

Nicoleta ISAC, PhD (corresponding author)

nicoleta.isac@izu.edu.tr

Istanbul Sabahattin Zaim University, Istanbul, Türkiye

Razvan HOINARU, PhD

razvan.hoinaru@cig.ase.ro

Bucharest University of Economic Studies, Bucharest, Romania

Sorin Cristian NITA, PhD

cristians.nita@fabiz.ase.ro

Bucharest University of Economic Studies, Bucharest, Romania

Aurel MARIN, PhD

aurel.marin@unefs.ro

National University of Physical Education and Sports, Bucharest, Romania

Bogdan-Paul SAFTIUC, PhD Candidate

bogdan.saftiuc@fabiz.ase.ro

Bucharest University of Economic Studies, Bucharest, Romania

Networking Capability and Knowledge Sharing Effects on Strategic Performance of Small and Medium Enterprises in an Emerging Economy

Abstract. *Amid the rapid technological progress, the global economy has evolved into a knowledge-based paradigm. Central to an organisation's strategic success lies networking capability. Accordingly, this study aims to analyse the relationship between networking capability and strategic performance in SMEs, while examining the mediating role of knowledge sharing. Data was collected through 475 questionnaires via random sampling from SMEs in Turkey, focusing on those grappling with economic volatility. The results indicate a positive correlation between networking capability and strategic performance, with knowledge sharing serving as a mediator. Furthermore, economic stability acts as a moderating factor in the relationship between networking capability and strategic performance. Our research introduces a strategic performance model that underscores the interconnected influences of networking capabilities, knowledge sharing, and economic stability. This study provides valuable insights for top management by elucidating the mechanisms through which networking capability aids SMEs in achieving strategic objectives. Given the critical role of economic stability in the digital age, our study employs it as a key moderator.*

Keywords: *strategic performance, network capabilities, knowledge sharing, economic stability, emerging economy.*

JEL Classification: L25, O32, F23, F43.

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1. Introduction

Small medium enterprises (SMEs) have been seen as a major engine of growth in a healthy economy and act as springboards for economic growth (Moeuf et al., 2018). Firms with network capability act as representatives of the change by designing novel products/services, adapting more productive techniques, and implementing the latest business models, as they significantly add to the strategic performance and growth of the firm (Partanen et al., 2020; Surin et al., 2016). Accordingly, new opportunities are generated, neighbourhood communities are growing, and society prospers. In addition, in a growing intricate world with a need for complex solutions, the latest information and knowledge sharing or formation evolving from collaborative actions, explored opportunities, and judgments or decisions becomes gradually more important (Nghah et al., 2016). Therefore, a firm's network capability forms the base for firm success (Zacca et al., 2015). Moreover, it is supposed to perform a significant role in a firm's strategic performance improvement. As a result, network capability acts as a promoter of the knowledge sharing of complex solutions that helps in the achievement of the strategic performance of the firm (Wang & Hu, 2020).

SMEs hold a crucial position within the Turkish economy, comprising 91.9 percent of all enterprises, accounting for 78 percent of total employment, and contributing to 55 percent of GDP and 50 percent of total investment. This has a significant role and importance in the economic development of a country. Thus, SMEs network capability is the key constituent of the economic stability and strategic performance of the firm (Khan & Lew, 2018). The significance of the concept of economic stability has been noted in various fields. Furthermore, rapid globalisation processes, economic instability, dynamic development, and economic crisis weaken the firm's competencies to withstand different challenges and changes (McGrath & O'Toole, 2014; Delcea et al., 2024). Thus, it is critical to mention that network capability is not enough to enhance strategic performance, it is essential for a firm that it should become economically stable to boost strategic performance through resources and knowledge gained by network capability. Hence, firm network capabilities bring opportunities that enhance strategic performance, and when firm economic performance is good, and it is economically stable, it will respond effectively to future emerging challenges/changes (Anarfo & Abor, 2020; Dima et al., 2022). Accordingly, we predicted that network capabilities lead to improved strategic performance.

Network capabilities set up a proposal for competitive benefits and economic stability to speed up the strategic performance, giving a potential to use and renew resources (Singh et al., 2021; Bojan, 2024). Strategic performance is a crucial challenge in business actions and needs satisfactory commitment and planning. According to prior research, strategic performance can be accessed through the support of diverse determinants such as knowledge integration capability (Xie et al., 2022), incentives (Greenberg & Liebman, 1990), and integrating sustainable measures (Gates & Germain, 2010; Greapcă, 2024). Current research is conducted

on SMEs in Turkey with aim of investigating network capabilities to enhance strategic performance.

