contact with bigger number of contacts. Interviewee 1, highly active informal networkers shares a piece of advice about how it is important that everything one does, (s)he does it well:

»If you make a mistake, you need to make sure you will solve the problem with the customer. If there was a bad aftertaste because of low satisfaction with your service, you would never know to whom the customer will talk about the bad experience with you.«

It is possible that the backfire happens without a reason – other networkers might spread rumors about a businessman without checking the facts before (Interviewee 3). This potential negative effect can then turn into a positive one – because the businessman tries to eliminate the potential bugs (the more he networks, the more they can potentially hurt his business) and thus becomes better and better at doing business.

The opinion of the majority of the interviews is that networking does not have crucial negative effects, as long as the networker is authentic and honest – does not lie, mislead, pretend, disappoint with their way of doing business and ruin his own credibility.

### **3.12 Mix of business networking and socializing for private purposes**

The networkers often do not have a strict boundary between business and private life. Good networkers build the relationships on a long-term basis and ideally develop trust, which means that they also become friends with some of them and socialize with them in their free time. Business partners can also often help with problems in private life – a

networker knows who the experts for specific areas are and knows whom to ask for help for a specific problem.

Literature recognizes the difference between professional networking, which includes preparation and having goals in mind, compared to socializing, which are often entertainment activities and random mingling – waiting on something to happen by coincidence (Fischer, 2001).

### **3.13 Future goals of the networkers**

Most of the networkers recognize the advantages of networking, which is why they dedicate as much time as they can to it at the moment, while trying to keep the balance between their core business activities and networking activities. They do not intend to decrease networking activities – the majority of the networkers will keep them on the same level. It is important to select and focus on the relevant events. However, the minority will dedicate even more time to it on account of other activities or other marketing tools. Some of them expect that the share of business gained through networking will increase steadily in the next years, for a few percent every year.

It is crucial to keep networking and nurturing the already established relationships, otherwise they loosen up. Interviewee 6 (female, BNI member) presented a picturesque metaphor:

»My chapter (group in BNI) is like an old married couple. The fellow networkers are there, they know me and I got a feeling that I do not need to invest much in them. [...] However, this resulted in the amount of business I am gaining – quickly the interest decreased. I have to start kicking again.«

## **4 DISCUSSION OF RESULTS**

By conducting and analysing the in-depth interviews I was investigating **what effect business networking has on the success of business-to-business companies** and I set this as the main research question. Due to the breadth of the researched topic, I divided it into various sub-areas. With these sub-areas I also answered the other two research questions: »What effect does business networking have on an individual?« and »What expectations do networkers have from networking?«

Before discussing them, I needed to make sure that all the participants in the research were competent for a discussion about the topic – this was proved to be correct, namely all of them are practising networking as one of the main marketing tools and they also network often – on average ten hours per week.

I divided the **effects of business networking** in these sub-areas (they belong both to the effects on the company as well as on the individual):

**Increasing one's business network** and the number of contacts in it means increasing the visibility of a businessperson in the relevant circle of people. It also means building on the social capital. Primarily, it is important to grow the number of contacts; however, a focus on the field where one can make the most business is also of great importance. After some time of networking in the focused area, one will need more and more time to meet new relevant people since (s)he already knows a lot of them. Networking also helps with accessing certain influential people that one could not access otherwise. Another effect of an expanded network is building relationships with people who can help a businessperson with getting new customers.

**Gaining new business opportunities, deals and projects** is besides the above mentioned effect the most important effect for networkers and is closely connected to the increase of network. It was often emphasized that a networker must work on developing new business deals in the long term. The participants also emphasized the **Givers Gain**<sup>®</sup> – one can not expect to sell immediately, but has to first build the relationship with and help the other party and only then possibly gain. Another aspect of new business opportunities is the extension of business areas – some networkers get ideas from other networkers about extending their business in new areas, which they did not think about before – the spectre of potential clients and opportunities for collaboration grew.

