STUDY ON THE IMPLEMENTATION OF NETWORKING ACTIVITIES FOR BUSINESSES IN THE NORTH-EAST REGION OF ROMANIA

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ABSTRACT: Social networks are increasingly important for entrepreneurs, as they can support the process of discovering valuable opportunities, especially for innovative businesses. Communication and cooperation between various stakeholders involved in the entrepreneurial environment have been considered essential in business relationships, and networking activities have the ability to mediate these two components. However, the interaction between relevant actors does not naturally arise, but rather they are actively organized by business support structures. We propose a model for analyzing social activities through a pilot study conducted among 10 business support structures in 5 counties in the North-East region of Romania. The findings of the study are commented with regards to two main hypotheses. Obtained results support the idea that networking activities are sufficiently promoted, but still insufficiently developed throughout the region, providing the necessary premises for a larger study, including a wider range of respondents and an improvement of the research tools used.

KEY WORDS: networking, entrepreneurship, innovation, innovative company, start-up

JEL classification: D85, L14, L26, O31

1. INTRODUCTION

A wide range of economists, sociologists and management researchers have proposed many definitions of entrepreneurship, as well as different conceptual frameworks for entrepreneurship. Shane and Venkataraman (Shane, Venkataraman, 2000, p. 218) have defined the study of entrepreneurship as being in fact the study of uncertainty emanates from Cantillon's early works (Cantillon, 1931). The researcher has said that the farmer / entrepreneur decides how to give the land more use, without being able to predict which one will bring more benefits. He goes on to say that, because of the whims of weather or demand, the price of farm products depends naturally on these unforeseen circumstances, and consequently the farmer has to manage his business (farm) in an unforeseen environmental conditions.

The concept of an entrepreneur seen as an innovator first appears in Baudou. In the context of an agricultural environment, Baudou conceived the entrepreneur as innovative, in the sense that he invented and applied new techniques or ideas to reduce costs. However, many attribute the innovative feature of the entrepreneur to Joseph Schumpeter's writings. He defined innovation in a number of ways: creating a new product or a new quality of it; creating a new production method; the opening of a new market and new types of resources.

Considering these characteristics of the entrepreneur, we can say that in order to sustainably grow and to be supported in this development, the entrepreneurial process involves innovation, ability and willingness to experiment and test products, services, processes, methodologies, markets and new resources in the context of an uncertain environment.

The premises of this paper reside in this entrepreneurial theory embracing the two concepts of innovation and environmental uncertainty and take into account the importance of the social context for entrepreneurship development, the entrepreneurial support network and networking activities designed to support and encourage the successful management of business at regional level. We motivate our conceptual model based on the fact that the entrepreneur is constantly searching for new information and the key to the company's success of business performance is the acquisition of knowledge and access to social networks. When the entrepreneur acquires more knowledge, when he is increasingly connected to the economic reality around him or her, when s/he knows both his/her competitors and other key stakeholders involved in the entrepreneurial process (clients, suppliers, business support structures, etc.) there is a greater likelihood that the innovative activity will be more successful, sustainable and bring added value to the specific sector of activity, but also to the geographical region in which it develops.

In this margin of thought, the approach of this paper is to analyze the networking activities organized in the North-East region by carrying out a pilot study among some business support structures (BSSs) identified by us as represented by the following: chambers of commerce and industry, universities, clusters, and business hubs. An important point to be made in choosing this approach is that the level of entrepreneurship is relatively low throughout the North-East region compared to the other regions of Romania, but especially in comparison to other regions of the European Union (Nica et al., 2018). Our research approaches entrepreneurs looking for knowledge, information in their social networks through networking activities organized by business support structures. Therefore, this paper is in line with the research conducted by Welter or Zahra and Wright (Welter, 2011; Zahra, Wright, 2011) who debated upon the importance
of the social dimension of the context in the entrepreneurial process.

Consistent with the purpose and methodology chosen to conduct this research, we have built the following hypotheses that we will test through the pilot study:

H1. Networking activities are organized on a professional and regular basis across the North-East region of Romania;

H2. Business support structures in the North-East region are aware of both the benefits of networking and the development needs of this type of activities in order to support innovative entrepreneurship.

