

## The Importance of Building Networks and Collaboration Between Entrepreneurs for Business Growth

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### Abstract

*Network building and collaboration between entrepreneurs is one of the main factors that plays an important role in supporting business growth. A strong network can open wider market opportunities, introduce access to important resources, and speed up the innovation process. Meanwhile, collaboration between entrepreneurs provides space to share experiences, reduce operational costs, and create more effective business solutions. This article explores how entrepreneurs can leverage networking and collaboration to accelerate business growth and provides real-world examples of best practices. This research also discusses the challenges faced in building networks and collaboration and how to overcome them.*

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## 1. INTRODUCTION

In the world of entrepreneurship, especially in this digital era, building and maintaining strong networks and collaborating between entrepreneurs is very important to achieve sustainable success. A business run by an entrepreneur not only depends on product or service innovation, but also on the ability to build mutually beneficial relationships with various related parties. Business Network (*networking*) in the era of globalization, it is very necessary to be able to build partners or collaborations, so that business life can be more advanced and successful. Basically, humans cannot be separated from others, and each person cannot stand alone in carrying out activities to fulfill their needs. Humans always interact with their environment, both with fellow humans and with other living creatures. Business networks are really needed in developing a business, because by forming a business network, information can spread quickly. With the rapid spread of information, other aspects will also quickly expand. Nowadays, almost every company is required to provide services to *customers/clients* by following new technological advances, such as through fast data exchange to support company performance. In all aspects of business, *networking* This can be done by maintaining mutual trust in the collaboration that is built, so that it will affect the reputation of the business.

*Networking* is a long-term investment for all elements in the business circle, so the benefits will not be obtained immediately. Networking has many benefits, especially in business development. This includes maintaining and building long-term networks between them and mutually benefiting each other.

Business networks (*networking*) are not just formal or informal relationships, but are a means of broadening horizons, sharing knowledge, and facilitating access to market opportunities and larger resources. Meanwhile, collaboration between entrepreneurs opens

the door to creating more value through synergy that allows both parties to complement each other's expertise and strengths.

Many studies show that entrepreneurs who are active in building networks and establishing strategic partnerships with other entrepreneurs have greater opportunities to develop. This article aims to dig deeper into the importance of networks and collaboration in accelerating business growth and provides practical guidance on how to build it. This research aims to determine the importance of building networks and collaboration between entrepreneurs for business growth.

## 2. RESEARCH METHOD

This research uses qualitative research methods with a library approach (*library research*). This approach is carried out by collecting and analyzing various relevant literature, such as books, journal articles, research reports, and other academic sources related to the importance of networks and collaboration between entrepreneurs. The bibliographic method was chosen because it allows researchers to gain a comprehensive understanding of various theoretical and empirical points of view regarding this topic. Data was obtained from various library sources related to the topics of networks, collaboration, and entrepreneurship, especially those that discuss aspects such as business growth, the benefits of business networks, and various collaboration strategies. Primary data sources include: Books that discuss entrepreneurship theory, business networks and collaboration, Scientific journal articles that provide empirical evidence about the impact of networks and collaboration on business growth and Online publications published by academic or research institutions. Data analysis was carried out by identifying main themes relevant to the research objectives, then grouping the findings based on themes such as network benefits, the impact of collaboration on business growth, and challenges in building collaboration. Data analysis steps include: *Literature Review*: Reading and noting the main ideas from each source, *Theme Grouping*: Identifying and classifying information related to networks and collaboration and *Qualitative Analysis*: Understanding and interpreting information according to a relevant theoretical framework, and linking it to the growth of entrepreneurial ventures. To ensure the validity of the data, this research only uses sources from literature that are recognized and have proven their credibility, such as articles from indexed journals or books from leading publishers. Validation is carried out through source triangulation by comparing information from various sources so that the findings obtained have a strong basis.

## 3. RESULTS AND DISCUSSION

### a. Collaboration Concept

The definition of collaboration is working together, especially in the effort to combine ideas. This is in accordance with the definition of collaboration as a network or distribution of information, resources, activities and organizational capabilities in two or more sectors to work together to achieve goals that cannot be achieved by working alone. For collaboration purposes, support translates into a formal agreement between the parties and the sharing of responsibilities, resources, risks and benefits. As a rule, written agreements are made formally for a certain period of time and most often in the form of a contract. Therefore, collaboration models are generally characterized by the following characteristics; first, at least two institutions from different sectors, one from the public sector and the private sector, or the nonprofit sector. Second, there is a formal written agreement for a certain period of time, third, there is a common goal

aimed at providing public services and fourth, joint responsibility consisting of shared risks, resources, costs and benefits, both tangible and intangible.

