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A Networking Capability Perspective on Marketing Performance of SMEs: The Role of Market Knowledge and Entrepreneurial Orientation

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Abstract

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Despite the key role of small and medium industries in economic development and job creation, one of the biggest problems for these businesses is their legendary failure rates. The main reasons for the failure of these industries are marketing limitations in the form of lack of financial resources, lack of time, market knowledge and lack of marketing expertise. Networking is one of the solutions that has been proposed to overcome these limitations, because networking is considered as a factor in restructuring the global business architecture. The aim of this study was to investigate the effect of networking capability on the marketing performance by considering the role of entrepreneurial orientation and market knowledge. A survey of 225 small and medium-sized enterprises in Iran was conducted through a questionnaire and the results were analyzed by structural equation modeling with a partial least squares approach. Results show that networking capability has a positive effect on the marketing performance of small and medium industries. Also, firms with entrepreneurial orientation and better market knowledge can also use their networking capabilities for marketing purposes.

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Introduction



Nowadays, small and medium-sized enterprises (SMEs) play an important role in the economic advancement of developing countries (Stejskal & Hajek, 2012). Small and medium sized enterprises are an integral part of the domestic economy. these firms are also strategically crucial-as 'innovation' engines that augment economic and social development (Zhang & Merchant, 2020). Research shows that these firms, on the one hand, are accompanied by significant innovation and entrepreneurship (Luzzini et al., 2015; Mudambi et al, 2017; Casciano et al., 2019; mo et al., 2020) and, on the other hand, can create competitive advantages in the globalization process by creating various economic benefits and new ideas. SMEs also form and promote a group of social institutions and create relationships among them in the surrounding areas, thus providing a basis for strengthening social investment and promoting civil society (Cruz and Teixeira, 2010; Saxenian, 1994; Commission of the European Communities,2008).

Some other researchers, while pointing to the above mentioned features, have also referred to some of the effects of the formation of this type of industrial development and the creation of local economic advantages (Oakey et al., 2001), and have also referred to the existence of spatial benefits and the benefits resulting from the accumulation of interrelated economic activities (Maskell, 2001), and consequently the transfer of knowledge and technology and the increase of learning as positive consequences of the formation of small and medium-sized

industries (Maskell and Lorenzen, 2004; Cruz and Teixeira, 2010). However, due to the fact that many active firms operating in small and medium-sized industries are small (Andadari, 2008), the small size of these firms and the low volume of their resources cause a series of limitations for them (De Maeseneire & Claeys, 2012) from among which, the marketing, financial, production, research, and developmental limitations can be referred to (Felzensztein & Gimmon , 2007).

In recent decades, globalization, technological advances, competition increase, and increase in the number and variety of products have caused the market complexity to be increased. With the increasing complexity of the market, one of the concerns of these companies is to increase their sales and marketing performance (Hartman et al. 2018), because in most cases, the results of activity of all the functions of a firm are revealed in the marketing performance (Rackham & DeVincentis, 1998). Today, marketing is considered as one of the main problems of these enterprises (SMEs) which can be attributed to the high cost of marketing research, lack of experienced staff and, in general, the inability to conduct extensive marketing activities due to its high costs (Felzensztein & Gimmon, 2007). Therefore, development policies emphasize on increasing the competitive capability of these businesses through networking and combining competition and collaboration for learning and innovation (Karaev et al., 2007; Lu & Beamish, 2006).

Today, the networking issue has been recognized as a tool for business marketing effectiveness. Networks and Business Networking activities are used by companies as an entrepreneurial method in order to improve and develop a new product, introduce the company to new customers, expand resources, and improve the organization's pricing structure (Franco et al., 2014; Gilmore et al., 2006; Hilmersson & Jansson, 2012; Loane & Bell, 2006). Networking is a useful way for managers of these firms to expand their marketing expertise and knowledge (McGrath, 2008), and gain a proper understanding of the events of complex markets (Olkkonen et al., 2000). Networking is also considered as one of the solutions and strategies to deal with the marketing constraints of small and medium-sized enterprises (Gilmore et al., 2006). Access to information, resources, markets and technologies is the main motivation of partners for cooperation and participation in business networks (Zahra et al., 2000).