2. NETWORKING ACTIVITIES, A BASIC COMPONENT OF INNOVATIVE BUSINESS RELATIONS

The concept of innovation in business management is inherently linked to uncertainty. An entrepreneur will always look for solutions for his or her business, will always be looking for competitive advantage, will always be interested in increasing the value of the company, the efficiency of the resources used, and improving the performance of the business. Innovation is a good solution, it represents a viable answer to a continuously changing economy and the entrepreneur engages in a discovery process to develop the innovative solution. We can view this process of discovery as a two-step procedure: at first, as problem identification and formulation and the second, the search for the right solution within the sources of knowledge available to the entrepreneur. The ability to seek solutions within the social network is determined by the size and heterogeneity of the network itself; the more heterogeneity of social ties, of available knowledge and experience is greater, the more creative the entrepreneur will be (Leyden et al., 2014, p. 1158). In other words, the creativity and, implicitly, the innovativeness of an entrepreneur, stems from the social contacts, from the frequency, quality, and the diversity of connections and also from the entrepreneur's desire to seek new solutions to the encountered business problems. Not to mention that it also arises from the desire to discover successful models and learn from the experience of other entrepreneurs or stakeholders involved in supporting the business environment.

Business relationships are undoubtedly complex and involve a variety of facets. Research into the evolution and characteristics of business relationships has proliferated in recent decades, so researchers have used different theoretical perspectives to explain their causal mechanisms. Each of these theories has explained the determinants of business relationships such as trust, commitment, communication, cooperation and dependence (Palmatier et al., 2007). Regarding our approach to the pilot study on networking activities, we believe that communication and cooperation concepts are essential in supporting entrepreneurship and developing it in a harmonious way, with a solid base of information and educating the innovative spirit of effective risk management, adaptability in an uncertain environment, and focus on business sustainability.

Communication is defined in this context as a formal and informal sharing of significant and timely information between firms (Anderson and Narus, 1990, p. 44). This definition highlights the bilateral expectations of both parties involved in a business relationship to proactively provide and at the same time receive valuable information to the partner, information that could affect the partner's operations or decisions. This definition focuses rather on the effectiveness of information exchange rather than on the amount or frequency of information transmitted. As such, communication and, in particular, timely communication is capable of developing trusted relationships between entrepreneurs. This type of communication process not only mitigates risk in decision-making, but also has a significant, positive impact on the general perception that partners support each other, creating a general cooperative climate of cooperation and participation in finding relevant solutions to common problems or challenges.

Cooperation refers to those situations in which the parties work together to achieve common goals (Morgan, Hunt, 1994, p. 26). This concept is based on the fact that actors involved in a business relationship combine their efforts to build a successful connection. Morgan and Hunt also assert that effective collaboration within a collaborative network promotes effective competition. However, since conflicting behaviours may coexist temporarily with collaborative actions, we cannot consider cooperation as a simple concept, such as the absence of conflict. For example, entrepreneurs may have ongoing disputes, but they continue to cooperate on the grounds that costs related to ending relationships are far too high. Equally, cooperation cannot be confused with the granting of consent. Cooperation is proactive, while consent is reactive. The agreement to promote a business partner or the complementary products and services provided by that particular entrepreneur is a passive process, while their proactive recommendation and even their advertising fall within the conceptual sphere of cooperation. However, in the current economy, there is no practice of cooperation, education or interest in nurturing meaningful relationships unless the interests of each actor are clearly defined and pursued through safeguards, such as contracts or joint investments to induce partner this kind of reciprocity (Luo, 2002).

Entrepreneurship is a predominantly social approach in which individuals interact with each other to support their efforts to start, grow and sustain business (Ruef, 2010). Starting from this statement, we find that quite a large number of entrepreneurs are involved in networks or groups that, through their specific activities, support the affairs of their members. For example, members of the Business Network International group (BNI) pay an annual fee to be involved in network activities, participate in meetings within the network, and have access to relevant information and references from potential clients (Ho, Pollack, 2014, p. 22). This type of entrepreneurial network has been defined as a network of new social links that intermediate information and resources, ultimately leading to the growth of business value through entrepreneurial processes of identifying, exploring and exploiting opportunities (Pollack et al. 2015). We could add that this definition gains a wider variety of nuances for innovative businesses, which are much more dependent on new information and access to new technologies hardly accessible to an entrepreneur outside the information network (whether formal or informal); or start-up businesses along their growth and affirmation on the market.