**Gaining new business deals in an easier way:** Most of the networkers put an emphasis on networking being a better and easier way due to personal approach compared to cold calling, advertising, PR, sponsorships and other marketing tools.

**Gain from similar-minded people:** Networkers like to socialize with people who have similar views, values, because they can discuss their challenges with them and because they are often positive-minded people.

**Short-term benefit:** It was mostly highlighted that networkers-beginners are being opportunistic, expecting to sell and to immediately close the deal.

**New ideas:** Networking has a positive impact on innovation. Being in contact with people from different business areas and getting different know-how help to generate new ideas and to get a different viewpoint on problems, which helps with solving them.

**Time efficiency:** Networkers need less time to reach the right person or get access to the needed information. Networkers also have to be able to better organize their work and working hours – because they are aware that they will need to devote a part of their

available time to networking, which is why they are more efficient at their work and better at time management. The other viewpoint reveals that networking can be time-consuming – the more time one devotes to this activity, the less time (s)he has for the core work activities.

**Running the business better** includes better quality of services and elimination of possible disadvantages of the product. The bigger the network is, the faster can the networker receive the feedback from his / her connections.

**Higher visibility of the company and of the individual:** Networking helps with recognition, public acknowledgement and branding of a company, as well as of an individual. In many cases the brand of the individual is stronger than the brand of the company. One needs to be careful about visibility – too much visibility can also bring negative effects.

**Expanding of one's skillset:** New connections enable exchange of information in the areas where the company lacks knowledge. The most often pointed out areas in which businesspeople gained skills while networking are: networking skills, presentation skills, entrepreneurial skills, time management skills, leadership skills, organization of work, multitasking and business etiquette. Personal growth was also often mentioned, which comes as a consequence of learning from other networkers and being in contact with people who have an entrepreneurial mind-set.

**Acquiring strategic information:** One can acquire strategic information, before it becomes of public nature, which can put a businessperson in an advantageous position, ahead of his / her competitors. The predisposition is mutual trust and it only works reciprocally – one must share a certain level of private information in order to get to know a similar level of private information.

**New career opportunities:** People with the right approach to networking can build their credibility and enlarge their network. These connections can help them to find a new job. Nowadays, when people are changing jobs every few years, the personal brand is very important. It is still important when one reaches a managerial position – networking also makes the biggest relative contribution to manager success.

**“Ready to help” connections:** Networking brings quality business connections that are not strictly of business nature, but also of a friendly type – one has an available network of people whom (s)he can count on and also help other people with their help.

My next research question was: »**What role does business networking play in the marketing communication mix?**«

Most businesspeople in this research are using networking as their main marketing tool. It does not necessarily bring the most leads (compared to other channels), but they are of higher quality. The majority see networking as the most efficient marketing tool they use, because it brings a more personal approach. It enables proving the adequacy of the product / service not only regarding the price, but it also enables demonstrating the added value (e.g. quality, reliability, better service). Another advantage as defined by the participants is the lower cost or a more spread cost throughout a period of time compared to some marketing tools. It is best to have an integrated marketing mix – combine networking with other marketing tools that have complementary effects.

The last research question was: **»Is networking an efficient marketing tool?«**

First of all, most participants were of the opinion that it is difficult to evaluate the efficiency of networking since it is in most cases not the only used marketing tool. However, some interviewees assess the efficiency by the number of contacts (e.g. through LinkedIn and Facebook) who can provide a solution to a problem. Others – members of a formal networking organization – use the system of recording the “thank you cards”, which they hand out when they receive a business deal. Measuring is simpler for smaller B2B companies – for each new business deal they make, they ask the employee who discovered the lead; however, bigger companies have to use more complex CRM systems. All of the interviewees agreed that they get a positive return on investment with networking. However, in order to be efficient, one has to work consciously at the networking events. It demands quite some investments – in terms of time, effort and finance.

