e-ISSN: 3124-7318
DANESIA
International Journal of Social Sciences and Economics
Volume: 1, Nomor: 1, (2026), hal: 64-77

Research Article

Digital Capability and Business Networking on SME Marketing Performance: Evidence from SMEs in Dili, Timor-Leste

Casmirio Soares: Faculty of Economics and Business, Universitas Negeri Malang, **Indonesia**
Heri Pratikto: Faculty of Economics and Business, Universitas Negeri Malang, **Indonesia**
Sudarmiatin: Faculty of Economics and Business, Universitas Negeri Malang, **Indonesia**

***Corresponding Author:** casimirosoares31@gmail.com

DOI: | received: 01-10-2026; accepted: 01-26-2026; online: 02-03-2026

Abstract: This study aims to analyze the influence of digital capability and business networking on SME marketing performance in small and medium enterprises (SMEs) in Dili City, Timor-Leste. Small and medium enterprises play a crucial role in supporting economic growth, but many SMEs still face challenges in improving their marketing performance, particularly in the face of digital technology advancements and limited business networks. This study employed a quantitative approach with a survey method. Data were collected through questionnaires distributed to 65 small and medium enterprises (SMEs) in Dili City who have utilized digital technology in their marketing activities. Data analysis used Partial Least Squares–Structural Equation Modeling (PLS-SEM) with the help of SmartPLS software. The results showed that business networking had a positive and significant effect on SME marketing performance ($\beta = 0.446$; $t = 3.773$; $p < 0.001$). In addition, digital capability also had a positive and significant effect on SME marketing performance ($\beta = 0.368$; $t = 3.637$; $p < 0.001$). The coefficient of determination (R^2) of 0.542 indicates that digital capability and business networking explain 54.2% of the variation in SME marketing performance, with the remainder influenced by factors outside the research model. These findings underscore the importance of enhancing digital capabilities and strengthening business networks for small and medium-sized enterprises (SMEs) to improve marketing performance and competitiveness.

Keywords: Digital Capability, Business Networking, SME Marketing Performance, PLS-SEM.

1. INTRODUCTION

Digital transformation has become a major force transforming the global business landscape over the past decade. Advances in information technology, the internet, social media, and e-commerce platforms have enabled companies to reach consumers more broadly and efficiently than traditional marketing approaches. In this context, small and medium enterprises (SMEs) are required to develop digital capabilities to adapt to the increasingly technology-driven business environment (Kraus et al., 2022). Digital capability reflects an organization's ability to adopt, integrate, and utilize digital technologies to support business processes, marketing, and product and service innovation.

Digitalization has also driven significant changes in companies' marketing strategies. Marketing is no longer limited to conventional methods but has evolved into digital marketing, which utilizes social media, digital platforms, and data analytics technology to reach consumers more effectively. Verhoef et al. (2021) explain that digital transformation in marketing enables companies to improve customer interactions, understand consumer behavior more deeply, and create more personalized customer experiences. Thus, digital capability is a crucial factor in improving a company's marketing

performance, particularly in terms of increasing sales, expanding market share, and enhancing customer loyalty.

For SMEs, digital capabilities are crucial because this sector generally faces resource constraints compared to larger companies. Digital technology can help SMEs overcome these limitations by providing access to broader markets and improving operational efficiency. Research by Scuotto et al. (2021) shows that the use of digital technology can enhance SMEs' innovation capabilities and marketing performance through better utilization of market information and enhanced customer interactions.

Besides digital capabilities, another equally important factor in improving SMEs' marketing performance is business networking. Business networking refers to the relationships a company builds with various parties, such as suppliers, customers, business partners, and other supporting institutions. A strong business network allows a company to gain access to resources, market information, and collaboration opportunities that can improve business performance (Ferreira et al., 2021). From the perspective of resource-based theory, business networks are viewed as strategic resources that can provide a company with a competitive advantage because they enable it to access external resources that it lacks internally.

For SMEs, business networking plays a crucial role because it can help companies overcome the resource constraints often faced by small businesses. Through business networks, SMEs can gain information about market opportunities, new technologies, and more effective marketing strategies. Furthermore, networking also enables SMEs to build collaborations with various parties who can support their business development. Research conducted by Boso et al. (2023) shows that strong business networks can enhance a company's marketing capabilities through knowledge exchange and increased access to new markets.