Networking helps businesses to expose themselves to new opportunities, gain new market knowledge, learn from experience, and benefit from the synergistic effects of shared resources (Chetty et al., 2000). Using the resource-based approach, it is inferred that successful presence in business networks, constructive interaction and establishing lasting beneficial relationships with partners within the framework of business networks, requires a kind of intra-organizational capability called networking capability (Mitrega et al., 2017). Networking capability refers to the organization's ability to create,

manage, and optimally utilize network relationships in order to seize and use opportunities resulting from business networks. As one of the most important capabilities of the organization, networking capability provides the firms with new opportunities, resources, markets and capabilities and increases the possibility of access to new and complementary knowledge. This can create a competitive advantage and improve the performance of firms (Maghsoudi et al., 2020; mu, 2014).

Experimental findings show that networking capabilities play an essential role in identifying new opportunities, developing foreign markets and creating competitive advantages, especially through resource sharing and increasing knowledge in the domain of national and international markets (Styles & Ambler, 1994; Batjargal & Liu, 2004; Sapienza et al., 2006). Entrepreneurial opportunities are also directly related to the number of firm connections in its network (Singh et al., 1999). These connections and relations, like information bridges, enable the firm to access to a variety of outputs, such as entrepreneurial behavior (Forret & Dougherty, 2001). Liao et al (2003) argue that entrepreneurial orientation causes companies to use their capabilities to survey and investigate the business environment more intensely; therefore, the impact of these capabilities on the company's responsibility, with respect to environmental expectations and demands, is greater (Liao et al, 2003). According to Walsh et al (2013), entrepreneurial orientation positively modulates the impact of organizational attraction

capacity and firm performance (Wales et al., 2013). On the other hand, these companies can obtain the required knowledge through the exchange of information with other actors in business networks, and through these networks, they can overcome their limitations, such as lack of market knowledge and financial and human resources, in new markets (Chetty & Holm, 2000). Research shows that acquiring knowledge through the external boundaries of the organization such as customers, suppliers of materials and equipment, competitors, universities, research organizations and other companies is one of the most important strategies for the growth of organizations (Simsek et al., 2003; Zahra et al., 2009).

This research contributes to existing knowledge for several reasons: First, the impact of networking capability on the innovation success (Fang et al., 2014), new product development performance (Mu, 2014), and organizational performance (Walter et al., 2006; Parida et al., 2017) has been previously studied by researchers, but so far the effect of networking capability on marketing performance, considering the role of market knowledge and entrepreneurial orientation, has not been the focus of study by researchers. Moreover, although the importance of networking in the promotion of marketing performance is quite clear, but there exists little experimental knowledge in this regard. Second, the set of networking capabilities increases the possibility of access of firms located in developing countries to complementary and new market knowledge, which are the main sources of identifying and exploiting new

entrepreneurial opportunities. In addition, firms would be better able to cope with constraints such as marketing, financial and human constraints and have better access to international markets.

Theoretical background and hypotheses development

Networking capability and Marketing performance

Despite the key role of small and medium-sized enterprises (SMEs) in economic development and job creation, one of the biggest problems for these businesses is their legendary failure rates (O'Dwyer et al., 2009). One of the main reasons for the failure of small and medium-sized enterprises is the marketing limitations of these enterprises in the form of lack of financial resources; lack of time and market information and lack of marketing expertise (Nwankwo & Gbadamosi, 2010). Networking is one of the solutions and strategies proposed to overcome the limitations of small and medium-sized enterprises, especially marketing limitations, because it allows these enterprises to use their limited resources more effectively to compete with stronger competitors (Gilmore et al., 2001). Firms' participation in marketing networks increases their access to market information and reduces costs. These networks also allow businesses to make collective decisions and actions (Anbumozhi et al., 2010). Managers of small and medium-sized enterprises can gather information on making marketing decisions and actions through networking activities such as talking to other managers and attending related business events. In

this way, managers of small and medium-sized enterprises use networking to help plan, improve and implement their marketing activities so that the effectiveness and efficiency of marketing actions increases and the firm's performance in a competitive market is improved (Gilmore et al., 2006). Collaborative and networking strategies are increasingly used in the face of a dynamic and complex business environment. When firms can collaborate and work with other firms with different core competencies, then it would be easier for them to focus on their core competencies. Participatory strategies range from formal contract-based alliances to informal networks with trust-based relationships (Lake, 2004).