**Some other aspects of networking were discussed that should not be neglected:**

**The effects of networking are of a long-term nature:** the reason is that it takes time to build a relationship and consequently it can be hard to prove the effects of networking at the beginning. Some contacts can turn out to become useful after many years. Since a lot of effort and energy is invested in the long-term relationships, these contact or customers can turn out to be the most beneficial (loyal) ones. However, sometimes also short-term effects can happen, such as a one-time sale or getting information one was looking for.

Networkers are divided in their opinion on whether it is beneficial to set goals for networking events or attend the events without specific objectives in mind. Some even treat networking as a hobby – many people network because they enjoy it, they consider it a social activity. Many managers network because they want to socialize with other managers.

Networking can also have **negative effects:**

- With his / her behaviour, a networker can create a negative impression and consequently this image transfers to the company (s)he represents.
- Networkers can get perceived negatively because of being members of a society or an association – they and their values are perceived the same as those of the association.
- It consumes a lot of energy and time.
- Too much networking can be counter-productive.
- Referring someone unreliable can have a negative impact on the image and credibility of the networker.
- “Group-think” can appear – collective inertia and blindness to new ideas.
- There are not many immediate effects – networking is a long-term process.
- High visibility can cause backfire (negative feedback). Sometimes the backfire can have no evidence (can be made up).

However, the opinion of the majority is, that networking does not have crucial negative effects compared to all the positive ones.

It often comes to **interweaving of business networking and socializing for private purposes** – often networkers do not have a strict boundary between business and private life.

**Future goals:** most networkers plan to keep networking on the same level as it is today (a minority would even like to increase their networking activities); but with more focus on the relevant events and relevant potential customers.

## CONCLUSION

The concept of business networking is often mentioned as one of the important activities of successful business people – either when making new business deals or when they are looking for new career opportunities. In literature, the effects of networking are mostly recognized as positive; however, they are in most cases only approximately estimated – also because there are many other factors that have an influence on the success of B2B companies. However, not much scientific research has been carried out yet, and the existing research was mostly done in the United States. In the Slovenian market, no research has been done yet about the effects of business networking, which was a good opportunity to contribute to this field of research.

Networking is gaining in importance in comparison to other marketing tools. Customers also tend to trust it (e.g. recommendations from friends) more than the traditional mass media. The reason is in the personal approach of networking which enables resonating with customers. Networking is especially crucial for B2B companies because personal relationships are more important to them compared to consumers on B2C markets. It is

also more likely to happen that the initiative does not necessarily come from the seller, but from the side of the customer. Networking helps exactly with that – with finding resources. Effects of networking can be anything from higher performance, more innovation and knowledge activities, more repeat business, to more customer loyalty, greater perceived value, expanding markets etc.

In order to gain a deeper understanding about networkers' perception and opinion about business networking and especially its role and effects, I conducted primary research (in-depth interviews). Three types of businesspeople from B2B companies took part, all of them practising networking as one of their main marketing tools. They were representatives of a structured networking organization BNI, highly active informal networkers or experts of the field. As the most important effects on networking they pointed out gaining new business opportunities, deals and projects (in an easier way compared to other tools), gaining from similar minded people, getting new ideas, being more time efficient, running the business better, having better visibility – as an individual and as a company, expanding of skillset, acquiring strategic information, getting new career opportunities and getting “ready to help connections”. One of the research questions was connected to the role of networking in the marketing communication mix – the participants use it the most extensively compared to other tools, it brings leads of higher quality and it is the most efficient marketing tool because of the personal approach – it enables proving the adequacy of the product / service in all aspects – not only price, but also quality.