The importance of digital capability and business networking is increasingly relevant in the context of SMEs in developing countries, including Timor-Leste. SMEs play a crucial role in the country's economy by contributing to job creation and local economic development. However, many SMEs in Timor-Leste still face various challenges such as limited access to digital technology, limited human resources, and limited business networks that can support their business development (Asian Development Bank, 2023). These conditions cause many SMEs to still rely on traditional marketing methods, resulting in suboptimal marketing performance.

This phenomenon demonstrates a gap between the potential of digitalization and the actual conditions faced by SMEs, particularly in utilizing digital technology and developing business networks. Several reports indicate that many SMEs in developing countries struggle to integrate digital technology into their marketing strategies and build strong business networks to expand their markets (Kraus et al., 2022). This results in small business owners not fully capitalizing on the opportunities afforded by digital transformation.

To illustrate the phenomenon of this problem, the following is a summary of the gap phenomenon that occurs in SMEs in developing countries, including Timor-Leste.

Table 1. Phenomena of SMEs Problems in Digital Transformation and Networking

No	Field Phenomena	Ideal Conditions	Source
1	Many SMEs still use traditional marketing methods	SMEs are able to utilize digital marketing to expand their market	Kraus et al., 2022

2	The level of digital literacy and capabilities of business actors is still limited	SMEs have adequate digital capability	Scuotto et al., 2021
3	Access to business networks is still limited	SMEs have strong business networking for market access and resources.	Ferreira et al., 2021
4	SMEs marketing performance is still low and the market is still local	SMEs are able to improve marketing performance through technology and networking	Boso et al., 2023

Based on this phenomenon, it is clear that there is a gap between the potential for digital transformation and the actual conditions of SMEs, particularly in terms of digital capabilities and business networks. Although several studies have addressed the role of digital capability in improving company performance, most of these studies have focused on the context of large companies or countries with higher levels of economic development. Furthermore, previous research generally examined the effect of digital capability or business networking separately on company performance.

In business practice, these two factors often complement each other in improving a company's marketing performance. Digital capability enables companies to leverage technology to reach a wider range of consumers, while business networking helps companies expand access to resources and market opportunities. Therefore, there is still a research gap regarding how the combination of digital capability and business networking can influence SME marketing performance, particularly in the context of SMEs in developing countries like Timor-Leste.

FORMULATION OF THE PROBLEM

Based on the background explained above, the research questions in this study are as follows:

a. Does digital capability affect SME marketing performance in SMEs in Dili, Timor-Leste?
b. Does business networking influence SME marketing performance in SMEs in Dili, Timor-Leste?

2. LITERATURE REVIEW

Digital Capability

The development of digital technology has encouraged companies to develop capabilities in adopting and utilizing digital technology strategically. This capability is often referred to as digital capability, which refers to an organization's ability to integrate digital technology with business processes, marketing strategies, and product innovation to create customer value and improve company performance (Verhoef et al., 2021). Digital capability reflects an organization's readiness to utilize digital technology to improve operational efficiency, expand markets, and enhance company competitiveness.

In the context of small and medium enterprises (SMEs), digital capability plays a crucial role because it enables companies to overcome the resource constraints often faced by small businesses. Digital technology enables SMEs to reach a wider market through online platforms such as social media, marketplaces, and e-commerce. Kraus et al. (2022) explain that business digitalization enables SMEs to increase operational flexibility and create new, more innovative business models.

Digital capability also relates to a company's ability to leverage data and digital technology to understand customer needs and improve the effectiveness of its marketing strategy. Research conducted by Scuotto et al. (2021) shows that digital capability can enhance a company's innovation

capabilities and improve marketing performance through the use of digital technology in business processes. Companies with strong digital capabilities tend to be better able to leverage technology to enhance customer interactions and expand their market reach.

Several studies have shown that digital capability plays a crucial role in improving company performance, particularly in the context of the digital economy. Li et al. (2022) stated that digital capability enables companies to integrate digital technology with business strategies, thereby improving operational efficiency and strengthening competitive advantage. Furthermore, research conducted by Zhang et al. (2023) shows that digital capability has a positive impact on company performance because it enhances a company's ability to manage market information and respond more quickly to changes in the business environment.

In the marketing context, digital capability also contributes to improving a company's marketing performance. Companies with strong digital capabilities are able to leverage digital technology to increase marketing effectiveness, expand market reach, and enhance customer relationships (Nambisan et al., 2020). Therefore, digital capability is a crucial factor in improving a company's marketing performance, particularly for SMEs operating in an increasingly competitive business environment.

