



Exploring small businesses' perceived importance, benefits and challenges of B2B networking

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*Background.* Small businesses make up 99.7% of U.S. employer firms and contribute to nearly 40% of U.S. retail sales (Small Business Administration, 2014). Small businesses not only compete with other small businesses within their community, but also with larger businesses within and outside their community. Compared to large businesses, small businesses are more limited in resources and have less market power and media exposure (Wong & Aspinwall, 2004). Thus, small businesses' participation in business-to-business (B2B) networking may positively influence their business growth by allowing them to conduct various business-related activities (such as networking and obtaining information) in cost-efficient ways (Kim, Lee, & Lee, 2011). Although the use of social network sites is a rapidly growing trend among small businesses, previous literature has focused on business-customer networking (Nakara, Benmoussa, & Jaouen, 2012), and B2B networking among small businesses has been under-researched.

*Theoretical Framework and Research Questions.* According to the networking theory, a firm's decision to enter, remain in, or withdraw from a network depends on the network's perceived benefits to the firm. Therefore, it is important for small businesses to assess the benefits of a network (Havnes & Senneseth, 2001). To understand small businesses' perceived importance and benefits of B2B networking and explore their perceived obstacles, this study asked the following questions: (RQ1) How do small business owners/managers perceive the importance of networking with other small businesses? (RQ2) What benefits of networking through SNSs (social network sites) are perceived by small business owners/managers? (RQ3) What challenges of networking through SNSs are perceived by small business owners/managers?

*Method.* Based on ReferenceUSA.com, the free U.S. business database, 51 small businesses in eight cities in Southern areas were selected for in-depth interviews. In this study, a small business was defined as an independently owned and operated business with fewer than 100 employees (Scarborough & Zimmerer, 2011). This study included businesses with various formats such as general merchandise stores, specialty stores, and consignment stores, but focused on non-durable products, including apparel, accessories, footwear, home interior goods, gift items, and floral. Using a semi-structured questionnaire, each interview was conducted at the participant's store and took about an hour.

*Results.* The majority of participants were store owners (86%), female (84%), and Caucasian American (94%). About 55% of them were aged between 41 and 60, and 49% had a bachelor's degree. About 57% of the businesses carried fashion products such as apparel and accessories/jewelry, and 88% had fewer than 10 employees. The interview responses were transcribed and content-analyzed by two coders to identify the emerging themes. This study found that about 90% of the participants mentioned that B2B networking is important (RQ1) because it allows them to (1) share business knowledge and resources, (2) collaborate and create

joint promotions to attract local customers, (3) create a sense of community by getting to know other local businesses and building relationships, and (4) refer customers to other businesses so that they can keep people shopping locally. The most frequently mentioned themes were the first and second, which were addressed by 46% and 39% of participants, respectively. About 84% of participants mentioned at least one perceived benefit of B2B networking via SNSs (RQ2). The benefits addressed by the participants included (1) sharing ideas, information, and expertise among small businesses, (2) building connections/relationships with other small businesses, (3) being able to access SNSs freely and conveniently without a major time commitment, and (4) being able to support the local economy by promoting each other's businesses. Particularly, the most frequently mentioned benefit was the first (sharing ideas, information, and expertise), which was mentioned by about 86% of participants. About 73% of participants addressed at least one challenge (RQ3). Participants perceived B2B networking via SNSs among small businesses as a challenge because (1) networking via SNSs requires constant time commitment and involvement, (2) business ideas or trade secrets may be copied or stolen by other stores, (3) businesses may be not willing to share trade secrets, (4) SNSs may be difficult to learn, not accessible, or not applicable to the participants, and (5) the information shared in SNSs may not be credible or useful. The most frequently mentioned challenges were the first and second, which were mentioned by 35% and 32% of the participants, respectively.

*Discussion and Conclusions.* Overall, the study found that small businesses tended to realize the importance and benefits of B2B networking among small businesses. However, participants' perceived importance and benefits of B2B networking were mainly associated with the strategies to vitalize local businesses, and their scope of perceived importance and benefits tended to be limited to the community or local level, rather than outside the community or at a national level. This study also revealed that small businesses might be reluctant to participate in B2B networking due to a perceived lack of credibility and usefulness of information. The challenges suggest a need for formal organizations, educational institutions, or government agencies to be involved in developing B2B networking via SNSs for small businesses.

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