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THE IMPORTANCE OF NETWORKING AND CREATING SOCIAL CAPITAL

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As new social media tools emerge, creating networks and social capital for entrepreneurs and startups becomes increasingly accessible. There is no doubt that good social connections are critical in business. The study aimed to answer how influential social, professional, and individual networks are regarding the startups’ success in their internationalization process. The goal was to describe in detail the aspects of business networking and provide insights into factors that affect the success of networking.

Social capital, networking and cultural differences, startups, scaleups, and their actions were discussed in the theoretical framework of the thesis. It described differences between different cultures, essential for the commissioning company, offline-online activities, and actions that founders commonly do.

For the empirical part of the research, a multi-method approach was implemented. First, qualitative interviews were conducted with experts to provide context and depth to the study. In addition, a survey was distributed amongst founders, entrepreneurs, and entrepreneurial communities in Finland.

Based on the research, it is crucial to develop a long-term, goal-oriented strategy towards networking, find the right networking setting, and have a good faith approach when meeting new connections.

Keywords

Networking, social capital, effectiveness, startups and entrepreneurs
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1 INTRODUCTION

Networking is an individual's ability to actively participate, create and maintain relationships with others whose contribution to one's career work goals will be beneficial (Kram 1983).

As Bianca Miller Cole pointed out, there are reasons why it is beneficial to create networks. It allows people to get access to new opportunities. Expanding a business and developing something new becomes much easier as the people already operating in the industry will get to know you and allow you to meet others from their network as well (Cole 2019).

Having good networks makes it easier to achieve goals both in business and in personal life, but it also allows individuals to learn from the experience of others as well. It opens up opportunities to exchange ideas, discuss topics that benefit both parties, and speed up information.

For many people making friends and connections is a relatively simple task, while to others, it may seem very difficult to find common grounds and build meaningful relationships. Commonly, people who are generally more unreserved tend to be more successful in specific domains and get the things they want quickly. Getting help from peers and friends is a simple task, and they usually get this help hence the mutual relationship. Being more extroverted also allows one to make connections to understand different markets, fields, and industries that they may not have been involved in yet.

Networking is an activity that can be traced back many years. There have been books and scholarly articles on the topic and tips and tricks for different personalities and characteristics (Carnigie 1936; Cole 2019). However, there is a need for further updated data about the benefits and profits of having a vast network or quickly and successfully doing networking from the perspective of startup entrepreneurs.
The topic and the research question are important because the result can guide professionals, managers, new entrepreneurs, and startup accelerators. There is a need for academic research in supporting and developing the existing startup accelerator programs because agility is vital. Also, from a managerial perspective, it is believed that extroverted personal behaviour can lead to a more extensive network (Cain 2012). Consequently, it is considered that success in social connections predicts more profitable and thriving businesses.

1.1 Research background

The thesis aimed to understand how startups and entrepreneurs can develop personal, social, and business networks to reach more users, investors, and collaboration options. The thesis focused on Finnish startups and their necessary networking skills to scale up and reach markets in North-America and Asia. Different studies analyzed the context of business relations in networking practices (Klerk & Kroon 2008). They found out there are other forms of business networking with different making aims and motives. Furthermore, they revealed that making strategic alliances in specific markets to enter those territories is a common motivation.

Thus, national and international organizations started to organize their business events. The events industry has grown in the last few decades, and networking incentives have become even more famous (Mitchell et al. 2016, 100). Not just businesses but many universities and non-profitable organizations are creating networking events and events that support entrepreneurship and startups (NewCo Helsinki). However, even though there are many events to make connections, one could observe people leaving the room without talking to anyone on many occasions. Therefore, there is a need for development on a larger scale and an understanding of the importance of social connections for all parties. A qualitative method was used among startups to conduct the research, and the participants will be notified about the results after the analysis is complete. Semi-structured interviews have take place among contributors to understand the topic better.
1.2 Research aim, objectives, and research questions

The aim of the research was:

- The aim is to gain a deeper understanding of the benefits of networks and networking among entrepreneurs.

The thesis was created in a collaboration with The Baltic Explorers Project. This project was developed to help export gaming companies outside the E.U.

The Baltic explorer's (2022) project aims to help the internationalization and business development and increase the sales numbers of gaming companies from the Nordic region. The project’s objective is to make entry to Asian and North American markets easier by providing mentoring, advisory services, and accelerator programs to fine-tune both the games and the campaigns when entering these markets. The participating companies will succeed in major B2B events in the regions by successfully implementing these programs. Baltic Explorers’ flagship program is the Be BIG Accelerator, in which they provide support in business development, market research, game development, pitching, and other services to scaleups.

The following research objectives would facilitate the achievement of this aim

(1) Investigating the relevant literature and comparing different theories regarding social capital. (2) Identifying factors that influence the possibility of scaleups. Analyzing the impacts of skills in networking and identifying improvement points for startups. (3) Collect data to make The Baltic Explorers Project’s work more profitable. (4) Providing recommendations based on the finding of the research.

Research questions: (1) How influential are social, professional, and individual networks regarding the success of the startups in their internationalization process? Besides the research question, the paper also intends to answer the following questions: (2) How do startups in Finland benefit from actively participating in networking events such as conferences, roundtable discussions, and other offline events, and Webinars, Linkedin, and other online events? (3)
What are the benefits that they get from attending these events? (4) How can professional networks help startups enter the Asian and North American markets?

1.3 Research methods

This research uses qualitative and quantitative methods to address conceptual analysis to understand the benefits and influence of networking among startups. The overall methodological approach was mixed methods, utilizing qualitative and quantitative methods.

First, the quantitative part of the research took place. A well-prepared survey with questions was sent out to as many entrepreneurs and startups in Finland as possible. Furthermore, qualitative interview methods were used to determine the working professionals' thoughts about the topic. Assumably they already have well-established networks, and it would be pretty important to see what actions they take to maintain these relationships and turn them into profitable partners. The questionnaire and interview methods provided the primary research for the thesis.

As each individual's network size and quality are different, cross-sectional studies seem to be appropriate for the research. The purpose is of the topic is to illustrate the current state of networks within the chosen target demographic. As the networks develop fast, it would be ineffective and hard to measure longitudinally.

1.4 Scope of the research

The scope of the research was startups and entrepreneurs in Finland. Most of the study had been conducted within startup schools and accelerator programs; therefore, it will be selected. Apart from that, the research also be focused on the opinion of professionals working in the industry. This way, a more saturated picture has been established, allowing a comparison of the results from startups and professionals and illustrating the difference between them.
As there is relatively a little research on the topic related to this specific area, the challenges that will come along with the procedures may take more time to tackle.

Upon successfully conducting the research, the findings were shared with the respondees and the commissioning company. Based on the research results, they should improve their networking techniques and develop new methods.

The next chapter will inquire into the literature and previous studies about networking, the definition of business networking, and social capital. In addition, the chapter will look closely at the different types of networks and how they work.

2 SOCIAL CAPITAL AND BUSINESS NETWORKING

While everyone can participate in networking, it is important to point out that some individuals are better at it. Forret and Doughtery (2001, 420-421) research indicated that networking is effective if there is a direct relationship between valuable career outcomes, as the point of such activity is to create social capital.

2.1 Social capital

Recently, the notion of social capital has become very appealing and talk of the town for policymakers, socialists, anthropologists, and lawmakers. Although this concept is not much in practice worldwide, examples of social capital at individual and group levels can be seen everywhere.

Social capital has been defined in different ways. Raider and Burt (1996, 187) described social capital as "the structure of individuals' contact networks – the interconnection pattern among the various people with whom each person is tied." Therefore social capital and networks are valuable resources, the same as cash, assets, or human resources. Moreover, social capital influences the issues and problems of the twenty-first century that rise from youth and family role in the society and self-development and the significance of democracy and governance in economic development (Mačerinskienė 2011).
Putnam (2000, 91) defined social capital as social networks, the reciprocity and trust within these networks, and he also emphasized the application of these networks to achieve a common goal. Social capital theories seem to show the overlay; nevertheless, they differ in defining where the value is created. Upon familiarizing with the theories, one could conclude that there is a value within these networks. To extract the matter, one should actively take part in connecting to these networks. Lin (2001, 25) argued that the resources are embedded in these social networks and are frequently accessed and used by the actors within them.

Putnam (2000, 22) identified two different types of social capital based on which he categorized activities with which people tend to create these social networks. These two are bonding and bridging. The term bonding describes connections within a group or community which is homogeneous. This type is exclusive, which means it is often parochial and only benefits internal access (Leonard 2014). It requires tight bonds of trust and solidarity, which may interfere with entrepreneurs reaching their full potential.