Business Networking

Besides digital capabilities, another important factor influencing the success of SMEs is business networking. Business networking refers to the relationships a company builds with various parties, such as suppliers, customers, business partners, government agencies, and other supporting organizations. Business networks enable companies to gain access to resources, information, and market opportunities that can improve business performance (Ferreira et al., 2021).

From the perspective of the resource-based view, business networks are viewed as a strategic resource that can provide a company with a competitive advantage. Through business networks, companies can gain access to knowledge, technology, and resources they do not possess internally (Barney, 2021). Therefore, business networking plays a crucial role in helping companies enhance their innovation capabilities and expand their markets.

For SMEs, business networking plays a crucial role because it can help companies overcome the resource constraints often faced by small businesses. Through business networks, SMEs can obtain information about market opportunities, new technologies, and more effective marketing strategies. Research conducted by Boso et al. (2023) shows that networking capability has a positive influence on company performance because it enables companies to gain access to market information and resources needed to grow their businesses.

Business networking can also improve a company's ability to build relationships with customers and business partners. Strong relationships with various parties enable companies to increase trust, expand distribution networks, and improve the effectiveness of marketing strategies (Donbesuur et al., 2022). In the context of SMEs, business networking also enables companies to obtain support from various institutions, such as the government, financial institutions, and business organizations, which can assist in business development.

Other research also shows that business networking has a positive influence on a company's marketing performance. Through extensive business networks, companies can gain access to new markets and improve their ability to develop more effective marketing strategies (Boso et al., 2023). Thus, business networking is a crucial factor in improving the marketing performance of SMEs.

SME Marketing Performance

Marketing performance is a key indicator in assessing the success of a company's marketing strategy. Marketing performance reflects a company's ability to achieve marketing goals such as increasing sales, increasing market share, and enhancing customer loyalty (Morgan et al., 2020). In the modern business context, marketing performance also relates to a company's ability to leverage digital technology to improve marketing effectiveness.

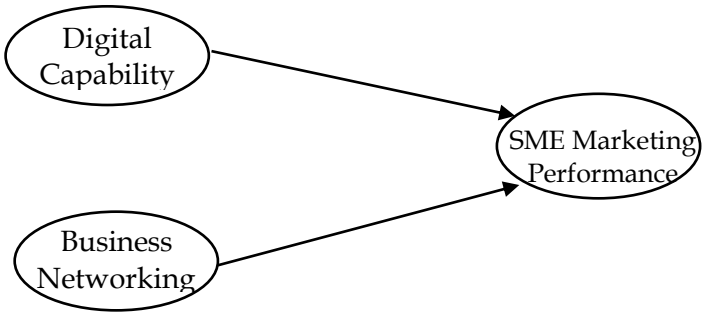
For SMEs, marketing performance is a crucial indicator of a company's success in competing in an increasingly competitive marketplace. Research conducted by Morgan et al. (2020) shows that a company's marketing performance can be influenced by various factors, such as organizational capabilities, marketing strategy, and the use of digital technology. Therefore, companies need to develop effective strategies to improve their marketing performance.

Digital capability and business networking are two important factors that can influence the marketing performance of SMEs. Digital capability enables companies to leverage digital technology in their marketing strategies, thereby increasing market reach and the effectiveness of customer communication. Meanwhile, business networking allows companies to gain access to market information and expand their distribution networks, which can improve marketing performance (Kraus et al., 2022).

Recent research also shows that companies with strong digital capabilities and business networks tend to have better marketing performance than those without (Zhang et al., 2023). This suggests that the combination of digital capability and business networking can be a crucial factor in improving the marketing performance of SMEs, especially in the context of the growing digital economy.

Framework

Based on a literature review on digital capability, business networking, and SME marketing performance, it can be concluded that digital capability and business networking are important factors that can influence the marketing performance of small and medium enterprises. Therefore, this study develops a conceptual framework that illustrates the relationship between digital capability and business networking and SME marketing performance. This research framework is presented in Figure 1 below.



Picture 1. Research Model

Research Hypothesis

The following research hypotheses are described below:

H1: Digital capability has a positive effect on SME marketing performance.

