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## EXPLORING THE RELATIONSHIP OF NETWORKING CAPABILITIES TO MARKETING PERFORMANCE : A STUDY OF SMALL-SIZED BUSINESS FIRMS IN YOGYAKARTA INDONESIA

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### ABSTRACT

Key factor in determining development capability of the company activities is Entrepreneurship. For small and medium firms, relationships and networking are important resource. Networking is considered as important variable for all types of enterprises, particularly regard to the fact that the economic environment is becoming increasingly competitive. Networking allows the company to access resources, markets, information, and technologies. Additionally, social networks is an essential formation of the company and for the company's success and continuity. This study examines the influence of entrepreneurship orientation, isolating mechanism, quality of strategy as variable independents, and networking capabilities as intervening variable on craft Small and Medium Enterprises (SMEs) marketing performance in Yogyakarta, Indonesia. This research conducted on 150 owners and managers of *craft* SMEs. Data were collected by a ten point Likert scale questionnaire consisting of statements about of these variables. The data were analysed by Structural Equation Modeling using AMOS. The findings of the study showed the positive influence of entrepreneurship orientation and quality of strategy directly toward networking capabilities, as well as, networking capabilities toward marketing performance. The authors discuss important managerial and future research implications of these findings.

**Keywords :** *Entrepreneurial Orientation, Strategy, Isolating Mechanism, Firm Performance.*