Bridging describes social capital between two different communities. This can be called inclusive social capital. An example of bonding would be co-workers creating networks within the same company. At the same time, for bridging, we could show an example of a collaborative event between two companies, where employees get to network with the other company members. Putnam (2000, 23) translated the contrast to highlight the difference, like that “bonding social capital is good for ‘getting by’ but bridging social capital is essential for ‘getting ahead.’” Moreover, Leonard (2014) concluded that people could achieve other forms of capital through bridging social capital such as financial or human capital.

Szreter and Woolcock (2004, 650-655.) extended the theory by including a third type of social capital which they identified as linking. By linking, they referred to social capital within people who interact across expressive power or authority gradients. It is how people build connections with institutions and individuals who
have relative power over them (e.g., to provide access to services, jobs, or resources). Looking at the activities, a similar categorization will be used in the thesis later on.

The topic has received harsh criticism and supportive feedback in recent years. As Pinto (2012, 53-55), critics of these theories have drawn attention to Putnam's theory. In his writing, he concludes that trust and trustworthiness among potential business partners are highly contextualized and therefore somewhat independent of one's existing social capital.

Aarstad et al. (2010) studied how social capital induces performance. Their findings indicate that businesses lacking social capital can perform through cohesion with organizations rich in social capital. Earlier research shows how cohesion empowers contact and knowledge transfer (Reagans & McEvily 2003) and improves operation (Rowley et al. 2000). Moreover, Aarstad et al. (2010, 1013) revealed that cohesion may play a role for actors low in social capital, and structural equivalence enhances performance behaviour for entrepreneurs.

Furthermore, Mayers (2003, 110-115) argues that in many cases, the differentiation between social capital and the resources obtained from or via it is unclear. He mentioned that these theories' causes, consequences, and functions are usually combined in one argument due to the lack of differentiation.

There are several benefits of social capital. Its proper implementation at the national level can have both social and economic benefits or outcomes as social capital is built through significant interaction between people, administrative bodies, facilities, and governmental bodies to implement the skills and knowledge of human productivity. It garners people's strengths and combines them with opportunities to achieve great results of prosperity and development.

2.1.1 Leadership and social capital

Social capital is used as a framework of community policing in organizations and enterprises to promote, develop and implement trust, co-production, happiness,
and reciprocity. Success in policymaking is achieved by problem-solving strategies, community involvement, and partnerships. To practice it, leaders emerge from the people who provide their every support to make it a reality. (Bhandari 2009)

The other benefits of social capital are listed here;

- It energizes innovation, intellectual ability, and efficiency of teams in the organizations.
- Social capital encourages better circulation of information that reduces uncertainty and demotes the spread of false news.
- It helps people in job search and helps them create and learn beneficial skills for enterprises.
- Social capital increases the participation opportunities of people; in this way, more creative ideas emerge, and people from different backgrounds become able to put their efforts into the betterment of society.
- It boosts the economy and improves the economic capabilities of consumers and producers. (Mačerinskenė 2011)

Social capital has the inherent capacity to influence the performance and productivity of people, organizations, communities, and governments. It also impacts the country’s economy as cultural traditions, social anatomy, and values affect states’ economic and cultural conduct; hence, they are critical and essential for communities’ sustainable development and growth. To improve the economic and social structure of the business and raise the quality of life of people, social capital plays an essential role in achieving all these benefits. Building social capital has pros and cons, but its benefits weigh too much more than its risks.

2.2 Networking

This section is about understanding a network and investigating the different kinds of networks. First, there is a need to define a network and business network. Then it will provide a comprehensive conceptual framework on the different types of networks.
A network is a noun that refers to a group of people or organizations that are somehow connected (Cambridge Dictionary 2021a). This connection can imply working together and sharing information, but the relationship is not solely professional. On the other hand, networking is a verb. It indicates meeting new individuals who might be valuable and beneficial to know, especially from similar professions (Cambridge Dictionary 2021b). The term is usually used in contexts where social capital is examined.

The term has a different definition in I.T., Social circles, Carrier outcomes, and many others. Many different types of networks exist already in the world. Depending on the industry we are looking at, the terms networking can mean completely different things. Newman (2018) identified four various networks based on the contexts;

- Technological networks
- Network of information
- Social networks
- Biological networks

Borgatti et al. (2018, 3) claimed that actors could be of many different types; thus, different types of social networks can evolve. Figure 1 demonstrates Borgatti’s taxonomy of categories of ties among individuals.

![Figure 1 Taxonomy of types of relations. (Adapted from Borgatti et al. 2018)](image)

Personal networks have other aspects, such as social and professional. Also, it has different forms and can take place online and offline. Usually, people refer to the social network when talking about networks. However, as described in the previous paragraphs, the thesis will focus on the concept of business networking and the interlaced connection among the individuals within these networks rather than focusing on each specific field.
Business networks belong to the social network category. Baker (2000) defines business networking as a process that utilizes different management actions in unique circumstances, allowing the individuals who participate to have better relationships with their business partners, more frequent transactions, access to new markets and opportunities, and information opportunities.

Business networking utilizes four types of network, “namely (1) internal relations and networks that are connected to the (2) dynamic networks of external businesses through (3) parallel and flexible linkages with a shared set of collective outcomes and supported by a (4) cost-efficient information technology infrastructure network” (Desanctis & Fulk 1999, 71-72). Michael and Yukl (1993) analyzed 247 managers’ networking behavior. They found that networking can be internal (interactions with people from the same organization) or external (interaction with people outside their organization).

Therefore, business networking means the embodiment of relationships between businesses, including inner relationships and relationships among other companies, and using these relationships in creating a competitive advantage over the companies existing in the market (Wickham 2004, 324). Thus, there are two distinctive types regarding the location of networks: external and internal.

The next aspect of networks that has to be examined is their level of strength. Many scholars differentiate the types of networks into two main categories based on the connection between two actors. The two categories are strong and weak ties.

A tie is considered an interpersonal relationship between two actors in networks (Granovetter 1973). In Granovetter's writings, he describes the strength of a tie as a combination of several factors. These factors are the time spent together, the emotional intensity or intimacy of the two actors, and the frequency of service exchanges characterized by the tie itself.
He makes a strict distinction between strong and weak ties. Granovetter (1973) claimed that the difference lies in the combination of the following ones; the amount of time spent together, the emotional intensity of the meetings, the level of intimacy, and the level and shape of reciprocal services.

Networking is crucial in the learning process both for companies and individuals. According to Kolb (1984), learning by experiencing occurs when people know from their previous knowledge and gather newly formed knowledge in memory from these events. This type of learning consists of 2 elements: prior knowledge and constant re-evaluation of this experience. Entrepreneurs and people, in general, tend to overvalue the likelihood of conjunctive events and connect events in past that may be unrelated to one another.

2.2.1 Offline networking activities

Offline networking is still as powerful as before social networking came along. In as much as it can get intimidating, it is powerful. One of the main benefits of offline networking is that individuals can get honest replies about the ideas shared; hence the feedback is immediate and less likely to be distorted. (Yang et al. 2021).

Moreover, actors offline get the chance to showcase their personalities. Communications and conversations that include a personal touch are often more genuine and hold more truthful information. This could help startups by guiding them towards making the correct changes to attract more customers and advisors. The collected data and the resulting analysis will describe some tips and tricks that startups can utilize to get better results.

According to Ibarra (1993), people play an active part in structuring their social networks to achieve their goals. Therefore, individuals play an essential role in building business networks. Consequently, attending networking events is critical for any startups that want to be known (Klerk & Kroon 2008). Forret and Dougherty (2001) claimed personal characteristics such as demographic characteristics of gender, socioeconomic background, and self-esteem's nature and attitudinal traits. Extraversion has a potential influence on networking behaviour.
Reciprocity provides the base for effective business partnerships. In a mutually beneficial network, participants give and receive information and assistance simultaneously. This norm is necessary to prevent feelings of exploitation. In practice, this means accomplices offer their resources in exchange for information and other assets (Forret & Dougherty 2001).

Extraversion is positively associated with networking behaviours (Forret & Dougherty 2001). It has been suggested that making the first move is an advantage in networking circumstances (Barrick & Mount 1991). CEOs of startups and entrepreneurs will need to initiate the conversation first, and it is good to be confident and create discussion (Tsvetovat & Kouznetsov 2017). The people you approach will be pleased, at ease, and ready to research the business later.

2.2.2 Online networking activities

When discussing online networking activities, it is necessary to differentiate between the various types and associated networking techniques and investigate the advantages and disadvantages of the networking types.

In the twenty-first century, it is equally important to market the startup's vision on online platforms and offline occasions. In the current digital era, individuals and businesses need to network online since most activities are being carried out over the Internet. The better a company can network on these platforms, the more prosperous the business is (Fischer & Reuber 2011; Indrupati & Henari 2012).