H2: Business networking has a positive effect on SME marketing performance

3. METHOD

Types and Approaches of Research

This study uses a quantitative approach with a survey method to analyze the relationship between digital capability, business networking, and SME marketing performance. The quantitative approach was used because this study aims to test hypotheses and analyze the relationships between variables empirically using statistical analysis (Hair et al., 2021). The survey method was conducted by distributing questionnaires to respondents who were small and medium-sized enterprises (SMEs) in Dili City, Timor-Leste.

Population and Sample

The population in this study was all small and medium enterprises (SMEs) operating in Dili City, Timor-Leste. Given the relatively large population and the limited time and resources, this study employed non-probability sampling techniques, specifically purposive sampling. Purposive sampling was used with the following respondent criteria:

a. Owners or managers of small and medium enterprises (SMEs).
b. The business has been operating for at least 1 year.
c. Businesses have used digital technology or social media in marketing activities.

The sample size in this study was determined based on the opinion of Hair et al. (2021) who stated that the minimum sample size in PLS analysis can be determined by multiplying the number of indicators by 5-10. This study used 13 indicators multiplied by 5, resulting in a sample size of 65 SME respondents.

Data Analysis Techniques

The data analysis technique in this study used the Partial Least Squares–Structural Equation Modeling (PLS-SEM) method with the assistance of SmartPLS software. The PLS-SEM method was chosen because it can analyze relationships between latent variables simultaneously and is suitable for predictive research with relatively limited sample sizes (Hair et al., 2021). Furthermore, PLS-SEM can also be used to test complex research models and does not require strict data distribution assumptions. Data analysis in this study was conducted through two main stages: evaluation of the measurement model (outer model) and evaluation of the structural model (inner model).

4. RESULTS AND DISCUSSION

Respondent Characteristics

This study involved 65 respondents, all of whom were small and medium-sized enterprises (SMEs) in Dili City, Timor-Leste. Respondents consisted of business owners or managers who had been operating their businesses for at least one year and had utilized digital technology or social media in their marketing activities. Respondent characteristics are presented to provide a general overview of the business actors participating in this study. Respondent characteristics include gender, length of business, and age.

Table 2. Respondent Identity

Gender	Number of people)	Percentage (%)
Man	28	46.7

Woman	37	53.3
Total	**65**	**100**
Length of Business	**Number of people)**	**Percentage (%)**
1–3 Years	21	35.0
4–5 Years	18	30.0
> 5 Years	26	35.0
Total	**65**	**100**
Age (Years)	**Number of people)**	**Percentage (%)**
20–29 Years	17	28.3
30–39 Years	23	38.3
40–49 Years	18	21.7
≥ 50 Years	7	11.7
Total	**65**	**100**

Source: Processed data, (2026)

Based on the characteristics of the respondents, this study shows that the majority of SMEs in Dili City are dominated by female respondents at 53.3%, while male respondents are 46.7%. This indicates that women have a significant role in running small and medium enterprises in the region. In terms of business duration, most respondents have been running their businesses for more than five years (35%), indicating that the majority of businesses have had relatively stable business experience. In terms of age, the majority of respondents are in the 30–39 year old range (38.3%), indicating that SMEs are dominated by the productive age group who are active in developing their businesses and utilizing digital technology in marketing activities. This condition indicates that business actors in Dili City have considerable potential in adopting digital technology and expanding their business networks to improve their business marketing performance.

Outer Model

Outer Loading

The outer loading test was conducted to assess the convergent validity of each indicator in reflecting the latent construct used in this study. An indicator is considered valid if its outer loading value is above 0.70, indicating that it adequately represents the construct. The results of the outer loading test for each indicator are presented in Table 2 below.