The process by which entrepreneurs have access to information and resources through social connections, namely, networking is not a simple one but rather a complicated one (Pollack et al., 2016). It is not represented, as it would be considered on a superficial analysis, only by the annual payment of a fee (see the case of BNI), but rather pro-active meetings with the members of the group in the social network. Through this type of interaction, entrepreneurs build qualitative connections based on trust and mutual respect that can lead to references to potential new customers. In short, networking activities are represented
by the process of cultivating relationships that bring value to the business, support and sustain business development.

As far as the classification of the social relationships of an entrepreneur is concerned, we agree with the delimitation of other researchers and we use the term "personal networks" in the sense of relations with those in the near environment of an entrepreneur, such as relatives, friends and colleagues with whom the entrepreneur has a friendly relationship. Generally, these relationships are informal and close, based on trust, shared values, and mutual feelings. On the other hand, "professional networks" are viewed as relationships derived from contacts formed during academic and research activities. This group includes mentoring relationships, attendance at various forums, conferences and seminars, and those maintained with business stakeholders such as potential clients, suppliers, competitors or investors (Fernández-Pérez et al., 2015, p. 38). Such relationships are often more formal and less emotional than personal networks. The networking activities studied in the present paper have at their centre the organizations that organize them, their purpose and frequency, as well as other aspects that can support entrepreneurship through such actions.

3. METHODOLOGY

The purpose of the pilot study is to carry out a preliminary empirical analysis of private-sector networking activities carried out by business support structures such as chambers of commerce, clusters, universities or entrepreneurial hubs in the North-East region of Romania. We also intend to identify those elements that determine cooperation between representatives of the private environment in the North-East region, as well as ideas for the development of entrepreneurship through networking activities.

In this regard, we conducted a questionnaire consisting of 25 questions of different types, with single or multiple answers, evaluation answers, open answers, and scaling answers to find out the opinions, values and needs of the respondents represented by persons involved in the activity of some business support structures.

Since we intended to run a pilot study, to pre-test a questionnaire, the sample of respondents is low, but we have attempted geographic coverage of the region as widely as possible. Thus, the business support structures in the region were identified as follows:

- Universities, do to their role in educating entrepreneurship and innovation (in the N-E region there are 7 public universities and 4 accredited private universities, according to the report made under the project "Higher Education and Intelligent Specialization" (High Education and Smart Specialization – HESS) of the Joint Research Centre (JRC) of the European Commission available at http://adrnordest.ro/news.php?id=670);
- County chambers of commerce and industry, since their roles are to implement policies and actions to support business (a total number of 6 in the North-East region, one in each county of the region: Suceava, Botoșani, Neamț, Iași, Bacău, Vaslui, https://ccir.ro/membri/membri-de-drept/);
- Clusters (there are in the North-East region no less than 7 clusters that activate in several specific fields, http://www.adrnordest.ro/index.php?page=CLUSTERE_NOR D_EST) and entrepreneurial hubs (or co-working spaces where entrepreneurs, start-ups and freelancers carry out their activity), in total there are 7 in the North-East region, https://www.startupcafe.ro/idei-si-antreprenori/bilantul-

These two types of BSSs were chosen as innovative frameworks for activities of entrepreneurs with regards to their organizational missions to support networking and business development among entrepreneurs (start-ups inclusively).