Collaboration is a relationship in a specific form that places the relationship between non-governmental organizations (which are concerned with environmental and natural resource issues) with government organizations. Riley (2003:14-15) further explained, with this relationship the two of them act together in the design and implementation of rural development programs. The form of interaction between the two is not just an agreement between two organizations to cooperate with the government institutions involved, mutual recognition and active participation. Collaboration as a specific form of relationship has currently been recognized by several experts as an important tool in improving development systematically, but has not yet been widely practiced. This is because a relationship like this involves the awareness of the parties, both the government and voluntary organizations, to work together in conditions of distrust and antagonism between the two.

#### **b. Networking Concept**

Networking is about building a network and maintaining it over the long term which creates mutual benefits for each other. Another definition was conveyed by Kusnandar (2013) that networking or collaboration is a process of participation of several people or groups of organizations to work together to achieve certain results. Ilza (2011) states that networking or collaboration is a form of cooperation to achieve desired results while creating trust between related parties carried out by two people or a group of people in a certain field.

Entrepreneurial Networking is the ability of network ties (network ties) to connect actors with various businesses such as business partners, friends, agents, mentors to get the resources needed for example information, money, moral support from network actors (Enny, Guruh, 2013). Business networks can be in the form of trade associations or club associations that provide a platform for entrepreneurs to meet and discuss business matters, albeit in a relaxed atmosphere.

Networking in the development of business management is a cooperative relationship between business people to achieve desired results, working together in discussing business matters and being responsible for their work.

#### **c. Networking Goals**

Networking aims to discuss problems regarding clients in an effort to increase understanding of the extent of the contribution that each team member can make and to identify ways to improve quality in serving clients. Networking relationships can be achieved optimally, if all business people have the desire to work together and are committed to the results of the agreements that have been made together.

#### **d. Networking Relationships in Building Networks and Business Collaboration**

A network or networking is a relationship formed between individuals, companies or organizations that have interconnected interests and goals. In the context of entrepreneurship, networks are a very valuable asset for an entrepreneur. This network provides access to opportunities that would otherwise be unattainable on an individual basis.

One of the economic opportunities as well as capital that has no small significance for economic development is the power of networks. Of course, the network referred to

in this context is a solid network, which has the same understanding and perception in certain matters so that efforts to use the network for certain purposes are interpreted in the same way and consistently each member of the network can respond in the same way and at the same level of discipline. In this context, it is worth taking into account the strength of long-formed networks, especially networks that have the same cultural ties and characteristics, as well as a high sense of togetherness (Afandi, 2008).

As an entrepreneur, you cannot be separated from what is called collaboration. Collaboration is important for entrepreneurs to survive and succeed. Healthy collaboration allows entrepreneurs to access information, external resources and other capabilities that support achieving their goals through business networks. From an interaction perspective, entrepreneurial cooperation refers to the actions of entrepreneurs within their businesses and business networks in the hope that establishing cooperation can facilitate risk and cost reduction, distribution channel sharing, joint marketing, and collaborative innovation (Ritala et al., 2014). Therefore, business networking is an area of concern for network actors called strategic orientation. Strategic orientation represents the potential traits that guide an entrepreneur's actions to use not only the resources he has internally, but also how to use the potential resources that other network actors have access to. Thus, network innovation allows information, knowledge and resources to be exchanged, supporting the implementation of innovation through mutual learning between network partners.

#### **e. The Role of Business Networks in Developing Business**

Social and economic networks have a relationship that influences each other. Social networks can play a role in improving the economy of a community group. Research conducted by Handoyo (2013), Syaripudin (2015), and Wusyag (2014) discusses the role of social capital in improving the economy of a community. In this research, it improves the economy of groups of farmers and traders. In social capital there are networks that contribute to increasing people's income. The development of business groups also becomes a vehicle and process for exchanging information and becomes a social network between them. Business networks have a big role in the development of a business.

Research conducted by Azizah (2016) and Amiruddin (2014) discusses the role of middlemen in a business. Middlemen have a very wide network. This network is needed in the world of trade. With the wide network that middlemen have, it is easy for them to sell goods. Middlemen have a strategic role in the trade chain. The existence of social networks makes the process of marketing an item to be sold easier.

#### **f. Benefits of Networking in Entrepreneurship**

##### **1. Access to Market Opportunities and New Customers**

An extensive network can introduce entrepreneurs to market opportunities that were previously unattainable. By getting to know many people in the related industry or in the target market, entrepreneurs can more easily find potential customers. This also opens up opportunities to introduce products or services to a larger audience.

##### **2. More and Varied Resources**

One of the biggest advantages of networking is the ease of accessing various resources. This can be in the form of capital, labor, industrial information, and access to the latest technology. Entrepreneurs who have a strong network are more

likely to get capital from investors or business partners, as well as find the right partners for expansion.

### 3. **Learning and Professional Development**

Through networking, entrepreneurs can share experiences, challenges and solutions. These interactions allow them to learn from others' experiences and gain valuable insights into business management and product development.