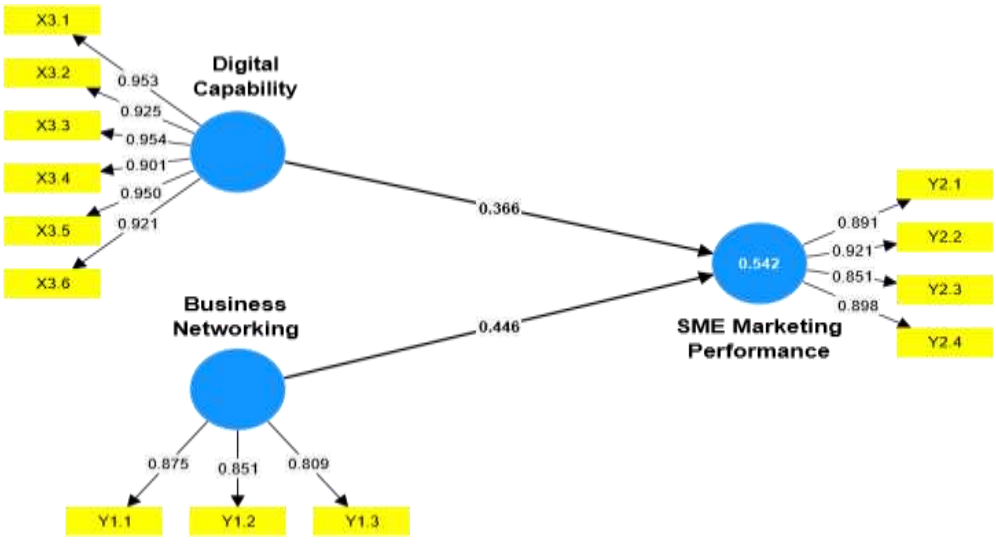


Figure 2. Algorithm Model

Table 3. Outer Loading

	Business Networking	SME Marketing Performance	Digital Capability
X3.1			0.953
X3.2			0.925
X3.3			0.954
X3.4			0.901
X3.5			0.950
X3.6			0.921
Y1.1	0.875		
Y1.2	0.851		
Y1.3	0.809		
Y2.1		0.891	
Y2.2		0.921	
Y2.3		0.851	
Y2.4		0.898	

Source: Processed data, (2026)

The results of the outer loading test indicate that all indicators in each research construct have met the convergent validity criteria. This is indicated by the outer loading values of all indicators being above the recommended minimum limit of 0.70, so that all indicators are declared valid in reflecting the research construct. In the Digital Capability variable, all indicators (X3.1–X3.6) have very high outer loading values, which are in the range of 0.901 to 0.954, which indicates that each indicator is able to reflect the digital capability construct strongly. The highest outer loading value is found in indicator X3.3 at 0.954, while the lowest value is found in indicator X3.4 at 0.901, which remains above the recommended minimum limit. In the Business Networking variable, indicators Y1.1, Y1.2, and Y1.3 each have outer loading values of 0.875; 0.851; and 0.809, respectively. This value indicates that all business networking indicators have met the convergent validity criteria because they have outer loading values above 0.70, so they can be said to be able to measure the business networking construct consistently. Furthermore, in the SME Marketing Performance variable, indicators Y2.1 to Y2.4 show outer loading values ranging from 0.851 to 0.921. Indicator Y2.2 has the highest outer loading value of 0.921, while indicator Y2.3 has the lowest value of 0.851, which still shows a strong contribution in reflecting the SME marketing performance construct.

Next, the reliability test is as follows.

Table 4. Reliability Test

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Business Networking	0.835	0.856	0.867	0.754
SME Marketing Performance	0.951	0.958	0.959	0.743
Digital Capability	0.961	0.946	0.946	0.853

Source: Processed data, (2026)

Reliability and convergent validity tests were conducted to ensure that each research construct had a good level of internal consistency and was able to adequately explain the indicator variance. Construct reliability was assessed using Cronbach's alpha and composite reliability (rho_a and rho_c), while convergent validity was evaluated using the Average Variance Extracted (AVE) value. A construct is considered reliable if its reliability value is above 0.70, while a construct is considered to have good convergent validity if its AVE value is greater than 0.50 (Hair et al., 2021).

Based on the test results in Table 4, the Business Networking variable shows a Cronbach's alpha value of 0.835, a composite reliability (rho_a) of 0.856, and a composite reliability (rho_c) of 0.867, all of which are above the recommended minimum limit. Furthermore, the AVE value of 0.754 indicates that the business networking construct is able to explain more than 75% of the variance in its indicators, thus meeting the convergent validity criteria.

The SME Marketing Performance variable also demonstrated excellent reliability, with a Cronbach's alpha value of 0.951, a composite reliability (rho_a) of 0.958, and a composite reliability (rho_c) of 0.959. These values are well above the recommended minimum limit, indicating a very strong level of internal consistency. Furthermore, the AVE value of 0.743 indicates that this construct is able to explain more than 74% of the indicator's variance, thus demonstrating good convergent validity.

The Digital Capability variable shows a very high reliability value compared to other constructs, with a Cronbach's alpha of 0.961, a composite reliability (rho_a) of 0.946, and a composite reliability (rho_c) of 0.946. These values indicate that the digital capability construct has a very strong level of internal consistency. The AVE value of 0.853 also indicates that most of the indicator variance can be explained by the digital capability construct, thus meeting the convergent validity criteria.