Online networking can take place in different forms. Researchers usually focus on social media as the primary online networking form. Nevertheless, online or virtual events and online communities also can extend the social capital of startups and entrepreneurs. O'Murchu et al. (2004) classified social networking sites based on different aspects, such as the mode of registration and profiles.
Kaplan and Haenlein (2010) identified six types of social media; online social networks, collaborative projects, blogs and microblogs, content communities, virtual game worlds, and virtual social worlds. However, Smith et al. (2017) claimed that social media has the most relevant implication on social capital regarding entrepreneurs.

**There are different online networking styles and associated techniques.** These activities include joining online communities, being active on social media platforms like LinkedIn, building an online following, downloading networking apps, updating business profiles online, and actively engaging buyers online. Some online networking activities will be described to support the companies in the following.

Attending online events is an excellent opportunity to meet people and learn new things, which will benefit the business. Participating in online fairs and job events helps create connections and build the business brand with like-minded individuals. It is an opportunity to know spaces for future business branding in online conferences. Moreover, it is much easier to find market-specific online events and attend them. Unfortunately, the cost of offline events is still higher than an online ticket, and the participants in both locations are easily approachable and ready to support. (Song 2015).

Joining online communities is essential for startups because it helps the business grow professionally. These groups are a great way to introduce your product to a very targeted and specific audience, who may even be ready to purchase it. An example of a professional business online community is LinkedIn; it has many workshops and gatherings that the startups can join and discuss their challenges or accomplishments.

Keeping the social media profiles up to date and creating content that fits the platform’s audience helps the company engage professionals looking for new opportunities and the customers as they build trust in the brand itself. With the help of these tools, companies can find the right target customer audience and the right audience to collaborate and work together with as partners. (Song
2015). It is crucial to network with as many people as possible during the onset of the business; blogs can also be helpful for such. As a startup, creating an online presence and asking followers to engage with the content uploaded is very important; hence, these companies are frequently unfamiliar with the industry they are entering.

Downloading a networking app could also be vital because it provides networking options and grows the company within the professional circle. It is much better to network online when you have the networking application on your phone, where you can get to network at any time. Furthermore, it provides training and mentoring services to aid in personal and professional business development. A recent example would be clubhouse, an audio-based social media app where people can join communities and get outside help, pitch their idea, and get to know other professionals in the field.

In summary, using any online networking technique and site is significant for startup companies. It helps in the successful launch of a business by making it well known to many people via social media platforms and potentially engaging its customers before providing its service.

**Online networking has its advantages** over other types of networking. Some of these include the lack of pressure and the convenience it gives individuals, especially those who are not extroverts. Using the Internet to create a new connection is also lower than the cost of other networking methods; therefore, many individuals can easily access these networks. There are also no incurred costs, such as transportation, accommodation, etc. (Bank & Bank 2014).

Online networking is also the most convenient way of networking and saves time for both parties; hence attending and planning networking events can take hours, while online networking can happen at the time most convenient for both parties (Nadaraja & Yazdanifard, 2013). It is important to note that while it is easily accessible, online networking may not be as easy as one could think. Smith (2013) describes two common phenomena while it may be significantly harder. It
takes more time to prove a business's competence online than face-to-face, therefore lengthening the time it takes for a connection to mature. Furthermore, online spaces provide a platform for illegitimate businesses, further increasing the time to build trust and rapport among networking partners.

Online networking adds value to a startup by engaging with different audiences that allow the business to create value and opportunities. These sources of communication can also provide insight into the most effective ways to target the right audience with the right content later on. When startups build up a positive online following, advisors, mentors, and investors will be more likely to engage with them later.

2.3 Networking cultural differences between the USA and South China

As the Baltic Explorers Project aims to help companies develop within the two regions mentioned above, it is vital to get familiar with some of the key concepts that define the business networking cultures of these regions. Understanding the differences would not be possible without understanding the underlying socio-economic reasons.

Asian individuals tend to be more collectivistic than individuals from the West. Collectivistic thinking prioritizes the Collectivities and community over the individual. In many Asian cultures, family plays an essential role in one’s life, and frequently, the same structure is used in business relationships as a template. The business relationships with the Asians seem to be very similar to the connection among family members. (Chua et. Al 2009)

This idea is closely related to the theory of Guanxi. Guanxi is a practice deeply woven into the society of Asian cultures, most frequently translated as connections or relationships; however, the meaning is a lot more extensive than a translation can conceptualize.

The study will look at certain business activities and illustrate these differences and the impact of Guanxi in each of these activities.

2.3.1 The importance of face:

The term face is used very differently in Western cultures than in Asian cultures. Face refers to honour, social status, respect, dignity, pride, and respect in Asian
cultures. The Face focuses on how others view a person instead of being about one personal view. Face can be taken away when confronted in situations or earned in many others. Saving Face in Eastern societies is a lot more critical in the West. Doing business in the Eastern markets requires a lot of care and attention. The negotiations in these areas often take a lot of time, and delays are expected.

2.3.2 Communication (Direct/Indirect)

It is also essential to speak about the communication differences between Western and Eastern cultures. It is relatively common and accepted in Western nations to be straightforward. At discussions and ideations, everybody gets a say at the table, and disagreeing helps strive for innovation and quality forward. However, in Asian cultures, it is the exact opposite. In standard practice, it is impolite to disagree with someone publicly. Disagreeing with someone may cause them to lose Face; hence, Asians will try everything they can to avoid these situations. This can go as far as lying to one Face to prevent friction during negotiations.

The two actors in the business have to be aware and sensitive to understanding the other, as yes can sometimes mean no.

The communication differences also show up when writing a contract or giving personal guarantees. In Western cultures, agreements are laid out and reported to allow no room for misunderstanding. However, Asian cultures tend to put much emphasis on personal guarantees and the relationship itself rather than the contract. They expect each party to honour the agreement and want the best for the other partner, given that the mutual understanding of the situation is already established.

2.3.3 Meetings and contracts (personal/ impersonal)

Business meetings are more personal to Eastern nations than individuals from the U.S. It is not uncommon to separate the personal and business life in the West, while inviting business partners to unique occasions is a lot more common in the East. This can also be tracked backed to Guanxi. Asian cultures expect their western counterparts to accept meeting invitations to specific events and discuss business-related matters there. This may seem unprofessional and
unusual to people from Western cultures and can result in easily misunderstandings and one part committing a cultural faux pas. Any business venture preparing to extend its operations into the Asias should be ready to travel there, take the time, and trust that if the relationship builds up, both parties will be happy and prepared to work together.

3 STARTUPS

For better understanding, it is crucial to define what startups mean and the functionality of a startup company.

Investopedia defines a startup as a company in the early phases of its operations. These companies also have commonalities, such as they are created by the entrepreneur(s), and they are trying to develop a product or service that they believe there is a demand for, and the market may lack (Investopedia 2016)

Looking at other dictionary definitions, we can find similarities between these explanations. Cambridge Dictionary defines it as a small business that has just been started (Cambridge 2015 ), and in the Oxford dictionary, we can use the similar expression that follows as A newly established business (Oxford 2015)

Bednar et al. (2018, 141) defined startups as companies and enterprises designed for fast growth, utilizing easily repeatable and scalable business models mixed with unconventional thinking, creativity, and originality. Reasonably early in their development, these companies will make an excellent model to analyze and test the theories.

However, by utilizing these models, the differentiation between small businesses and startups may not be more transparent. According to Steve Blank, most of the entrepreneurs outside Silicon Valley are small scale businesses. He differentiates these two categories based on how scalable and repeatable their business model is. If a company has a fixed business model, it will be considered a small business. However, if the business model is defined so that it searches for a business model that is scalable and repeatable, it will be considered a startup.
These examples show that a startup can be defined differently, but the main idea stays the same. These are small companies with less than 50 employees searching for a profitable and scalable product or service that will innovate and support their customers. Alex Wilhelm, on the other hand, created guidelines to define startups that are a bit different. He designed a 50-100-500 rule that classifies startups based on three criteria. 50 Million Dollars revenue run rate, 100 or more employees, and the company are worth more than 500 Million Dollars. If a company is below these guidelines, they are still considered a startup.

Another Simple explanation is offered by Eris Ries (2011), who describes the startup as an institution aimed at creating a new product under extreme and uncertain circumstances.

Regardless of the definition, there is also a time element that has not yet been considered. According to Clark (2010), startups, in general, have around six years altogether to tilt the market in their favour. Otherwise, investors will start turning their heads from what they consider a loss, and Venture Capitalists also lose interest in these startups.

There are different stages of a Startup’s development to understand the differences better. Startcommons describes three distinct phases in the startup lifecycle in their growth.
These three stages are formation, validation and growth. The most important differentiation is between the confirmation and the growth phase. In the Validation phase, Startups are trying to create a Minimum valuable product that they can sell to specific markets. In this phase, they are also trying to find the best suitable demand for their product. This is the phase when investors will show interest in investing in these companies.