Based on the strategic performance perspective, this study pursues three specific research objectives. First, it investigates the impact of networking capability on the strategic performance of small and medium-sized enterprises (SMEs). Second, it examines the mediating role of knowledge sharing in the relationship between networking capability and strategic performance. Third, it provides empirical evidence on how networking capability and knowledge sharing jointly contribute to SME strategic performance within an emerging economy context.

The findings of this study contribute to a deeper understanding of strategic performance by clarifying its association with networking capability and highlighting the role of knowledge sharing as an explanatory mechanism. Accordingly, the aim of this study is to examine the effects of networking capability on the strategic performance of SMEs, with particular emphasis on the mediating role of knowledge sharing. Moreover, the novelty of this study lies in its integrated examination of networking capability and knowledge sharing within a single empirical model to explain the strategic performance of SMEs in Turkey, an emerging economy context that remains underexplored in prior research.

2. Literature review

2.1 Network capability and strategic performance

Strategic performance refers to the achievement of long-term organisational goals and objectives, including effectiveness and overall performance, through the efficient deployment of executive and organisational resources (Kloot & Martin, 2000), as well as the effective utilisation of shared knowledge (Setyawati et al., 2024). In this context, firms increasingly rely on their ability to establish and maintain formal or informal relationships with other organisations in order to access and leverage complementary competencies (Yang et al., 2018; Tariq et al., 2024). The value created by the small enterprises and their agents from their network structure is seen as relational capital and is a higher-order dynamic capability resource (Bianchi & Stoian, 2024; Zacca, 2025). Accordingly, networking capability plays a critical role in enhancing strategic performance by enabling firms to mobilise external resources and knowledge. Prior research indicates that networking capability has a direct and positive impact on the strategic performance of firms, particularly in SMEs, which often face constraints related to limited resources, capital, and international market experience (Shu et al., 2018). However, network capability is the key antecedent of the firm's strategic effectiveness. Network capability is the firm ability to design practices that measure, monitor, and improve methodology that support in the attainment of strategic performance (Lin & Lin, 2016). Firms and their representatives entrenched with societal and proficient associations form a broad structure that contains corresponding and competitor enterprises, suppliers, research institutions, and customers. Network capability is

extremely imperative for firm strategic performance, as well as achievement of ultimate goals that can be considered for leading a firm to success and economic performance.

H1: Network capability predicts Strategic performance of SMEs.

2.2 Knowledge sharing and network capability-strategic performance

Contextualising SMEs hardships toward predetermined success, the linkage between network capability and strategic performance should be mediated with vigorous knowledge sharing. Network capability is essential to improve productivity, competitiveness, and profitability within firms (Bengesí & Le Roux, 2014; Lawal et al., 2018). It plays a pivotal role in shaping the strategic performance of a firm, underscoring its significance in driving overall success (Cao & Xiang, 2012). Network capability brings into line employees with strategies or policies based on clear expectations and goals, communication, and leadership to make sure that firm is working toward desired goals (Zaid et al., 2023). When partner share information, experience, and their knowledge regarding resources, products, and the services that facilitates in the formulation of appropriate strategies which lead toward the achievement of strategic performance (Aboelmaged, 2014; Acosta-Prado et al., 2020). Knowledge sharing supports network members to expand knowledge resources and overcome redundant learning. Though, those firms which put emphasis on their network capability can capitalise and grow their business strategic posture through developing and maintaining long - term relations and sharing information and knowledge to successfully pursue their strategic objectives and goals (Kenny & Fahy, 2011; Hou & Chien, 2010). Networking between firms and their partners let opportunities to access valued knowledge and information that help in competitiveness and support product development (Mu & Di Benedetto, 2011). From the above discussion, we can draw the following hypothesis:

H2: Knowledge sharing act as mediator between network capability and strategic performance.

2.3 Economic stability moderates network capability and strategic performance

Economic stability is very significant for customary economic balance and favourable business settings in the country (Farooq et al., 2023; Stiroh, 2009). SMEs with high network capabilities are proactive in search of means that enhance strategic performance of the firm. Economic stability is mostly dependent on good governance of administration (Zeng et al., 2010). Economic stability boosts the likelihood of networking between partners, which positively impacts on firm strategic performance (Easterlin et al., 1978). When a firm is economically stable, investors will bring any project easily as they are guaranteed the business conditions would be favourable and conducive. Generally, SMEs with high networking capabilities can be better capable to decrease their liabilities and increase their strategic performance through strengthening mechanism of the economic stability

(Giritli & Kalmaz, 2022). Based upon on above discussion, we suggest that economic stability moderates between network capability and strategic performance links.

H3: Economic stability moderates between network capability and strategic performance.