After designing the questionnaire tool and identifying the organizations, we sent the questionnaire via e-mail. Prior to this, we hold some discussions with potential respondents, people working in the above-mentioned organizations to inform them about the pilot study and for us to ensure the fully understanding of the objectives of the study among possible respondents. Following the request, we received 10 answers to the questionnaire, as follows: 3 from public universities (located in Suceava, Iași and Bacău), 3 from the chambers of commerce and industry (located in Suceava, Botoșani and Neamț), 2 from clusters (located in Suceava and Iași) and 2 from an entrepreneurial hubs (located in Neamț and Iași). The geographical coverage is of 5 counties out of the 6 regions of the region (Suceava, Botoșani, Neamț, Iași and Bacău) and we consider this sample to be relevant enough to the pilot study, taking into account the pre-testing objective of this questionnaire and its short application period, October 2018 – January 2019) and relatively impersonal interaction between authors and potential respondents (e.g. telephone conversations, e-mail messages). One issue is of importance to the authors and that is that some of the respondents have shown interest in receiving the findings of the pilot study, given the lack of such research at this time in the region.

Finally, the information and conclusions resulting from the analysis of available responses was synthesized in the form of graphs and tables that are presented in the following section, analysis of results.

4. ANALYSIS OF RESULTS

For the purpose of the current research, the results of the application of the questionnaire were correlated with the assumptions initially formulated:

H1. Networking activities are organized on a professional and regular basis across the North-East region of Romania;

H2. Business support structures in the North-East region are aware of both the benefits of networking and the development needs of this type of activities in order to support innovative entrepreneurship.

Thus, a first step in the analysis needed to confirm or, on the contrary, refute the hypotheses of our approach is to correlate the organization's objectives with the purpose of networking activities carried out by that particular organization. In order to achieve this, the respondents were asked to list the first 3 goals of the organization they represent and to identify the purpose of the networking activities carried out by the institution. Table 1, 2 and 3 below summarizes these correlations between different types of business support structures and their specific networking activities. We therefore observe a correspondence between the purpose of networking activities with BSSs objectives, an indication that organizations have been optimally chosen to conduct the study and support entrepreneurship and business in the region (at least at the level of their overall mission) through networking activities.
Table 1. Correspondence between organizational goals and networking activities among type 1 of business support structures (BSSs) (public universities)

<table>
<thead>
<tr>
<th>Corresponding BSS</th>
<th>Organization overall objectives</th>
<th>Scope of networking activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSS 1</td>
<td>Quality education; Advanced research; Orientation towards entrepreneurship</td>
<td>Sharing business experience among students, future entrepreneurs; knowledge of practices in the field</td>
</tr>
<tr>
<td>BSS 2</td>
<td>Attracting a large number of students from the country and abroad; The correlation of study programs with the needs of the business environment and their continued adaptation to the regional and world socio-economic conditions in the context of globalization of the world economy; Integration of education with scientific research</td>
<td>Continuous dialogue between the economic environment and the academic community (students, teachers, researchers), future potential students, opinion makers, local and international media</td>
</tr>
<tr>
<td>BSS 3</td>
<td>Focus on the regional needs of human resources training; Meaningful scientific research and capitalization of results in local companies; Strengthening partnerships with the economic, administrative, scientific and educational environments on local, regional, national and international levels</td>
<td>Developing and / or enhancing entrepreneurial skills; Personal development; Accessing funding sources for local business projects</td>
</tr>
</tbody>
</table>

Source: Authors’ research

Table 2. Correspondence between organizational goals and networking activities among type 2 of business support structures (BSSs) (county chambers of commerce and industry)

<table>
<thead>
<tr>
<th>Corresponding BSS</th>
<th>Organization overall objectives</th>
<th>Scope of networking activities</th>
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<tbody>
<tr>
<td>BSS 4</td>
<td>Creating a stable, consistent business environment supporting the development of the private sector; Defends and supports the interests of the business community; Organizing courses / economic missions / fairs and exhibitions to promote business in the county</td>
<td>Business promotion / information / training / establish partnership relations</td>
</tr>
<tr>
<td>BSS 5</td>
<td>Representing the business environment and defending the interests of the companies in relation to the local and central authorities by promoting projects of normative acts of interest to the business environment Representing and defending the interests of traders at institutional, economic and administrative level, locally, regionally, nationally or internationally; Achieving a wide range of quality services to meet the needs of the business environment; Institutional development through the establishment of new organizations and public-private partnerships managed by the organization and the improvement of existing ones</td>
<td>Identification of business environment problems and related solutions, socialization and business environment information over the services provided by the organization</td>
</tr>
<tr>
<td>BSS 6</td>
<td>Networking is an essential issue of entrepreneurship. The organization supports the business environment by promoting a coherent policy of economic and social development at local, county and regional, national or international level</td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors’ research