In the growth phase, startups will focus on optimizing their operations based on their experience at the validation phase. These companies will start attracting investors and external resources at this stage to develop their products or service further.

### 3.1 Startups in Finland

A startup is a young company initiated by entrepreneurs and aims to bring unique products or services to the market. As such, Finland as a country is highly supportive of innovation and technology. For that reason, the country's startups have thrived without doubt into some of the most known companies in the world today. Given that the government is ranked among the most innovative, with the latest technologies and higher education and training institutions, Finland is well endowed with the fastest-growing startups. For instance, a startup scene in the country was created, and it gave birth to companies like Angry Birds, Wolt,
Supercell, among others. Some of these companies survived the dot-com bubble in the late 90s, while others died after the drop. As a result, Finland remains a largely successful country in developing startups into internationally known companies.

One of the fastest-growing startup scenes in the world is the Finnish Startup Scene. It is undeniable that while the country offers a vibrant and lively ecosystem to any entrepreneur, the reason for the country’s rapidly growing scene is a successfully organized ecosystem that is backing up the startups and founders in need (Dhakal 2020). Helsinki is number one in how connected the actors are to other founders, investors, and mentors, allowing access to resources that otherwise would be hard to obtain. Over the last five years, 1342 Startups have received investment and funding from Business Finland, not including private venture capital companies (Business Finland International Website 2021). This way, the country can maintain its excellent innovation environment given the availability of skills and resources.

Additionally, the startups were initially focused on developing services, especially IT-related ones. However, with time, Finnish entrepreneurs have diverted into producing physical goods such as fire alarms and loudspeakers, among other technologically advanced devices. That is why the country’s employed population consists of about 3% of its workers in research and development (Business Finland International Website 2021). Furthermore, the Finnish consumers are early adopters of new products, making the country ideal for new ideas, solutions, and technologies. It is no doubt that Finland’s ideal business environment for startups is relatively stable and attributed to its support. It started from the not so bureaucratic government that supports universities in commercializing their ideas and low innovative early-stage companies (Kuokkanen 2018). This makes the environment safer and transparent even as investors venture into supporting Finnish startup companies. As a result, both Finnish and international investors are always willing to invest in the upcoming industries starting in Finland every year.
In addition to numerous government support, investors, and high educational achievements, Finland has an added advantage due to its location in the E.U. The country is located in the northeast corner of the E.U., making it an excellent place for European companies to expand (Business Finland International Website 2021). This has made Helsinki the startup centre for northern Europe. Moreover, the location gives easy access to the neighbouring Asian markets making business largely successful. Interestingly, funding projects like Business Finland do not discriminate against public and private companies but work towards achieving success from all sides.

Besides, the country holds a conference every year in November called the Slush startup-investor conference, usually organized in Helsinki. This conference offers an excellent opportunity for entrepreneurs worldwide to visit Helsinki and benchmark how to do business. Also, it gives the Finnish companies a better platform to acquire more investors and more business ideas from foreigners. New ideas are also developed, leading to the startup of more companies in Finland. Recently, due to the Covid-19 pandemic, the country has not given up but has continued to organize the conference virtually to continue reaching out to international investors (Business Finland International Website 2021). This shows just how much Finland is dedicated to business and how well startup companies are catered for.

Startups no doubt face more challenges than already thriving companies. However, from a picture of Finland, it is clear that the country is one of the best environments to start a business. This can be attributed to government support, many willing investors, and other supportive companies like Business Finland. Again, the country takes pride in its educational system, adopting new technologies and thus having great innovative citizens. The employed people in the company are also well endowed with technological skills which come in handy in the upcoming industries. Without a doubt, most startups in Finland thrive numerously when they hit the market due to unfailing support.
3.2 Scaleups in Finland

Once a startup has been established, it either overgrows or dies after the initial bubble bursts. However, Finland proves to be a great business centre because they develop rapidly into scaleups within about three years of the startups being in business. This happens due to the high growth rate of revenue and the number of employees working in such a company. Higher institutions in Finland produce graduates who have achieved quality degrees and some even up to the PhD level. The country takes pride in its education system, and its graduates are easily trained to fit into the category of employees in these scaleups companies. Also, experienced workers are not left behind, and since most of the employed population is already well versed in technology and engineering, enterprises grow very fast in the country.

As the scaleup statistics in the Nordics in 2017 describe, scaleups are very important in the business world. For one, they have a rapidly scalable business model hence quickly acquiring investments and funding. The E.U. defines scaleups as enterprises with at least ten employees in the start year of the growth period and having average annualized growth in the number of employees of 10% or more per annum over three years (Monteiro 2019). Since most scaleups in Finland are venturing towards entering the international market, they increase the Finnish national productivity. In addition, the E.U. has discovered that scaleups cover not only employment growth but also turnover. This results in three types of scaleups, starting with those from employment growth only, employment growth and turnover, and lastly, scaleups from turnover only (Monteiro 2019). These enterprises turn out to be the most profitable in the Nordics; thus, the E.U. fully supports their growth.

Moreover, the study proved that out of the three scaleup types, turnover scaleups are the best kind. This is because they create a staggering 50% more added value per employee than the Employment Scaleups (Business Finland International Website 2019). In fact, at the Nordic level, this is the only type of scaleup that shows a positive development since each employee adds a more excellent value to the company than in the other two scaleup types. Investors undoubtedly go for companies with scalable business models (Business Finland International Website 2019). As for the Turnover Scaleups, their revenue grows
faster than costs, giving greater profits quickly. For this reason, investors are more inclined to fund these companies, and in turn, the scaleups develop faster into internationally known companies.

Another added advantage to scaleups is when they grow through mergers and acquisitions. Even though most scaleups that grow this way are Employment and Turnover scaleups, they still enjoy higher growth than those who do not merge. The Turnover Scaleups that grow through mergers and acquisitions are even more profitable since they enjoy a higher growth rate of about 22% higher than those that grow organically (Bøegh 2019). Again, most high-growth scaleups are exporters rather than selling their goods only at the local level. About 30% of these industries were manufacturing or wholesale sectors with highly skilled workers in IT and Engineering (Bøegh 2019). Consequently, these scaleups end up contributing numerously to Finland's significant sources of revenue for the government from exports and their overall involvement in the international market.

Scaleups are also known to flourish in the capital regions. About 50% of the Finnish scaleups are located in the Helsinki metropolitan region, given that it is the capital city (Bøegh 2019). Luckily, successful enterprises do not hesitate to share their knowledge and networks with others, creating a supportive environment to sustain any upcoming business. Unlike startups, scaleups are already past the challenging beginning of a company hence have a more significant advantage. While startups require more input, most scaleups produce more significant profits, thus contributing to the development and growth of the country by sourcing revenue. Again, scaleups are already exposed to the international market because most are exporters of manufactured goods. All in all, the Finnish business environment is quite favourable for both startups and scaleups.

### 3.3 Networking difficulties that startups are facing

When startups go out to the places mentioned above, they are faced with problems and seeing so many new faces can quickly get overwhelming. Five common mistakes are commonly practised but are of key importance to keep in
mind, and when done right, they can result in high-value contacts if they are being followed.

According to Robinnet (2014), networking in the wrong place and not getting the results they strive for. It is crucial to understand where the startups are and how to access the network they want to be in strategically.

Startups need to make sure that they are doing their networking activity in the target area they operate in and become a part of that ecosystem. The companies can benefit from it, such as knowledge, resources, opportunities, and further connections. However, it is also essential to remember that these ecosystems can be location-specific and can sometimes be very challenging to access remotely. Furthermore, within each ecosystem, startups need to develop more than just one connection. Startups need to make sure that they know multiple actors within every ecosystem and have a deep connection with these actors if they want to get support. Startups also need to make sure they understand how the ecosystem operates and what key factors they need to have, and they have to also be sure that they keep on building these relationships and not letting them become distant. Consistently adding value to the ecosystem will allow any outsider to be part of it.

Judging whether networking actions are making progress desired can also be very challenging. Creating a system that optimizes these actions is also nearly impossible for a startup that is set up and ready to operate. Startups need to apply the same level of strategic business thinking to their networking actions.

Startups need to think of their connection as revenues of the businesses. When it comes to networking, startups need to clarify what their earnings are. These earnings will be the connection where the startups can receive a tremendous amount of attention. This will also mean that they receive the most value. Everyone within the startup's network can be an essential resource; however, the core resources will be the ones they can expect the highest return on.
Knowing the competition is also one of the problems that several startups want to visit when networking. When startups launch, they are exciting, and everyone wants to know more; however, the buzz dies down very quickly. Do startups need to think about what makes the firm unique? For what cause might anyone select out one’s over rivals? With regards to competitors, founders want to hit the proper concord among "us" and "them." According to Braveen (2021) founders should not represent themselves solely corresponding to their rivals: they ought to be sure approximately the factor they are bringing to the table, as well. They likewise want to observe out for the opposition and the (speedy evolving) scene. Having the proper technique, choosing to suppose and react speedily, and having the option to alter the brand-new fact will represent prosperity — or disappointment.