Next, the discriminant validity test is as follows.

Table 5. Discriminant Validity Test

	Business Networking	SME Marketing Performance	Digital Capability
Business Networking	0.855		
SME Marketing Performance	0.642	0.881	
Digital Capability	0.666	0.671	0.964

Source: Processed data, (2026)

Based on Table 5, the Business Networking construct has a square root AVE value of 0.855, which is greater than its correlation with the SME Marketing Performance construct (0.642) and Digital Capability (0.666). This indicates that the business networking construct has good discriminant validity and can be clearly distinguished from other constructs in the research model.

The SME Marketing Performance construct has a square root AVE value of 0.881, which is higher than its correlation with the Business Networking construct (0.642) and Digital Capability (0.671). This finding indicates that the SME marketing performance construct has distinct characteristics and does not overlap conceptually with other constructs in the research model.

The Digital Capability construct showed a square root AVE value of 0.964, which is the highest value among all constructs in this study. This value is also greater than its correlation with the Business Networking construct (0.666) and SME Marketing Performance (0.671), thus confirming that

the digital capability construct has an excellent level of discriminant validity compared to other constructs.

Inner Model

The inner model test was conducted to evaluate the structural relationships between latent constructs in the research model, specifically to determine the direction, strength, and significance of the influence between the tested variables. The inner model evaluation was conducted by analyzing the path coefficient, t-statistic, and p-value obtained through the bootstrapping procedure. The results of the inner model test of the influence between variables are presented as follows.

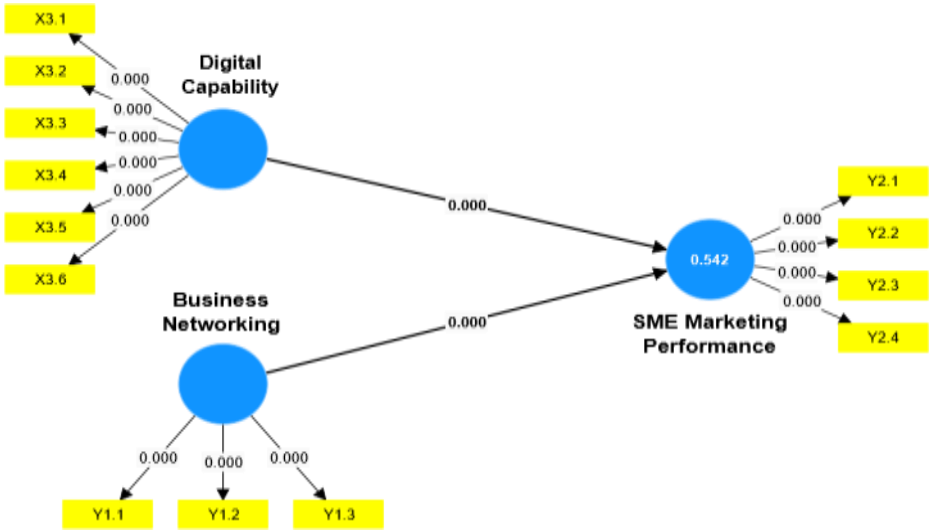


Figure 3. Bootstropping

Table 6. Path Coefficients

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Business Networking -> SME Marketing Performance	0.446	0.444	0.118	3,773	0,000
Digital Capability -> SME Marketing Performance	0.368	0.385	0.101	3,637	0,000

Source: Processed data, (2026)

Based on the results of the table above, it is explained as follows.

a. The Influence of Business Networking on SME Marketing Performance

Business Networking has been proven to have a positive and significant effect on SME Marketing Performance, with a path coefficient value of 0.446, a t-statistic value of 3.773, and a p-value of 0.000. This finding indicates that the stronger the business network owned by small and medium enterprises, the higher the marketing performance of the business. A good business network allows entrepreneurs to gain access to market information, collaboration opportunities, and resource support that can help increase sales, expand the market, and strengthen the business's position in the market.

b. The Influence of Digital Capability on SME Marketing Performance

Digital Capability has also been shown to have a positive and significant effect on SME Marketing Performance, with a path coefficient of 0.368, a t-statistic of 3.637, and a p-value of 0.000. These results indicate that the ability of business actors to utilize digital technology, such as social media, digital platforms, and internet-based marketing technology, can improve business marketing performance. The higher the digital capabilities of SMEs, the more effective the marketing strategies they implement, thereby increasing the number of customers, expanding market reach, and improving overall marketing performance.