Table 3. Correspondence between organizational goals and networking activities among type 3 of business support structures (BSSs) (clusters and entrepreneurial hubs/co-working spaces)

<table>
<thead>
<tr>
<th>Corresponding BSS</th>
<th>Organization overall objectives</th>
<th>Scope of networking activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSS 7</td>
<td>Development and promotion of tourism in the region; Support tourism operators in providing quality tourism services;</td>
<td>Strengthening collaboration between members;</td>
</tr>
</tbody>
</table>
Cooperation between association members (travel companies) and public authorities

Capitalizing opportunities for collaboration and partnership with other economic agents, public institutions, members of the local community

To develop a platform of providers / stakeholders in the field of molecular and structural medical imaging in the North-East region, including fundamental and applicative medical research and studies that will address physiological and pathological medical aspects through molecular imaging:

R&D activities in the field of medical imaging and technological transfer, with educational impact in university and post-graduate education, economic impact through the development of SMEs and practical impact in improving the diagnosis and treatment of some diseases;

Developing partnership projects to obtain non-reimbursable funds needed to finance research and technological transfer activities in the field of medical imaging

BSS 8

Developing the Romanian entrepreneurial ecosystem;
Development of educational programs for entrepreneurs;
Promotion of regional start-ups

BSS 9

Creating a space for co-working and networking;
Promoting the training of young people in the entrepreneurial and technical fields;
Promoting innovation and establishing relationships

BSS 10

Networking activities aim at bringing together the different categories of cluster members: representatives of universities, research and development institutes, hospitals, SMEs cluster members with similar institutions in the country or abroad to identify common fields of collaboration, either within grant or business development

All respondents positively appreciated both the achievement of the organization’s goals and the purpose of networking activities, a concept they declared to be familiar with.

As for the types of networking activities that all responsive BSSs have organized over the last 3 years for businesses (including start-ups), a synthesis of their answers is outlined in Figure 1 which reveals a wide variety of such actions.

Figure 1. Types of networking activities developed / organized by the Business Support Structures (BSSs).

Source: Authors’ research

Regarding the resources allocated for organizing networking activities, the responsive BSSs mostly use a combination of their own resources (human or logistic) and outsourced service, proving a good knowledge of the subject and the importance of the details when organizing this type of activities. Among the resources mostly available they include: available space, IT equipment, video equipment (video-projector, flipchart, magnetic board, TV, etc.), and trainers / training experts / specialists in various fields. BSSs use in a less range the following type of resources: sound equipment (such as microphone, station, speakers, etc.) or other auxiliary services (coffee break facilities, catering / hotel services, photo / video services, hostess services, translation services, etc.). In addition, respondents declared that on average 1 to 5 people in 1-2 departments or departments in the organizational chart of the institution are involved in organizing these activities.

Figure 2. Frequency of networking activities organized by North-East BSSs.

Source: Authors’ research
Figure 3 shows the typology of beneficiaries of networking activities organized by the BSSs, and thus we could attest to a wide range of stakeholders which are more or less involved in the entrepreneurial environment.

Figure 3. Typology of beneficiaries of networking activities organized by North-East BSSs.

Source: Authors’ research

Figure 4 shows that the number of participants in networking activities is not very high (21-40 people or 41-70 persons), which is probably due to the organizers' preference to carry out this kind of activities in a narrower, more familiar setting, in order to ensure a more intense impact on entrepreneurs. Equally, we can conclude that the allocated financial resources vary in the percentage allocated to such activities (from 1-5% to over 25% of the organization's budget) and usually no contributions from are requested beneficiaries to attend this type of activity (e.g. in the form of participation fees, financial contributions, etc.). One issue should be noted and that is that the annual budget of the interviewed organizations was not analyzed in order to find out the absolute numbers of allocated sums to the networking activities. At this point of this research, we considered to be sufficiently relevant to strictly analyze the importance for the organizers, the intention to organize and the purpose of these activities.