For the purpose of this study, network capability is conceptualised as a firm’s strategic ability to initiate, develop, manage, and sustain internal and external relational ties, as well as to design and implement relational practices that facilitate collaboration, information exchange, and coordination with network partners. This study integrates relational, managerial, and strategic perspectives from prior literature to conceptualise network capability as a dynamic organisational competence through which firms leverage network-based relationships to enhance strategic performance.

2.4 Model description

The theoretical framework present the moderating role of Economic Stability between Network Capability and Strategic Performance, while Knowledge Sharing has an indirect effect between Network Capability and Strategic Performance. The logical relationship is shown in Figure 1.

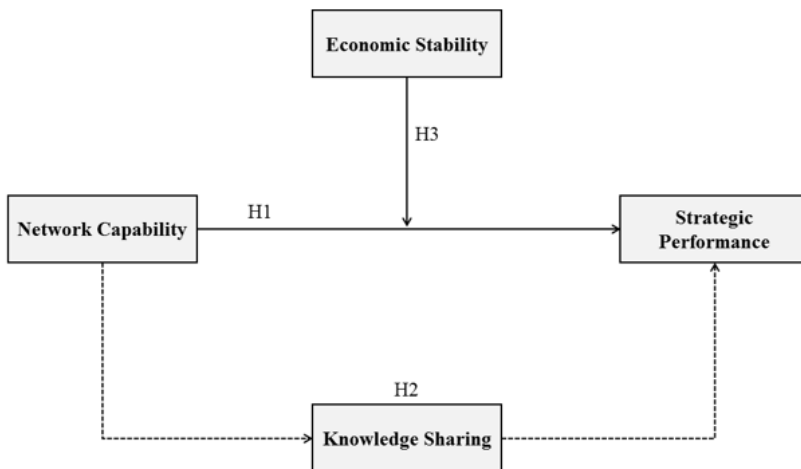


Figure 1. Theoretical framework
Source: Authors’ own creation.

3. Research methodology

Research Design

This study adopted a quantitative, cross-sectional research design to examine the relationships among network capability, knowledge sharing, economic stability, and strategic performance in small and medium-sized enterprises (SMEs). A survey-based approach was employed, which is appropriate for testing theoretically

grounded hypotheses and examining mediation and moderation effects within organisational research.

Sample and Data Collection

We examined study hypotheses through keeping major focused on SMEs of Turkey. For data collection, we select 550 respondents such as CEOs, managing directors, and policymakers. We preferably choose SMEs that are concurrently involved in achieving strategic performance to increase firm economic stability and attain strategic goals. The study was based on a questionnaire comprised of two different sections linked to network capability, knowledge sharing, economic stability, and strategic performance. Three research associates were sent to collect data; several questionnaires were also sent by e-mail. Out of the 550 distributed questionnaires, 475 responses were retained for final analysis, representing an effective response rate of 86.36%. The remaining 75 questionnaires were excluded due to incomplete responses, missing key variables required for analysis, or failure to meet the predefined study criteria. The challenges faced by the SMEs region of the developing nations are approximately similar, such as the entrance to the market, financial restraints, shortage of resources to the information and lower degree of expertise and knowledge, and so on.

Measurement of Constructs

Current research used pre-checked scales to suite context that have been follow for network capabilities (independent variable), knowledge sharing (mediator) and strategic performance (dependent variable) confirming scales validation. Network capability was measured with 7 items scales, knowledge sharing was measured by 5 items scale, and strategic performance was measured through 11 items scale. For the measurement of each scale items 5-point Likert scales were used.

Network capabilities

The network capabilities are measured through 7 items scales which are adapted from (Walter et al., 2006). This variable evaluates the firm's capability to interact with other business partners and develop or use inter-organisational associations for their benefits. The example question is "In our firm we hired coordinators who are accountable for good linkage with our partner."

Knowledge sharing

To measure knowledge sharing, we use 5 items scales this is adapted from (Lei et al., 2019). This construct analyses the degree to which employees share information, knowledge, and their expertise with other colleagues. The item is "In our firm we share information, expertise and training techniques with each other in effective way to help in achieving firm strategic goals."

Strategic performance

For the measurement of strategic performance, we used 11 items scales, which are adapted from (Yousaf et al., 2018). This construct asked how firm performance

is measured and monitored to improve techniques that support the achievement of overall firm strategic goals and objectives. The example item is “Our firm attempt to increase awareness and their products marketing.”

Economic stability

For the measurement of economic stability, we used self-administered questions that determine the economic performance of the firm in a dynamic environment.