I would suggest to businesspeople to make a proactive effort to consciously grow and deepen their business network. Managers should encourage their colleagues to attend the relevant networking events and strengthen the positive perception of business networking. I would recommend to be persistent, keep on networking and wait for the long-term effects of networking because these usually bring more value. They should first build the relationship and then do the business. It is best to combine networking with other marketing tools that bring complementary effects. Networking e.g. helps with finding the key customers or to reach people on managerial positions (which would be harder to do through the usual process). However, to scale the business, they should also use other tools, such as specialized advertising, direct marketing etc. A businessperson should find an optimum level of networking – there is a saturation level, which they should not exceed. Too much visibility could namely bring negative effects – the networker could get perceived as a pushy sales person. I suggest to have goals in mind (what one would like to reach with networking), however not strictly stick to them. After growing the number of business contacts, some of them can turn out to be useful only after longer time. I discourage attending many networking events (on all possible topics), it is better to focus on one business area – where most of the customers are present. Networkers should keep in mind the principle of reciprocity (Givers Gain<sup>®</sup>) – first help others and only then profit.

Networking can also have some less straightforward effects – e.g. it demands improvement of the product / service. Networkers should take the advantage of it and use the feedback to eliminate bugs and make their offering as best as possible. Another opportunity is acquiring of strategic information, which again works reciprocally. I advise to networkers to measure the efficiency of their networking efforts – in a couple of months they will be able to evaluate, what is the effect compared to other marketing tools. Measuring can be as simple as asking the sales people, where the lead came from.

The conducted research was of exploratory nature – to understand the background of the subject better and to enable future research. The meaningful continuation would be to carry out quantitative research (enabling generalizations) – with two different groups of participants: informal networkers and those who belong to a formal networking organization. In future research businessmen from interorganizational companies who do not network a lot should also be included – they might share a different perspective than positively inclined interviewees in the described primary research. As a formal networking organization I studied only BNI. In the future it might be of interest to explore the effects of networking in some other formal networking organization. Another research method, which would contribute to even deeper understanding of the topic, would be participant observation. A researcher could attend a networking event and observe a specific networker and then get acquainted with how this networker is reaching his / her goals. The researcher could also investigate how the networker's company is reaching the same goal with another marketing tool and make some parallels of effects of both. One of the remaining open issues that should be investigated in the future research is also how the role of business networking in success of B2B companies differs from market to market. This way we could better understand, what kind of influence culture has on the effects of business networking. Last but not least, I focused only on interorganizational market, which leaves space for further research on networking in consumer markets.

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## **APPENDIX**



## **Appendix: Guidelines for in-depth interviews**

### **Demographic questions:**

Only when interviewing members of BNI, I asked: How many years have you been a member of BNI?

How many years have you been employed in the company? / How many years do you already manage your own company?

How many employees are in your company?

### **Goals of networking:**

Only when interviewing members of BNI, I asked: Why did you join BNI?

What are your expectations from networking?

Why do you network?

Do you have any specific goals in mind, which you would like to achieve with networking?

### **Effect of networking (in general):**

What do you think, why do other people network?

What are (in general) the consequences of networking?

What effects does networking have on your business? Can you name the effects?

What are the short-term and what the long-term effects of networking?

What are the financial effects of networking?

What are the non-financial effects of networking?

Have you noticed any negative effects of networking? If yes, which ones?

How do you measure your input into networking?

What is the return on investment (time, money and effort) into networking?

### **Organizational level (effect on the company):**

How does networking affect on productivity?

How does networking affect on acquiring strategic information?

How does networking affect on gaining new business deals?

Can you describe a real-life example of how networking affected your business?

### **Individual level (effect on the individual):**

How does networking affect your personal visibility?

How does networking affect your influencing power?

How does networking affect your career success?

How does networking affect on your networking skills?

How does networking affect on your other soft skills?

**The role of networking in the marketing mix:**

What is the effect of networking compared to the effect of other marketing tools?

Is networking working as the only marketing tool or does it work better / worse in the combination with other tools?

Are the effects of networking more of long-term nature compared to effects of other marketing tools you are using?

What share of your business do you gain through networking?