The most challenging part of networking as a young entrepreneur is understanding the competition culture between similar places. Both sides need to be confident and will have room for success. Cooperation will open up new avenues and new levels of opportunities.

Lack of mentorship is another big issue that comes from lacking the proper networks. Startups can have a first-rate product or idea; however, they lack the essential guidance, market experience, or expertise to take it to the following level.

This is when a mentor can help the startup tremendously with the knowledge and self-belief that they will help companies clean the roadblocks that are maintaining them back. According to Rhett Morris of Endeavor Insight, 33% of tech organization founders who are mentored through a hit marketer went directly to grow to be pinnacle performers. (Morris 2015) It is advantageous to have any person the founders could lean on while fundamental selections must be made, or maybe simply while they want a sounding board who has already been there and carried out the actions. This is one of the main reasons it is crucial to building a solid network because it will guide the startup throughout the troublesome times.

### 3.4 How to improve networking actions for Scaleups/startups

Upon establishing and discussing some of the issues that startups face with networking, it is also important to provide solutions. Creating long term, reliable
partnerships should be the aim of any organization across all industries. The management of each business works to ensure that the goal and objectives of the company are realized. In the following, some actions will be described to ensure that this can happen and that businesses can thrive towards reaching their long term goal.

3.4.1 Create a real personal connection

For a startup to move from point A to point B, the CEOs must be aware of the secrets behind other businesses' success stories. The company's proprietors have to attend networking events to create genuine relationships with other successful firms through these events. The strengths and weaknesses of the business can be discovered through conversing. It's good to tell the company's business position to get assistance in terms of ideas and get appropriate solutions over the challenges and hindrances of the business. The idea of creating relationships is to allow or permit actors to understand each other. It's advisable that while making such relationships, do not put the expectations high so that the sales or referrals can bloom (Gironda et al. 2014). This is usually a matter of building trust and knowing more people that will eventually land on a trustworthy and supportive partner who will share in solidarity with business situations.

3.4.2 Present professionally

Personnel presentation matters a lot to get an eye-catching image from the business mentors, agile investors, and any other financial supporters. Many people are interested and attracted by people who understand their outfits. Ensuring that the clothing fits the occasion is very important. Trust can be built simply based on appearance (Clark 2010). Others can regard a person as necessary, intelligent, and successful, depending on the outfit itself. To create an appealing image, one could consult an image or branding consultant, visit social media platforms and browse ideas and techniques.

3.4.3 Ask and listen appropriately

As mentioned previously, it is imperative to ask questions and listen to what is being told. By asking the right questions, one creates a good rapport and manifests an interest in others. This helps gather ideas and information by asking
thoughtful questions that can help understand people and different organizations. Good listening skills are crucial. Individuals with whom startups are trying to network will value their skills. Listening to others will also create mutual respect amongst the parties (Toledo 2018). People who talk much can be perceived as rude, and listening builds trust as it shows some interest in other people’s opinions and thoughts.

3.4.4 Be active in online platforms

Be active in online platforms. Opportunities often happen when individuals are exploring unknown territories. With the global digital village we live in today, businesses need to be active and continuously be a part of the online community. These online platforms, such as Twitter, Facebook, LinkedIn, and stack overflow, will give the businesses a good overview of opportunities. These places are good options for meeting with different actors within the same industry (Rigby 2021). On these platforms, there are connections of professionals who share and discuss issues relating to their industry. Startups need to update their page with essential topics and subscribe to popular sources to keep up with the trends. It is advisable to visit online platforms and media blogs and try to give thoughtful comments in comment sections to enable people to understand the company’s goals and culture. Conducting video conferences will allow the company to see its partners’ faces and hear their voices. As a result of Covid, it became pretty easy to book a meeting online with actors in the industry.

3.4.5 Be knowledgeable

Before startups start sharing information, ideas, and reactions on online platforms, they must be knowledgeable about the topic. The data transmitted must be insightful. This is possible if the writer of the posts reads widely in the industry they are posting in. When interacting online, reading various articles, joining different forums, and subscribing to reliable content will be essential. This will enable startups to be consistent in learning new ideas. This network will eventually commence valuing the business’s ideas.

Business networking is a significant aspect that requires both the individuals’ efforts and time. It is essential to keep in mind that sometimes there are
rejections during networking, and ultimately, with determination and persistence, startups will meet and reach their goals. Consider each person as a valuable subject that will make the CEOs comprehend things they do not know yet. The following figure demonstrates the framework designed for the thesis aiming to emphasize networking and the valuable outcome as a result of these actions.

![Diagram of networking framework]

Figure 3 Illustrating the process of generating new connections and the results of that. Developed by the author. Updated framework.

4 DATA COLLECTION AND ANALYSIS

4.1 Research methods and data collection

As discussed in the introduction, the chosen methodology for the thesis is mixed-method research. This allows for qualitatively understanding a complex topic as well as exploring the same topic from a quantitative perspective highlighting charts, graphs, and statistical analysis of the subject. Triangulation method will be utilized for the analysis of the data allowing for a deeper and more in-depth
understanding of the subject.

The qualitative section of the study allows for a deeper level of exploration based on individual experiences and perspectives; meanwhile, utilizing quantitative methods makes it possible to draw conclusions based on the dataset gathered. As the data collection for both qualitative and quantitative data took place within the same timeframe, the appropriate design used is concurrent triangulation design. This method allows for efficient research timing, and during the interpretation, for a separate analysis of the two data sets using the methods most commonly connected with each data type. Figure 4 illustrates the triangulation method. (Creswell 2011)

In-depth semi-structured interviews allow the participants to comprehensively share their personal experiences, feelings, and understanding of a topic. The interviews were designed to leave enough space for the interviewees to explore and relate to their thoughts. Out of the three interview categories, emotionalist, positivist, and constructivist, emotionalist seems to be the most fitting for this type of research as the focus is placed on interviewee perception and observation. The questions were designed to be easily understood and open-ended. Based on the interviewee’s response, further questions were developed. Secondary
questions, such as “Could you elaborate on that?” were used when needed. As these interviews can provide comprehensive information, this method was chosen as the primary qualitative data source.

In order to increase the likelihood of participation, digital interviews were used in the collection process. Digital interviews simulate traditional interviews with the use of third-party software. Digital interviews consist of synchronous and asynchronous interviews. During the research, only synchronous interviews were conducted, as they allow for a deeper exploration and interaction between interviewer and interviewee (Eriksson & Kovalainen 2016)

Participants of the interviews were selected deliberately as they are considered experts and a big part of their careers rely on networking and building connections. For this part of the research, the sample consisted of 7 interviews, each interviewee representing a different career field. These fields included HR Consulting, Tech, marketing, angel investment, venture capital firms, and founders. For all the participants, networking was a significant part of their job, and being able to effectively network had a significant impact on their careers.

After the initial interviews had been completed, further questions were brought to light and added further connections and topics to discuss during the remaining interviews to provide further credibility to the research. The interviewees’ have been individually invited via LinkedIn, Email, and telephone and have consequently received the purpose and description of the research, its goals, and objectives. All of the interviews were recorded and stored in a password-protected cloud. Transcriptions were initially done with the help of an AI and corrected by the researcher. The AI used for this purpose was Microsoft Teams. Body language is visible on the recordings but is left out from the transcription. (Eriksson & Kovalainen 2016)

In addition to the qualitative section, quantitative survey methods were used to support the understanding of Networking. The aim of quantitative methods is to provide generalizability and dependability and further support the findings of the interviews. The chosen sampling method was voluntary sampling. This method
was chosen as the survey was distributed amongst startup founders, C-level executives, and others interested in the startup ecosystem. The goal of the survey was to provide further insights into the topics in figure 5. The following three themes seemed important to look at to understand the research question better. By frequency of networking, respondents of the survey would provide insights into which events they find attending over the others and what are the main reasons for choosing a specific event or opportunity over another. Additionally, the respondents also had to ask questions regarding the value that they believe they receive from networking.

![Figure 5 Illustrating questionnaire process](image)

The survey was shared on LinkedIn, Email, and it also got shared amongst the startup community chat groups in Finland via telegram and Slack. The qualitative and quantitative data collection was done simultaneously between March and April of 2022.