According to Reamer (1997), for networks to be successful, there must be domain overlap. Product or service similarities, customer similarities, mode of operation, domain similarities, or temporal considerations reflect the opportunities that usually cause domain overlap and interference to occur (Reamer, 1997). In the context of small and medium-sized industries, there is a possibility of occurrence of many of these domain overlaps (Karlsson et al., 2005). Today, these firms face similar opportunities and challenges (Yoshino, 2011). Therefore, by supporting the formation of inter-firm networks, firms can work together to take advantage of common opportunities and resolve common issues so that the overall position of the firm, compared with the domestic and foreign competitors, is upgraded (Shafaeddin, 2012). Therefore,

the first hypothesis of the study is expressed as follows:

H1: Networking capability is positively related to marketing performance.

Networking capability and Entrepreneurial orientation

Networking capabilities include the ability to identify and create relationship with others sooner than competitors (proactivity), communication building based on mutual trust, (communication skills), and coordinating and integrating organizational communications and managing them as a portfolio (coordination) (McGrath & Medlin, 2019). Researchers believe that the market of factors is not perfect for the partners and the number of partners with new and complementary knowledge in the market is limited. As a result, proactive firms take advantage of being at the forefront of communicating and making relations with other firms and can seize opportunities to form alliances with potential and new partners ahead of their competitors (Sarkar et al., 2001; Schilke & Goerzen, 2010). Accordingly, pro-active companies have more access to new and complementary knowledge and, consequently, their entrepreneurial activities increase. Also, the company's communication skills reduce the likelihood of opportunistic behavior between partners. Research shows that building trust is one of the main catalysts for providing knowledge and information in collaborations that exist in the opportunistic behavior of both parties (Aulakh et al., 1996; Das & Teng, 1998).

As a result, companies that have the ability to build informal relationships with others based on trust and mutual commitment gain more knowledge in their partnership relations. This knowledge is effective in identifying and exploiting new ideas for entrepreneurial organizational activities and filling the information gap of companies. Finally, coordinating and managing organizational communications as a portfolio allows companies to better identify their knowledge gaps and consider each inter-organizational link as a channel to fill their information gap. This not only reduces the likelihood of useless working and creating unnecessary problems, but also allows the parent company to use all its potential in the inter-firm link portfolio (Teng, 2007). As a result, the company's networking capabilities increase the possibility of access to new and complementary knowledge that is a key source of identifying and exploiting new entrepreneurial opportunities. Therefore, the second hypothesis is expressed as follows:

H2: Networking capability is positively related to entrepreneurial orientation

Networking capability and Market knowledge

Market knowledge includes all the objective and explicit information about the market as well as the size of the markets, the set of competitors and the existing rules and regulations (Mejri & Umemoto, 2010). Networks provide the firms with the possibility of access to the knowledge of national and international institutions, enabling businesses to be aware of practices and trends in domestic

and foreign markets. Competencies related to a company's knowledge of national and international markets are a prerequisite for improving a company's performance in these markets (Knight & Cavusgil, 2005). Erickson, Johnson, Maggard, and Sharma (1997) have divided market knowledge into three main categories: 1. Knowledge of external institutions or social knowledge (for example, knowledge of the macro environment of institutions such as local governments, laws, culture and the norm), Business knowledge (knowledge about customers, competitors and market conditions) and 3. Internationalization knowledge (knowledge about the company's capacity and resources to enter the international business (Eriksson et al., 1997; Majkgard & Sharma, 1997).

According to Johnson and Vahlen (1997), market knowledge helps the corporate management team to make better decisions. They have stated that the two main types of knowledge are objective knowledge that can be transferred from one market to another and experiential knowledge that is gained by experience and learning through action and practice (Johnson & Vahlen, 1977; Masum and Fernandez, 2008). While almost all companies seek to take advantage of networking in foreign markets to gain market information and knowledge, small to medium-sized companies are highly dependent on network relationships and their ability to interact in networks is highly influential in the development of their international activities. Companies can acquire their required knowledge by exchanging information with other actors in business networks, and through these

networks they can overcome their limitations such as the lack of financial and human resources and market knowledge in the new markets (Chetty & Holm, 2000).