Figure 4. Average number of persons attending networking events in North-East region.

Source: Authors’ research

We also considered relevant to our approach the process of promoting networking events, and the respondents mainly mentioned the use of ICT communication channels such as: the institution's own website, social media (e.g. Facebook, Twitter), Newsletter / E-mail and less used mediums, such as: written press, audio-video or printed materials such as flyers / posters. An important component of the promotion is, however, the written / telephone / personal invitation, further indicating that business support structures focus on personalized interaction, person to person, and consider that this type of promotion results in a higher rate of attendance at this type of events.

With fewer exceptions, the impact of organized networking activities is regional, in line with the mission of responding organizations. Moreover, organizers of networking activities are closely aware, known in detail and use techniques of appreciating participants in such actions, such as: satisfaction letters / email / telephone; diplomas / certificates, prizes / trophies, but they use less services of corporate type (consultancy / information sessions, tax cuts, etc.)

All respondents stated that they also intend to organize networking activities in the future, they are interested in developing this component and generally appreciate the way networking activities are organized by the institution they represent in order to support entrepreneurship in the North-East region of Romania.

At the end of the questionnaire, the respondents were asked to comment on any notes or conclusions they consider relevant to supporting entrepreneurship in the NE region through networking activities for the private environment. Some of the respondents have chosen to fill in this field and below we present the conclusions of their comments:

- One of the less-covered areas in the NE region is that of innovative entrepreneurship. This is why boosting interregional networking to stimulate development in this sector in the NE region would be beneficial to business environment;
- Representatives of the county / region BSSs are not very receptive to these events as they should and do not realize the importance of these events since there is no culture developed in this respect;
- Some of the BSSs are implementing European funded projects in which networking events are funded are organized in order to support business environment, but more funding is needed in this field to create a functional networking environment for innovative business in the region.

As a result of analyzing all the answers, we find that the perception of representatives of business support structures is that of an insufficient implementation of networking activities, and among entrepreneurs there is not yet a culture of networking as a way to develop their own business, to increase performance by calling the support of social network of information and potential resources or customers.

5. CONCLUSIONS

This paper aimed at revealing the importance of the social context for the development of entrepreneurship and the pilot study consisted of applying a questionnaire on some of the representatives of the business support structures that regularly organize networking activities that are meant to support and encourage the successful management of business at regional level.

Thus, we have managed to analyze an innovative entrepreneur profile, always in search for information, dependent on the professional social network around him/her. We identified business support structures in the North-East region and conducted a pre-testing of a questionnaire that provides an
incipient analyzing framework of networking activities aimed at supporting private business environment (including entrepreneurship or start-up), their magnitude, their frequency and perceived importance for all stakeholders involved.

At the same time, our research has verified the two hypotheses originally set out in the current research:

H1. Networking activities are organized on a professional and regular basis across the North-East region of Romania. This hypothesis is verified and confirmed by the information gathered from the questionnaire answers. The organizers of this type of events are familiar with the organizational details and know effective promotion models, have sufficient resources and have a satisfactory participation at these activities.

H2. Business support structures in the North-East region are aware of both the benefits of networking and the development needs of this type of activities in order to support innovative entrepreneurship. This hypothesis is verified and partially confirmed as the questionnaire mainly covered questions with single and multiple answers, addressing some of the questions to the perception and personal opinions of the respondents. According to Figure 2, the frequency of organizing networking activities by BSSs is encouraging, showing an interest in supporting private business environment.

Taking into account the results of the research, we consider it appropriate to extend the pilot study conducted so far on a larger scale, with more respondents. For a more in-depth analysis of the impact of networking activities on the entrepreneurial environment, we propose to develop the questionnaire with questions pertaining to the success of networking activities and the key factors that lead to it. At the same time, we consider it important to get a wider overview by including more respondents and entrepreneurs. A more effective tool for starting a further research can be the interview because it can also get relevant information through informal discussions through open questions that allow a quantitative as well as a qualitative analysis of networking activities for the entrepreneurial environment.

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