### 4.2 Data analysis

Analyzing qualitative data is time-consuming and requires multiple steps, from the data gathering to the analysis itself. In this case, the analysis took place throughout five steps. First, during the initial listen and read, any missed passages were filled in and sentences corrected. During the second read of the interviews, the researcher highlighted notes, phrases, and ideas that were
particularly interesting and referred to or related to the research question. These ideas are given a specific label or theme during the next steps. After this, similarities among the interviews are compared, and the unique labels are taken into consideration for future improvements. (Eriksson & Kovalainen 2016)

Thematic, inductive coding was utilized over days so that the researcher could ensure the categories and aggregate dimensions could be replicated from the same dataset. In the analysis process, ten second-order themes emerged from the interviews highlighted in Figure 6, and from those ten second-order themes, the researcher emerged three aggregate dimensions that supported the understanding of research questions.

A survey consisting of 3 main sections was sent out to the sample group in the quantitative research. The questions were designed based on the theoretical background and framework provided by other researchers. Section 1 consisted of questions related to respondents' age, occupation, and description of the industry they belong to. Section 2 consisted of questions about whether the respondent was a founder, CEO, Entrepreneur, or not. Questions in this section were related to company age, company size, number of employees, and which stage the company is in. Section 3 consisted of questions related to business network size, quality, frequency, and the likelihood of engagement and questions related to the goals and objectives of networking. A total of 16 questions were distributed amongst the categories above. The options for these 16 questions were Rarely-Frequently, Unlikely-Likely, No impact-Great Impact. The responses were quantified into a 5-point Likert scale for further analysis and to gain insights into the research. This data was then used to perform further statistical tests, T-tests, and chi-square tests to provide reliable insights into the findings. Both descriptive statistics and test results are presented in the results sections of this thesis. Additionally, the questionnaire was also reproduced in appendix 2.

The final sample group consists of 40 individuals from different age groups; 23 are company founders and executives at different companies. This helped point
out possible differences between the two categories. The quantitative data analysis is done with the help of Microsoft Excel and SPSS by IBM. To measure the differences between founders and non-company founders, we used independent samples t-test as these tests aim to measure the means of 2 groups amongst the same variables. We examined whether there is a statistically significant difference between the frequency of attending certain sets of events, the reasons why founders and non-founders attend these events and whether there is a statistically significant difference there; and lastly, examined whether there is particular events were ranked higher based on whether someone is a founder or not. Our goal is only to see whether the two groups are different; we are using a two-tailed test.

Additionally, in order to understand some of the relationships amongst the variables, we analyzed the correlation between the responses given to questions in section 2 of our survey. For example, this allowed us to analyze whether the correlation between company size, years in operations and other variables are linked to each other.

Lastly, we used Chi-Square tests of independence to determine the association between some of the categorical variables to provide further insights. We tried to determine statistical significance between how old the respondents are against how frequently they attend specific events and how highly they ranked specific events.

5 RESULTS AND ANALYSIS

Qualitative analysis. To understand networking, the interviews were conducted amongst a wide array of industry experts. It was essential to see the commonalities amongst these interviews as all of the participants brought their unique perspectives into the conversations. These views and examples can be seen in figure 6. The three most important aggregate themes were long-term goal-oriented strategy, good faith, and event settings. These themes are further explained in this section as well as supported by appropriate illustrations.
Learning across multiple different fields via the network appears to be beneficial to all actors involved. You can obtain knowledge that may have taken years to gather, and you can share your expertise in areas where you have gathered knowledge.

Networking is most commonly associated with meeting new people from the same/similar industry.

Going into events with it is advisable to set goals, but it is important to keep in mind that benefits of meeting these people are quite delayed and sometimes a cumulative process.

It appears that experts in different industries feel a special type of connection when they meet the right person at the right time.

In Finland it seems so that actors within every network originally trust each other very well. In other countries this may differ. This is also an element that is missing as an outsider in any country.

Reciprocity seems quite important in any relationship. Business commentaries included.

Networking extends not only into activities where we intentionally take part in, but it also includes vaguely connected people, and people who are unfamiliar to you. As human we discuss items and people around us therefore it is fairly common to share knowledge we have about someone else not in their presence.

Business events are an important platform where people are trying to meet others. During some of these events participants can take part in predetermined networking activities.

A part of our networking happens outside of the professional events, at soccer practice, coffee lines, etc. Without the actors “making efforts” to connect this seemingly creates better quality connections and more memorable connections.

Face to face interactions and nuances during communication can share a lot about someone’s intentions. Most of our communication is nonverbal. Wearing and mutual understanding could be lost in online meetings. However, it also seems that some people have found that online in some aspects is easier and preferable for some meetings.

Figure 6 Thematic coding-second order themes-aggregate dimensions analyzed
Firstly it is essential to understand what it means to have a long-term, goal-oriented networking strategy. During the interviews, it has been highlighted that the immediate benefits of networking may not be available for the actors. However, these points can be incredibly beneficial in the future as they provide a reference point for both parties and could potentially be a cumulative process. As the benefits are often delayed, it is vital to approach every opportunity with a particular purpose in mind. The goal or purpose is not necessarily described but setting the goal helps both actors understand the intention and could result in better outcomes.

“In those types of big events you might meet people who are coming from abroad or from a big company executive people who are extremely busy, so this might be the only possible option for you to get a meeting with them. So, kind of making sure that you do everything beforehand to do to set up a meeting with the most relevant people then.” (Interviewee 5)

Learning could be considered a purpose of networking, but networking, in general, is closely related to learning. Sharing experiences allows networking actors to learn from each other and improve solutions when faced with similar challenges.
Secondly, Good faith amongst actors seemingly plays a significant role in being successful in networking. Nearly all participants talked about trusting the other actor and assuming they have the best intention when networking nationally. “I think trust is more or less everything. And since I was a very small child, I’ve always thought, and I still think that basically I trust every new person I meet.” (Interviewee 2)

The interviewees described trust among companies and individuals in Finland as initially high and that this trust could be lost over time. This enables the assumption that both actors are trying to find the most optimal solution to any difficulty or question. However, this aspect of networking is missing when it comes to international networking. During international networking, there are more skepticism involved and actors tend to do more research before trusting the participants. There are cultural differences, language barriers, and none of the actors share any of the same networks. Therefore, building up trust amongst actors plays an important role internationally. An effective way of building trust is reciprocal actions amongst the parties over some time. Reciprocity helps build trust as actors get used to the business transaction. This process could also be supported by being in reciprocal action with someone from the same industry for a period of time as well. Business partners understand that it takes time to build up these relationships; therefore, being able to reference actors the partner is familiar with could ease this process. Additionally, it seems like actors in networking scenarios, business events, tradeshows, and others, are aware when they successfully establish a connection with the other. Often the participants can sense it immediately when they are experiencing a genuine and curious
conversation or not.

Thirdly, the success of networking activities may also be affected by the setting of these events. Figure 8 highlights the different ways a setting could be interpreted. Setting in this term refers to someone’s professional background and the setting they meet in. Meeting someone at a trade show may ultimately connect the person to the company they work for or the profession they occupy at date. This also affects how the actors are viewed from outside perspectives. Moreover, the business event’s or networking event’s setting itself can also support the activities of one networking action. Events also provide the participants with anchor points for remembering each other. Business events and facilitated networking activities seem effective in connecting people as most participants appear to be interested in the topic or theme of the event itself. This allows a participant to spark up a conversation and provides reasonable grounds for topics relative to the event itself.

“It could mean, you know, supporting with the meeting the right people. So having the right platform that you can easily find right types of people and you can organize a meeting with them, and then there is some table booked for you.” (Interviewee 4)

Additionally, experts have been asked to provide insight into their preference for face-to-face or online networking events. It seems that experts prefer face-to-face interactions over online solutions. However, many of them have expressed that they are pretty satisfied with online solutions. Hence networking activities seem to be most successful when there is a deliberate, long term orientation, and mutual
trust among the members of the network and takes place in an appropriate conducive setting.

Figure 9 Aggregate dimension: setting

**Quantitative analysis**

In total, 40 respondents took part in the online survey. The data was collected anonymously and was only used for this research. The results and suggestions came from the analysis of the results.
Figure 10 Survey Age Pie chart
Figure 10, in the form of a pie chart, describes the age groups of respondents. Based on this, we can conclude that most respondents were 25-34 years old, and 97 per cent of respondents were between 18- and 44 years of age. This is no surprise as the startup communities consist of young professionals operating in close collaboration with University environments.

Figure 11 Occupational fields
Figure 11 illustrates the distribution of occupations amongst the respondents. Based on the charts, it is evident that the majority of respondents worked in educational services, administrational and business support environments, scientific fields, and the financial industry. As described above, most startup
environments are closely connected to Universities, and quite often, startups bring innovative ideas to the world. Therefore it is reasonable to suggest that these would be the most commonly associated fields.

![Pie chart showing percentage of respondents who are or are not founders.](image1)

**Figure 12 Founder Yes\No**

Figure 12 illustrates that 57 per cent of respondents were company founders and Figure 13 further elaborates on that aspect. In figure 13, we can see that most respondents were founders at the validating stage and scaling stage of their idea.