Research shows that networks provide access to general knowledge about market characteristics (Chen, 2002; Coviello & Munro, 1997; Jin & Jung, 2016). Network actors can help businesses increase their required knowledge about foreign institutions. They can also provide the relationships needed to run a business and understand the market, and can help companies make decisions about when and how to enter international markets (Johanson, J, & Mattsson, 1988). Therefore, the third hypothesis is expressed as follows:

H3: Networking capability is positively related to market knowledge

Market knowledge and Marketing performance

Knowledge is a source of competitive advantage with strategic importance in business, and what makes companies perform better than markets is the creation and transfer of knowledge within the organization (Kogut & Zander, 1992). Today, business executives have realized that the acquisition of information and knowledge is inevitable for the survival of the organization as well as its efficiency and effectiveness. Organizational researchers cite knowledge, its acquisition, and utilization as key resources for building a sustainable competitive advantage (Nahapiet & Ghoshal, 1998; Renko et al., 2001). Others believe that

firms with more knowledge of domestic and foreign markets make more informed decisions (Casillas et al., 2009; Johanson & Vahlne, 2009). Researchers have argued that market knowledge is essential for small and medium-sized businesses interested in internationalization (Ovairt & McDougall, 1994; Zahra, 2005).

In addition, market knowledge helps companies located in developing countries to better cope with constraints such as financial and human constraints and to have better access to international markets (Musteen et al, 2014). Market knowledge makes managers more confident in their abilities to face and encounter the dangers of internationalization (Liesch et al, 2011). It also enables them to identify and develop business relationships to avoid making costly mistakes in international efforts (Musteen et al, 2014). According to Ho & Lu (2015), the market performance of any company is influenced by market exploration activities and market exploitation activities (Ho & Lu, 2015). The results of Rakthin et al.'s study showed that the capacity to attract market knowledge through improving corporate's customer attraction and retention has a positive effect on firm performance (Rakthin et al., 2016). Therefore, the fourth hypothesis is proposed as follows:

H4: Market knowledge is positively related to marketing performance

Entrepreneurial orientation and Marketing performance

Small and medium-sized businesses are the main source of entrepreneurial skills, innovation and employment. However,

they often have problems in gaining capital or credibility, especially in the early stages of the formation of organization, because their limited resources reduce access to innovation and new technologies (Verheugen, 2005). In a dynamic business environment where future cash flows are uncertain, companies need to be constantly looking for and exploiting new opportunities. Therefore, in order to increase the performance of these small businesses, a solution must be considered. Entrepreneurial orientation is a type of strategy that creates processes for decision makers to use in order to achieve the goals of the organization, maintain the vision, and create a competitive advantage (Taylor, 2013).

Entrepreneurial orientation is a general and sustainable orientation and reflects the thoughts, inclinations and interests of the firm towards entrepreneurship (Covin & Lumpkin, 2011) which is a vital issue for new firms to facilitate the application of existing and new knowledge for discovering market opportunities (Vidic, 2013). Entrepreneurial orientation as a central concept in strategy-making (Covin & Slevin, 1991), refers to decision-making approaches that affect business success (Pratono & Mahmood, 2015) and managerial capabilities through which companies take innovative actions to change their competitive position to achieve a comparative advantage (Avlonitis & Salavou, 2007) and support projects with uncertain results (Zahra & Neubaum, 1998).

Given the importance of the subject, in recent years the relationship between

entrepreneurial orientation and performance has been studied by many researchers and the related empirical literature is extensive; However, in some cases the results of these studies are inconsistent (Silvia & Rajshekhar, 2016; Semrau et al., 2016). While the results of most studies indicate a positive and significant relationship between performance and entrepreneurial orientation, the intensity and extent of this relationship varies significantly in different studies (Saeed et al, 2014). Other research shows that businesses with a stronger entrepreneurial orientation perform better than businesses with a weak entrepreneurial orientation. (silvia & rajshekhar, 2016; semrau et al., 2016; wales et al., 2013; wikiuand & shepherd, 2003; hult et al., 2003; Bayarcelike & Ozsahin, 2014; Sanjaghy et al., 2014; Boso et al., 2013). Therefore, the fifth hypothesis of the study is proposed as follows:

H5: Entrepreneurial orientation is positively related to marketing performance

The knowledge-based perspective argues that organizational strategic orientations guide the intensity and utilization of organizational capabilities. Liao et al (2003) argue that entrepreneurial orientation causes companies to use their capabilities to survey and evaluate the business environment more intensely; therefore, the impact of these capabilities on the company's response to environmental expectations and demands is greater (Liao et al, 2003). According to Walsh et al (2013), entrepreneurial

strategic orientation positively modulates the impact of organizational attraction capacity and corporate performance (Wales et al., 2013). We also expect opportunity-based entrepreneurial orientations to enhance the positive impact of networking capability on marketing performance. With an opportunity-oriented entrepreneurial orientation, companies define their strategies based on environmental opportunities rather than controlled resources. Therefore, these companies are more likely to face resource gaps and, as a result, mainly use their networking capabilities for entrepreneurial activities. Therefore, the sixth hypothesis is expressed as follows:

H6: Entrepreneurial orientation moderates the impact of networking capability on marketing performance

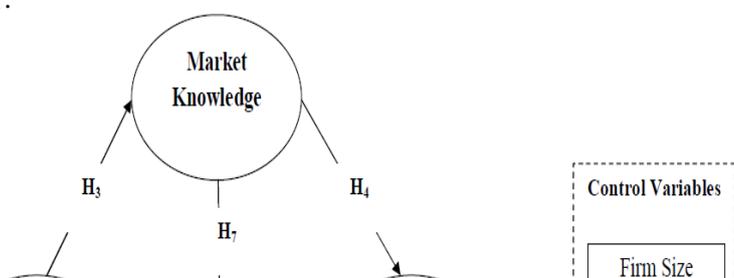
According to knowledge-based theory, one of the most valuable intangible organizational resources is knowledge, which is one of the main factors affecting the performance of companies (Luca & Atuahene-Gima, 2007). Central market knowledge is the theory of corporate internationalization (Yli-Renko et al., 2002) and insufficient knowledge of foreign markets has been proposed as the main constraint for the development of corporate international activities (Johanson, & Vahlne, 1997). Competencies related to a company's knowledge of national and international markets are a prerequisite for improving the company's performance in these markets (Knight & Cavusgil, 2005).

Companies can acquire their required knowledge by exchanging info:

with other actors in business networks, and through these networks they can overcome their limitations such as financial and human resources and lack of market knowledge in the new markets (Chetty & Holm, 2000). As a result, researchers have recently identified the acquisition of knowledge across the organization's external frontiers and other factors such as customers, suppliers of materials and equipment, competitors, universities and research organizations, and other companies as one of the most important strategies for organizational growth (Simsek et al., 2003; Zahra et al., 2009). However, acquiring knowledge from the external environment of companies requires organizational capabilities to communicate with others and manage these relationships (networking capability) for the optimal use of external knowledge. Therefore, the seventh hypothesis is expressed as follows:

H7: Market knowledge moderates the impact of networking capability on marketing performance.

In addition, in order to control the external effects on variance, firm size variables that are calculated through the logarithm of the number of full-time employees of companies, Age history, which is equal to the number of years of company activity, as well as environmental instability variables were considered as control variables affecting the marketing performance. Based on the above topics, the present research model can be seen in Figure 1.



characteristics, the results showed that the early respondents were quite similar to the later respondents; hence, non-response bias was not likely a problem in this study.

Results

In the partial least squares approach, before testing the hypotheses, it is necessary to analyze the fitness of the measurement models, the general model and the structural model of the research. The fitness of the measurement model is tested by measuring convergent validity, discriminant validity and reliability coefficients. For convergent validity measurement, average variance extracted index (AVE) which indicates the correlation of a construct with its indices was used and its critical value is (0.5).

Discriminant validity matrix is used to examine discriminant validity which is the second criterion of fitness of measurement models in the partial least squares method. For this purpose, the numbers on the original diameter of this matrix must be larger than all the numbers in their corresponding column.

In order to determine the reliability of the questionnaire, the two criteria of composite reliability coefficient and Cronbach's alpha coefficient were used. Values above (0.7) indicate acceptable reliability for measurement models. The results of the fitness of the measurement model showed that the proposed model has a good fitness (Tables 1 and 2). Then, the fitness of the proposed research model was tested, using structural equation modeling with partial least squares approach and

Fig1. Conceptual model

Methodology

We use a survey method to test the links in the research model. Quantitative survey data were collected from SMEs located in Iran. To collect data, a questionnaire consisting of 44 questions, based on the orderly scale and seven-point Likert scale, was used. Data was collected from top- and middle-level managers because participants needed to have adequate knowledge to answer questions about the impact of networking capability, entrepreneurial orientation and market knowledge on firm's marketing outcomes. The refined questionnaires have been distributed by face-to-face visits in the firm or by e-mail and a total number of 225 questionnaires were collected giving a 56.85% response rate. In order to test non-response bias, we used Armstrong and Overton (1977) guideline. In terms of key study variables and demographic

Smart PLS software and the relationships between variables were evaluated.

