

## **Networking in business: social networks, social capital and legitimacy**

**Networking** is a [business](#) activity by which business people and [entrepreneurs](#) meet to form business relationships and to recognize, create, or act upon [business opportunities](#), share information and seek potential partners for ventures.

In the current business world where business is more about social capital than financial capital, the concept of [networking](#) has been promoted to help businesspeople to assist their business grow faster and sometimes even cut the cost of advertisement through word of mouth referrals. Mainstream [business literature](#) has subsequently adopted the terms and concepts, promoting networking as pathways to success for all career climbers and those searching for new careers.

A business network is a type of business [social network](#) which is developed to help business people connect with other managers and entrepreneurs to further each other's business interests by forming mutually beneficial business relationships. When followed correctly, networking allow the business person to build new business relationships and generate business opportunities at the same time. Many business people contend that business networking is a more [cost-effective](#) method of generating new business than [advertising](#) or [public relations](#) efforts. This is because business networking is a low-cost activity that involves more personal commitment than company money. Country-specific examples of informal networking are [guanxi](#) in China, [blat](#) in Russia, good ol' boy network in America, and [old boy network](#) in the UK.

The networking can be conducted in a local business community, at a regional level or even at a national level or international level, in the form of conferences and other fora. In the 21<sup>st</sup> century it is even easier to network using the internet through social media and teleconferencing services, it is now possible for businesspeople from a similar industry or sector to connect and share information even if they live in different regions or countries. Business networking websites have grown in ad many businesses now use networking as a key factor in their marketing plan. It helps to develop a strong feeling of trust between those involved and play a big part in raising the profile of a company.