![Bar chart showing stage of company among respondents.](image2)

**Figure 13 Stage of company**

Respondents were also asked to share how frequently they participate in the following networking events. First, in Figure 14, we can see that Most individuals frequent startup festivals. Secondly, conferences and webinars seem to be equally essential and sometimes attended by individuals. Finally, it is also important to point out that trade shows appear to be the event that is the least
frequented by the respondents. It is important to point out that there was no one event that stood out to be incredibly preferred over the others. Despite twenty-three of the respondents being founders, with the majority in the early phases of their company, it seems that even events aimed at these startups were close to comparable to other events. As most submissions were from founders and startup ecosystem-related actors, it was expected that some of these events would stand out.

![Frequency of attending the following events n=40](image)

Figure 14 Frequency of attending the events Bar Chart

In the following question, participants were asked to inform how likely they are to attend events for the reasons highlighted in Figure 15.

![Likeliness of attending a business event for the following reasons n=40](image)

Figure 15 Likeliness of attending business events
According to the figure, most of the respondents, 75 per cent, are very likely and likely to attend business events in order to create new connections. There is a consensus within this category, as the rest of the options were barely mentioned. It is also important to point out that when asked if the respondents would attend a business event to invest in companies, 50 per cent of respondents replied with very unlikely or unlikely, possibly indicating that the investment readiness is relatively low. This could suggest that while there could be many reasons for the respondents to attend these events but surprisingly, getting known to people and being able to make connections were chosen over other aspects.

In the following questions, respondents were asked to rank how valuable the same events shown in figure 12 have been for them in terms of different business-related goals. The three items measured were generating investments, finding new sourcing opportunities, and finding sales opportunities. As the results in Figures 16, 17, and 18 in these sections are pretty similar, the pooled analysis of these three items is reasonable. In terms of receiving investment and finding new sources of supplies, the majority of the responses were no or minimal impact. However, we could see that in figure 18, respondents have varying successes in finding sales opportunities at startup festivals, trade shows, and conferences.
To sum it all up, it is clear that every actor in any network needs to have a long-term, goal-oriented strategy for networking. Figure 15.16 17 suggests that investment readiness amongst engaging in other activities is relatively low in most of these events; therefore, strategically choosing the event seems to be necessary. Furthermore, as highlighted in the figure Q3, the setting of networking has a significant impact on the success of efforts. This appears to be supported by the quantitative results as certain events are attended for different reasons.

Being able to build valuable connections and pursue them afterwards could positively affect the networking actions of a startup. As shown in figure 15,
participants are likely to attend events to make new connections; however, this must be done with an open mind, genuine curiosity, and good faith manners. In order to find further insights, we took a look at correlating variables amongst company descriptives and self-reported network qualities.

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<td>.105</td>
<td>.720</td>
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<td>Sig. (2-tailed)</td>
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<td>21</td>
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* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

Figure 19: Correlation table among descriptive company variables and network qualities

Founders were asked to provide information about the number of employees they have and the number of years they have been in operation for. In figure 19, one tried measuring the correlation between the network size of these founders and how much they feel business events have helped them develop their professional networks. As figure 19 illustrates, there seems to be a strong .571 correlation between how long the company has been operating and how many business events have helped them develop professional networks. There also seems to be a .580 strong correlation between self-reported network size and how valuable respondents found networking events. From a practical point of view, as someone's company matures and the company grows, they are also more likely to meet others with whom they can effectively network. While checking correlations, unsurprisingly, we also came across that there seems to be a correlation between how long someone is in operation and the number of employees they have.

Additionally, we also explored opportunities whether there is a difference between the opinions of founders and non-founders. Multiple two-sample t-tests
were performed to compare many of the variables gathered amongst founders and non-founders groups. Initially, 20 of the respondents were founders, and 16 were not. As most of the tests conducted seemed to show results that are statistically non-significant, the following figures are focused on cases where there seemed to be statistical significance between the two sample groups.

Figure 20 Group Statistics: Connection
In our first test, one tried analyzing whether there is a significant difference between founders and non-founders regarding attending any event to generate new connections. The founder’s group mean was 4.60 with 0.6 standard deviations, while the non-founder group had a mean of 3.81 with a standard deviation of 0.981, also showcased in figure 20.

Figure 21: Independent Samples Test : reasons, connections
According to our findings, there was a significant difference in attending these events for the sake of connecting between founders (M = 4.6, SD = 0.60) and non-founders (M = 3.8, SD = 0.98); t(34) = 2.97, p =0.005.

Figure 22: Group statistics: Reasons: Investment
Secondly, one analyzed whether the same two sample groups had differences in attending events to find new investment opportunities. Figure 22 illustrates that the founder group's mean is 1.53 with a standard deviation of 1.073, and the non-
founder group’s mean is 2.33 with a standard deviation of 1.175. The founder’s sample size was 19, and the non-founder sample size was 15.

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Figure 23: Independent Samples Test: Reason: Investment
According to our findings, there was a significant difference in attending these events for the sake of finding new investment opportunities between founders (M = 1.53, SD = 1.073) and non-founders (M = 2.33, SD = 1.175); t(32) = -2.088, p = 0.045.

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Figure 24: Group Statistics: Rank: Sales Conferences
For the third analysis, one tried to see if there is a significant difference between founders and non-founders ranking a particular event for a specific purpose higher than other events. The tests completed seemed to show statistical significance amongst how high founders and non-founders ranked conferences to find new sales opportunities. Figure 24 illustrates that the founder group's mean was 3.37 with a standard deviation of 1.212, while the non-founder group's mean was 2.6 with a standard deviation of 0.986.

<table>
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Figure 25: Independent Samples test: Rank: Sales: Conference
According to our findings, there was a significant difference in how high the two sample groups ranked conferences for purposes of finding sales opportunities as
follows: founders (M = 3.37, SD = 1.212) and non-founders (M = 2.60, SD = 0.986); \( t(32) = 1.989, p = 0.055 \).

Figure 26: Group Statistics: Rank: Investment: Trade shows
Lastly, as shown in Figure 26, We tried to see if there is a significant difference between founders and non-founders ranking trade shows in regards to finding new investment opportunities. The founder group's mean was 1.53 with a standard deviation of 0.943 and a sample size of 17, while the non-founder group's mean was 2.36 with a standard deviation of 1.082 and a sample size of 14.

Figure 27: Independent Samples Test: Rank: Investment: Trade shows
According to our findings, there was a significant difference in how high the two sample groups ranked trade shows for goals of finding investment opportunities as follows: founders (M = 1.53, SD = 0.943) and non-founders (M = 2.36, SD = 1.082); \( t(29) = -2.276, p = 0.030 \).

For the last sections of the analysis, we tried to see whether there is an association between categorical variables with the help of the Chi-square test. We were trying to determine whether there is a significant association between how old the respondents are and how frequently they attend events or how high they rank certain events.
Looking at the test results themselves in figure 28, we can see that the value of the test statistic is 23.854, and the footnote for this statistic pertains to the expected cell count assumption. Since the p-value, $p=0.021$, is less than our chosen significance level $\alpha = 0.05$, we can conclude that there is an association between how old our participants are and how frequently they are to attend startup festivals.

### Chi-Square Tests

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### Chi-Square Tests

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a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is 0.9.

Lastly, looking at whether there is an association between how old the respondents are and how highly they ranked startup festivals for generating investments in figure 29, we can see that the test statistic values were 25.496, and the footnote for this statistic pertains to the expected cell count assumption. Additionally, as our p-value, $p=0.013$, is less than our chosen significance level $\alpha = 0.05$, we can conclude that there is an association between how old respondents are and how highly they are to rank startup festivals in regard to generating investments.

### Chi-Square Tests

<table>
<thead>
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<th>Value</th>
<th>df</th>
<th>Asymptotic Significance (2-sided)</th>
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<tr>
<td>25.496</td>
<td>12</td>
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</table>

a. 30 cells (100.0%) have expected count less than 5. The minimum expected count is 0.9.

### Triangulating

It is interesting to see that experts during interviews have pointed out the imperativeness of having a long-term strategic approach to networking. In contrast, most survey respondents attend the events with seemingly just the purpose of meeting new people. We could also see that when asked, the
respondents did not find the majority of the events listed in the survey valuable for any particular business goals; however, survey respondents were very likely to attend events for the sake of connecting to others, and there was a significant difference between how founder’s value attending events for these connections and how non-founder value the events for the same reason. These findings could indicate that non-company founders may attend networking events purely to meet their new or old connections. These events are a great place to connect with those who otherwise attendees would not be able to.