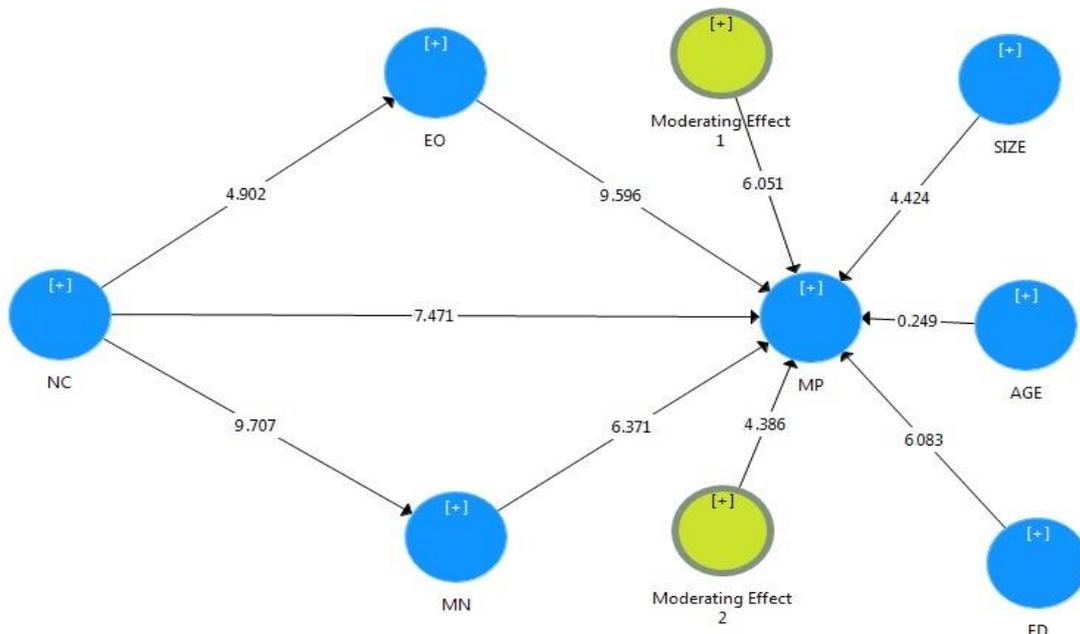
Table1. values related to the measurement model

Structure	Source	Questions of the questionnaire	Factorial load	Cronbach's alpha	Composite reliability	AVE
Marketing Performance	(Wu et al., 2015)	My firm's return on investment (ROI) is better compared to other companies in the same industry.	0.724	0.794	0.919	0.520
		My firm's return on equity (ROE) is better compared to other companies in the same industry.	0.630			
		My firm's return on asset (ROA) is better compared to other companies in the same industry.	0.686			
		Customers perceive that my firm's quality of products and services is better compared to other firms in the same industry.	0.693			
		My firm has higher customer satisfaction compared to other firms in the same industry.	0.852			
		My firm has better firm image compared to other firms in the same industry.	0.836			
		My firm has better productivity improvements compared to other firms in the same industry.	0.792			
		My firm has better timeline of customer service compared to other firms in the same industry.	0.777			
		My firm has better production cycle time compared to other firms in the same industry.	0.720			
Networking capability	(Mu, 2014)	We search locally to find proper network partners.	0.770	0.801	0.920	0.577
		We search globally to identify appropriate network partners.	0.776			
		We search widely to look for right partners	0.798			
		We can design appropriate mechanism to navigate the dynamics of partner network.	0.746			
		We can fine-tune network partnership relationships.	0.780			
		We constantly assess and analyze our relationships with partners so that we know what adjustments to make.	0.807			
		We can dynamically integrate networking activities into our business operational process.	0.738			
Entrepreneurial orientation	(Hughes & Morgan, 2008)	The term 'risk taker' is considered a positive attribute for people in our business	0.862	0.826	0.957	0.613
		People in our business are encouraged to take calculated risks with new ideas	0.744			
		Our business emphasizes both exploration and experimentation for opportunities.	0.655			
		We actively introduce improvements and innovations in our business.	0.739			
		Our business is creative in its methods of operation.	0.765			
		Our business seeks out new ways to do things.	0.765			
		We always try to take the initiative in every situation (e.g., against competitors, in projects and when working with others).	0.852			