### 4. **Improved Reputation and Credibility**

Engaging in a strong network can help improve a business's image. Collaboration with companies or individuals who have a good reputation can give a positive impression of the business being run and increase credibility in the eyes of customers and investors.

### 5. **Reducing Risk**

Having a wide network gives entrepreneurs access to more complete market information, as well as various possible solutions to problems that may arise. This can reduce the risk of business failure because they have resources and support from various trusted parties.

## **g. Network Building Strategy**

### 1. **Attend Industry and Networking Events**

Entrepreneurs must actively attend events or conferences related to their industry. This provides an opportunity to meet new people who could become business partners or provide new opportunities.

### 2. **Using Social Media and Digital Platforms**

With the increasing development of social media, many digital platforms make it easier for entrepreneurs to build and expand their networks. LinkedIn, for example, is a highly effective platform for connecting professionals from various industries.

### 3. **Build Relationships with Mentors and Experienced Professionals**

One way to strengthen your network is to build close relationships with mentors or experts in certain fields. They can provide invaluable insight and open many doors of opportunity.

## **h. Collaboration Between Entrepreneurs: Building Synergy to Increase Competitiveness**

Collaboration between entrepreneurs involves cooperation between two or more parties to achieve common goals that cannot be achieved individually. This collaboration allows the parties involved to share resources, knowledge and experience.

The main motivation in collaborating is to obtain collective results that cannot be achieved if each party works individually. The parties collaborate usually with the hope of getting innovative results, special breakthroughs and satisfying collective achievements.

## **i. Benefits of Collaboration in Entrepreneurship**

### 1. **Synergy that Improves Business Performance**

Collaboration allows different parties to work together, combining their expertise and resources, resulting in greater synergy. For example, two companies that complement each other in terms of products or services can reduce costs, increase efficiency, and offer customers more comprehensive products.

### 2. **Product Innovation and Development**

Collaboration between entrepreneurs often produces new and innovative ideas that would not have emerged if they worked separately. By sharing knowledge and research, collaborators can create products or services that are better and more relevant to market needs.

### 3. **Access to a Wider Market**

Collaboration provides opportunities for businesses to access a larger market, both geographically and demographically. By working together, entrepreneurs can introduce their products to a larger audience, even expanding their reach to international markets.

### 4. **Reducing Business Risks**

By working together, entrepreneurs can reduce the burden of risk that usually comes with expansion or new product development. Collaboration allows them to share existing risks, both in terms of production, distribution and marketing costs.

### 5. **Increasing Competitiveness**

By collaborating, entrepreneurs can increase their competitiveness in the market. They can offer a wider range of products, improve the quality of service, and gain greater competitive advantage.

## j. **Forms of Collaboration that Can Be Applied**

### 1. **Joint Ventures**

A joint venture is a form of partnership in which two or more parties establish a joint venture for a specific purpose, such as developing a new product or entering a new market. This allows both parties to share risks and profits.

### 2. **Strategic Partnership**

A strategic partnership is a long-term relationship between two companies aimed at achieving mutual goals, such as expanding a product line or developing new distribution channels.

### 3. **Coalition for Technological Development**

In technology-based industries, collaboration between entrepreneurs often focuses on developing new technology or increasing production capacity, for example by sharing research and development facilities or sharing technical knowledge.

## k. **Challenges in Building Networks and Collaboration**

Although networks and collaboration offer many advantages, there are several challenges that entrepreneurs often face in building them, including:

### 1. **Difficulty in Building Trust**

Trust is the main factor in establishing business relationships. Entrepreneurs who are just starting out often find it difficult to build trust, both with partners, customers and investors.

### 2. **Differences between Vision and Goals**

Differences in goals and vision can be a major obstacle to collaboration. To overcome this, it is important to make a clear agreement about the goals to be achieved and the role of each party in the collaboration.

### 3. **Poor Communication**

Ineffective communication can cause miscommunication that is detrimental to all parties. Therefore, it is very important for entrepreneurs to keep communication channels open and clear.

#### 4. CONCLUSION

Building strong networks and collaborating between entrepreneurs is the key to business growth and sustainability. Good networks provide access to various opportunities and resources needed to develop a business, while collaboration creates synergies that accelerate innovation and market expansion. While there are challenges in building and maintaining networks and collaboration, the benefits are enormous, from increased efficiency to reduced business risk. Therefore, entrepreneurs need to prioritize network building and collaboration as part of their business development strategy. Through networks, entrepreneurs can gain easier access to resources such as suppliers, labor, and new technologies. The network opens up opportunities for cooperation in the form of joint ventures, joint promotions, or collaborative projects that can expand market reach. By collaborating, entrepreneurs can learn from each other's successes and failures, enriching their insight into markets and business strategies.

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