In the qualitative section, experts pointed out that the event’s setting is seemingly essential. According to the survey result, the most commonly frequented events were Startup Festivals, Conferences and webinars, and different Pitching events. These would all point towards the direction that while none of the events have a super-specific goal in mind, they all segment the pool of attendees to people who would naturally be interested in startup events, therefore, creating a setting where participants of the events could meet, engage in conversations and learn from each other. As it is also showcased in the quantitative section, not all events and event settings have the same impact on networking goals. We could clearly see that there are significant differences between groups and the effectiveness of these events; therefore, choosing the right setting may be essential. In order to generate investments, for instance, there seems to be a significant difference between how founders and non-founders perceive rank trade shows; further, the same could be described to sales opportunities at conferences.

Additionally, as companies grow, there are more opportunities to attend these events and connect to actors from the same industry or outside of the industry; therefore, while actions could be improved, it is a natural process to grow networks as more partners and employees join the company. As startup networks and ecosystems are attractive to a young demographic, it is not surprising to find the correlation between age variables and how frequently participants attend events and how highly they rank. To these demographics, getting involved with the networks of mature company founders, therefore, is mutually beneficial, as mature founders get to make new connections and learn from the younger
audiences. In contrast, less mature attendees get to achieve their long-term business goals.

6 CONCLUSION AND DISCUSSION

The thesis introduces the reader to the fundamentals of networking, social capital, startups, scaleups, networking differences, and how these actions could be improved. The data collected through interviews and surveys provide insights into understanding the concept of networking and support the theory and actions highlighted above. Based on the theoretical framework, qualitative and quantitative data collection, and analysis, the following conclusions could be drawn for the Baltic explorer’s project: (1) Long term goal-oriented approach is required for effective networking, (2) Good faith approach is assumed and required in Finland with adequate levels of trust and reciprocity, (3) Environment and setting of networking action matter, (4) Important to consider the type of event that is chosen for actions, (5) The goals of actions should be aligned with the event itself.

Managerial implications. Based on the research and its findings, the following suggestions are made to the Project Managers of Baltic Explorers.

Develop long-term strategic methods and approaches with the community before attending networking events. Based on the offerings and needs of each community member, develop unique strategies that help their development before attending the events. Attending a trade show is an incredibly challenging task in itself as well. Going into an experience unprepared will achieve none of the development goals and will move the company no further in the long run. While it is incredibly beneficial to meet individuals from different networks and areas, that may not result in the company developing further. During the strategic development, focus on delayed results rather than results achieved. On many occasions, it is not immediate that the results of networking actions will appear, but later on, during the career, it could become crucial.

Take a good faith approach to networking. In Finland, local communities support each other and assume that actors have the best intention. However, this
convenience is not something the startups can take for granted in other countries; therefore, building rapport and reciprocal actions is critical. Start by creating small dealings between two partners and constantly improve the relationship. These connections can dry up. Therefore both parties need to make an effort to ensure the longevity of the connections.

**Pursue connections that feel right.** While it is possible to be in business with key partners when there is no specific emotional bond with each other, networking actors seem to recognize when a genuine conversation sparks up. Therefore, if pursuing a connection does not feel right, it is most likely not worth following up on unless it is a crucial partner. When the conversation dries up, try inviting a colleague into the discussion, as they may have a different approach to the topic than the initiator.

**Choose the right setting.** As seen in figure 14 most actors attend these events to build networks and develop connections. It is essential; however, that networking action is done in the right audience. Attending a trade show on a non-business-related topic could be fun; however, it will not be as effective as attending an industry-specific event. As shown in figure 13, very rarely do deals get done in events; therefore, it is vital to increase the chances by choosing the correct ones.

**Be prepared for unintentional conversations.** Being able to present and pitch a venture is crucially important as often the conversation sparks up in the line to coffee. While it is possible to pre-schedule meetings, the most critical connections are often made at dinner tables, networking events, and gatherings outside of official circles. Being able to articulate and present ideas to engage the audience on the spot will always be a skill beneficial to master.

**Limitations and further research.** The main focus of the thesis was to explore opportunities and understandings of networking in the Finnish Startup Ecosystem. As ecosystems are constantly evolving, it is not easy to track the progress of each actor within the ecosystem. For this reason, the reader may be required to investigate the ecosystem at a later date. Furthermore, due to the
limited timeframe of the research, data was collected within the researcher’s network. It would be interesting to see longitudinal research into the topic and provide further insights into how successful companies could get upon successful networking implementations.

In addition, the theoretical concepts are often tailored to fit a particular society and its characteristics. Differences can be found between different communities, but further research would be required to see differences. Additionally, the procedures and factors within internationalization and networking, how important the role culture plays in networking, and whether there is a difference between how mature companies and startups network are all research topics that could be further expanded upon.

Furthermore, only 40 submissions have been collected for the survey due to timeframe limitations. In order to be able to draw statistically significant conclusions, a larger sample size would be required, and the questions would need to be reworked to facilitate the increase in submissions better.
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The importance of networking for Startups.

Dear Submitter,

My name is Henrik, this survey is a part of my final thesis and is meant to examine how influential are social, professional, and individual networks regarding the success of startups.

Submitting your replies takes no more than 10 minutes and greatly supports my work.

Thank you in advance!

1. How old are you?

Select:

2. What position do you currently work at?

3. Please select the industry that best fits your business:
   - Educational Services
   - Accommodation and Food Services
   - Administration, Business Support and Waste Management Services
   - Arts, Entertainment and Recreation
   - Finance and Insurance
   - Construction
   - Agriculture, Forestry, Fishing and Hunting
   - Transportation and Warehousing
   - Utilities
   - Real Estate and Rental and Leasing
   - Information
   - Mining
   - Retail Trade
   - Healthcare and Social Assistance
   - Professional, Scientific and Technical Services
   - Public Administration
   - Wholesale Trade
   - Manufacturing
   - Other

4. If you answered others in Question 3, please specify:

5. Are you a company founder, entrepreneur?
   - Yes
   - No

Next
Other
The importance of networking for Startups.

Dear Submitter,

My name is Henrik, this survey is a part of my final thesis and is meant to examine how influential are social, professional, and individual networks regarding the success of startups.

Submitting your replies takes no more than 10 minutes and greatly supports my work.

Thank you in advance!

6. Which stage your company is at?

- Starting
- Concepting
- Surviving
-.Viable
- Scaling
- Establishing
- Growth
- Maturity
- Decline

7. Years in operation

[ ]

8. Number of employees

[ ]

9. Have you ever attended any event, conference, or any other professional occasion where you could discuss and converse with the other participants?

- Yes
- No
Appendix

The importance of networking for Startups

Dear Respondent,

My name is Henrik. This survey is a part of my final thesis and is carried out on behalf of a startup and a professional networking organization.

I appreciate your time and effort in completing this survey. Your responses are anonymous and will not be shared with any third parties.

Thank you for your participation.

10. How do you feel your business network compares to your professional network?

11. How do you maintain your business network?

12. How do you use your business network in the following areas?

13. What do you consider important when networking?

14. What challenges do you face when networking?

15. What actions have you taken to improve your network?

16. What do you believe are the benefits of networking?

17. What do you believe are the drawbacks of networking?

18. What do you believe are the main reasons for networking failures?

19. What do you believe are the main reasons for networking success?

20. What do you believe are the main reasons for networking failures?

21. What do you believe are the main reasons for networking success?

22. What do you believe are the main reasons for networking failures?

23. What do you believe are the main reasons for networking success?
Interview guide:
Q1: How would you define networking (with your own words)?
Q2: What terms come to your mind when you hear networking?
Q3: Could you describe a day where you engaged in networking? What activities did you take part in? What was the setting of these activities?
Q3: Why do you think you engaged in these activities? What caught your interest?
Q3: Who do you choose to network with? What makes you choose these people? Which are the qualities that these people have?
Q3: Think of your business partners. How would you describe your long-term partners' partners with key importance? How did you meet these people? Why did you decide to continue doing business with them?
Q4: Think back of a moment where the company had to act to be more international. (Due to factors form outside or inside the company) How has the company reacted? Has there been situations where you misunderstood cultural cues?
Q4: How well do you think that the parties managed to establish a long-term relationship? Why did it happen?
Q5: How do you feel the quality of these networks are?
Q5: How have these networks been affected during the pandemic?
Q6: How do you feel about networking online?
Q6: How do you feel the quality of your online networks is? Which channels do you mostly use?
Q6: How do you feel the quality of networks have been affected due to Pandemic and online only options?
Q7: How has networking affected your business relationships? Could you recall a memory where you had some benefits from your networks?
Q7: How would you define trust within business relationships?
Q7: How do you usually know when there’s a mutual trust amongst you built up? How long before you start doing business with them?
Q8: How do you know if someone is going to be a reciprocal connection with whom you do business frequently?
Q9: How do you decide to follow one relationship over another? What are factors that decide whether to look for new connections or spend time with the old ones?