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		We excel at identifying opportunities.	0.727			
		We initiate actions to which other organizations respond.	0.822			
		Employees are permitted to act and think without interference.	0.806			
		Employees are given freedom and independence to decide on their own how to go about doing their work.	0.815			
		Employees are given freedom to communicate without interference.	0.790			
		Employees are given authority and responsibility to act alone if they think it to be in the best interests of the business.	0.815			
		Employees have access to all vital information.	0/782			
Market knowledge	(Akerman, 2014)	We have well-developed knowledge about the legal environment in SMEs.	0.771	0.781	0.908	0.584
		We have well-developed knowledge about the political system in SMEs.	0.776			
		We have well-developed knowledge about the culture in SMEs.	0.741			
		We have well-developed knowledge about the government in SMEs.	0.801			
		We have well-developed knowledge about our customers in SMEs needs and wants.	0.739			
		We have well-developed knowledge about potential customers in SMEs.	0.821			
		We have well-developed knowledge about our competitors in SMEs	0.697			
Environmental Dynamism	(Mu et al., 2018)	It was difficult to forecast technology developments in our industry	0.645	0.837	0.936	0.598
		The technology environment was uncertain	0.729			
		Technological development was predictable	0.785			
		The technology environment was complex	0.837			
		Customer needs and preferences changed rapidly	0.787			
		Product demands and preferences were uncertain	0.823			



		Market competitive conditions were unpredictable	0.794			
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Environmental Dynamism (Mu et al., 2018)

0.837 0.936 0.598



Figure 2: T- Values in the proposed research model

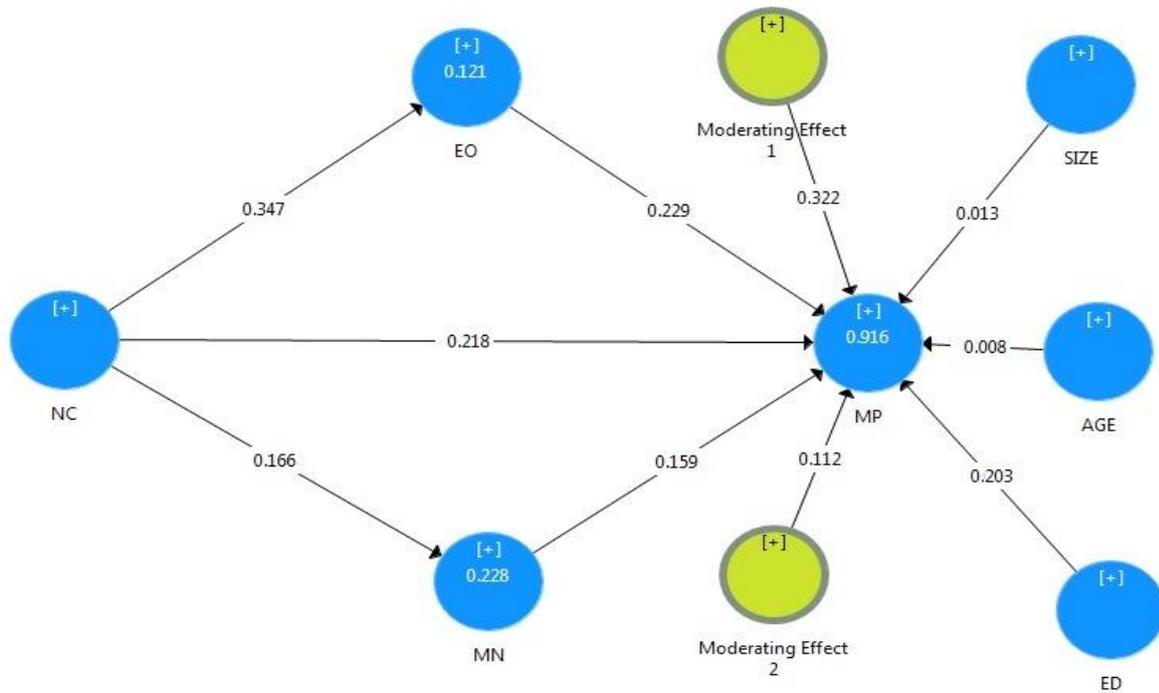


Figure 3: β -values in the proposed research model

Table2. Discriminant validity matrix					
	Marketing performance	Networking capability	Entrepreneurial orientation	Market knowledge	Environmental Dynamism
Marketing performance	0.748				
Networking capability	0.243	0.759			
Entrepreneurial orientation	0.295	0.291	0.833		
Market knowledge	0.381	0.312	0.291	0.764	
Environmental Dynamism	0.281	0.320	0.321	0.241	0.773