Determination Test

The determination test is conducted to determine the ability of independent variables to explain variation in the dependent variable in the structural model being tested. The R-square (R^2) value indicates the proportion of the endogenous construct variance that can be explained by the exogenous construct in the research model. The higher the R-square value, the greater the predictive ability of the model.

Table 7. Determination

	R-square	R-square adjusted
SME Marketing Performance	0.542	0.534

Source: Processed data, (2026)

Based on the test results in Table 6, the SME Marketing Performance construct has an R-square value of 0.542 and an adjusted R-square of 0.534. These values indicate that 54.2% of the variation in SME Marketing Performance can be explained by the Business Networking and Digital Capability variables, while the remaining 45.8% is influenced by other factors outside the research model that are not included in this study.

These results indicate that the two independent variables in this study, namely Business Networking and Digital Capability, have a fairly strong contribution in explaining the improvement in marketing performance of small and medium enterprises (SMEs) in Dili City, Timor-Leste. The R-square value of 0.542 also indicates that the research model has moderate to strong explanatory power in explaining variations in SME Marketing Performance. Thus, the research model used can be considered quite good in explaining the relationship between the variables studied.

DISCUSSION

The results of this study indicate that Business Networking has a positive and significant influence on SME Marketing Performance among small and medium enterprises (SMEs) in Dili City, Timor-Leste. This finding indicates that a strong business network can improve business marketing performance through access to market information, collaboration opportunities, and resource support that can help business development. Through good relationships with customers, suppliers, and other business partners, business actors can obtain relevant information regarding market needs and business opportunities that can increase sales and expand market reach. The results of this study are in line with previous research which states that networking capability has an important role in improving business performance and company marketing performance through increased access to external resources and market opportunities.

This study also found that digital capability has a positive and significant impact on SME marketing performance. This finding indicates that entrepreneurs' ability to utilize digital technologies, such as social media, digital platforms, and internet-based marketing technologies, can increase the effectiveness of their marketing strategies. Utilizing digital technology allows entrepreneurs to reach a wider range of consumers, increase customer interaction, and promote products more efficiently compared to conventional marketing methods. Therefore, the stronger a business's digital capabilities, the greater the opportunity for the business to improve its marketing performance.

The results of this study also show that the combination of digital capability and business networking has a fairly strong contribution in explaining variations in SME Marketing Performance, as indicated by the R-square value of 0.542. This indicates that these two variables are important factors that can influence the marketing success of small and medium enterprises in Dili City. In the context of the current digital economy, the ability to utilize digital technology and build strong business networks is an important strategy for business actors to increase competitiveness and expand the market.

The findings of this study also align with several previous studies showing that digital capabilities play a crucial role in improving a company's marketing performance. Ainin et al. (2020) found that the use of digital technology and social media can increase the effectiveness of marketing strategies and expand market reach for small and medium-sized enterprises. Furthermore, research conducted by Olan et al. (2022) shows that digital transformation enables companies to improve data analysis capabilities and customer interactions, thereby improving overall business performance.

In the context of business networks, research conducted by Pang et al. (2022) shows that networking capability enables companies to gain access to market information and collaboration opportunities that can improve innovation and marketing performance. Another study by Ritter & Pedersen (2020) also explains that strong business relationships with various stakeholders enable companies to create shared value and increase their competitiveness in the market. Furthermore, Correani et al. (2020) state that companies that are able to integrate digital capabilities with extensive business networks tend to perform better because they are able to leverage technology and collaboration to improve the efficiency and effectiveness of business strategies.

CONCLUSION

This study aims to analyze the influence of digital capability and business networking on SME marketing performance in small and medium enterprises (SMEs) in Dili City, Timor-Leste. Based on the analysis using the PLS-SEM method, it can be concluded that both independent variables in this study have a positive and significant influence on the marketing performance of small and medium enterprises.

1. Business networking has been shown to have a positive and significant impact on SME marketing performance. This indicates that the stronger a business network a business owner possesses, the higher their marketing performance can be. A broad business network allows entrepreneurs to gain access to market information, collaboration opportunities, and resources that can support business development.
2. Digital capability has also been shown to have a positive and significant impact on SME marketing performance. These results indicate that business actors' ability to utilize digital technology can increase the effectiveness of marketing strategies and expand market reach.

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