Table 3- Research hypotheses			
Research hypothesis	β	T	Result
H1: Networking capability is positively related to marketing performance.	0.218	7.471	Supported

H2: Networking capability is positively related to entrepreneurial orientation.	0.347	4.902	Supported
H3: Networking capability is positively related to market knowledge.	0.166	9.707	Supported
H4: Market knowledge is positively related to marketing performance.	0.159	6.371	Supported
H5: Entrepreneurial orientation is positively related to marketing performance.	0.229	9.596	Supported
H6: Entrepreneurial orientation moderates the impact of networking capability on marketing performance.	0.322	6.051	Supported
H7: Market knowledge moderates the impact of networking capability on marketing performance.	0.112	4.386	Supported

Discussion and Conclusion

The aim of this study was to investigate the effect of networking capability on the marketing performance of small and medium-sized industries in Isfahan province, considering the role of entrepreneurial orientation and market knowledge. Networking includes the communication of any manager / owner with people related to business activities, attending trade shows, and other industry-related events. Small and medium-sized enterprises need both competition and collaboration to succeed in domestic and foreign markets (Mesquita, 2007), which this important aim is achieved through networking and collaboration with other

firms. Small and medium-sized enterprises have a common motivation to form marketing networks due to their limitations, and the many challenges they face because of the increasing complexity and dynamism of markets. The motivation of some business networks is to solve the common problem of companies, which is mainly due to resource constraints, common weaknesses, inability to carry out effective marketing activities and economic inefficiency of small and medium-sized enterprises. In some cases, the motivation of forming business networks is to take advantage of marketing opportunities, so that partners can work together to decrease the cost and risk of

marketing activities, especially the launch of a new product and entering new markets and also to increase collective profitability.

Networking activities are often performed by the manager / owner of small and medium-sized enterprises, and may include the personal communication networks, trade networks, business networks, and social networks of which he or she is a member. That is, networking is created around the personality and activities of managers. Hence, the individual-personality characteristics of the owner / manager of the firm influence networking activities. To lead the network, network leader must have two capabilities of strategic thinking and network leadership. The role of network leader in motivating partners, managing conflicts between partners and communication with outside the network, plays a key role in network success. Findings of the present study are useful for managers of small and medium-sized enterprises and planners of government organizations. Business executives can expand their networking capabilities and use this skill as a business development tool. Networks enable firms to take advantage of new market opportunities, gain market information, learn from the experience of other members, and benefit from the synergistic effects of shared resources. Managers of small and medium-sized enterprises can use networking capabilities to enhance the competitive ability of their firm (Felzensztein & Gimmon, 2007).

This study first provides insights for small and medium industry managers who are looking to improve the marketing

performance of the firm. The results showed that networking capability has an important role in improving the marketing performance of small and medium -sized industries; Therefore, managers who want to increase their marketing performance need to identify and form strategic alliances faster than their competitors. They need to build relationships based on trust and mutual commitment with their partners. Managing organizational alliances as a whole, with considering the knowledge that each partner adds to a company's database, creates better alliances and a better flow of knowledge between the two parties, which is the source of many entrepreneurial ideas.

In addition, the results showed that market knowledge and entrepreneurial orientation positively modulate the relationship between networking capability and marketing performance; That is, networking capability combined with strategic entrepreneurial tendencies and market knowledge has a double effect on the marketing performance of small and medium-sized industries. Therefore, managers can make better use of organizational networking capabilities for marketing purposes by adopting entrepreneurial strategic orientations.

Limitations

This study was also face with some limitations. Accordingly, opportunities for future research are provided. First, in this study, only small and medium industries were selected to control the effects of other variables on the dependent variable. Therefore, more caution should be exercised in extending and generalizing

the results to other environments and industries; Therefore, testing this model in other sectors and industries increases the external validity of the results. Second, according to theoretical inferences, we should expect networking capability to increase marketing performance, but since this research is one-section, creating a causal relationship between variables is not 100%. As a result, research studies with a cross-sectional research design may provide a more reliable insight about the relationships between variables. In general, this research is considered as an important step towards providing a model based on organizational capabilities such as networking capability to increase marketing performance, but identifying other capabilities and how they interact and their relationship to shape marketing activity depends on future efforts..

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