Reliability and Validity

Reliability and validity were assessed using Cronbach’s alpha, composite reliability (CR), average variance extracted (AVE), and confirmatory factor analysis (CFA). All constructs exceeded the recommended thresholds ($\alpha > 0.70$, $CR > 0.70$, $AVE > 0.50$), confirming satisfactory internal consistency, convergent validity, and discriminant validity.

Data Analysis Strategy

Data analysis was conducted in multiple stages. Descriptive statistics and correlations were calculated using SPSS. Confirmatory factor analysis (CFA) and structural equation modelling (SEM) were performed to test the measurement and structural models. Mediation effects were examined using the bootstrapping procedure recommended by Preacher and Hayes, while moderation effects were tested through hierarchical regression analysis following Aiken et al. (1991).

4. Results

Descriptive statistics for respondents' socioeconomics and sociodemographic characteristics were given in Table 1.

Table 1. Socio- economic and socio- demographic variables

Socio-demographic variables	Sub-variables/ means	No. of respondents	Percent (%)
Gender	Male	360	75.7
	Female	115	24.3
Age group	25 to 35	107	22.52
	35 to 45	153	32.21
	More than 45	215	45.27
Experience years	From 4 to 10	156	32.84
	From 10 to 20	103	21.68
	More than 20	216	45.48
Sector	Commercial	188	39.57
	Industrial	68	14.32
	Services	219	46.11
Role in work	CEO	237	49.90
	Directors	149	31.36
	Polycymakers	89	18.74

Source: Authors’ processing.

This table provides insight into the characteristics of the surveyed population in terms of gender, age, experience, sector, and role in work.

Table 1 presents the socioeconomic and sociodemographic profile of the respondents included in the study. The sample is predominantly male (75.7%), while female respondents account for 24.3%, reflecting the gender composition commonly observed in managerial and decision-making positions within SMEs in the studied context. Regarding age distribution, the majority of respondents are above 35 years old, with 45.27% being over 45 years of age, indicating a mature and experienced respondent base. In terms of professional experience, most participants (45.48%) have more than 20 years of experience, followed by 32.84% with 4 to 10 years, suggesting that the sample consists largely of seasoned professionals with significant exposure to strategic and operational decision-making. Sectoral representation shows that service firms constitute the largest proportion of the sample (46.11%), followed by commercial (39.57%) and industrial sectors (14.32%), providing a balanced view across key SME sectors. With respect to organisational roles, nearly half of the respondents hold CEO positions (49.90%), while directors and policymakers represent 31.36% and 18.74%, respectively. This distribution indicates that the data were collected from individuals occupying senior managerial roles, thereby ensuring that respondents possess adequate knowledge and authority to assess networking capability, knowledge sharing practices, and strategic performance within their organisations.

Table 2. Results CR and FL

Construct Details	Items	F--L	Alpha	CR	AVE
Network capabilities	7	0.74-0.88	0.82	0.92	0.78
Knowledge sharing	5	0.72-0.87	0.86	0.94	0.74
Economic stability	3	0.76-0.84	0.88	0.96	0.76
Strategic performance	11	0.72-0.84	0.84	0.98	0.72

Source: Authors' processing.

Table 2 indicates the results of factor loading (FL), Cronbach alpha (α) and average variance extract (AVE). Composite reliability (CR) and convergent validity are also checked. All the results prove that discriminant validity was valid and reliable. According to Fornell and Larcker (1981), FL =>0.70, AVE = >0.50, α => 0.70 and CR=> 0.60.

Table 3. Confirmatory Factor Analysis–CFA

Model Description	χ^2	Df	χ^2/df	RMSEA	GFI	CFI
4 th -factor model	1065.42	465	2.291	0.05	0.95	0.96
3-factor model	1125.35	390	2.886	0.13	0.85	0.86
2-factor model	1270.45	375	3.388	0.18	0.74	0.75
01-factor model	1435.42	355	4.043	0.22	0.65	0.66

Source: Authors’ processing.

Table 3 depicts the results of CFA. Results proved model fitness to data ($\chi^2=1065.42$, $df = 465$; $\chi^2/df = 2.291$; RMSEA = 0.05; CFI = 0.96; GFI=0.95).

Table 4. Results of Mean, Standard Deviation and Correlations

Variable	Mean	SD	alpha	1	2	3	4	5	6	7
1 Business Size	3.00	1.02	0.81	1.00						
2 Experience Respondent	1.35	0.36	0.86	0.014	1.00					
3 Education	1.18	0.34	0.88	0.036	0.048	1.00				
4 Network capabilities	3.1	0.28	0.83	.109**	0.011	0.024	1.00			
5 Knowledge sharing	3.75	0.37	0.85	-0.018	.065*	.048**	0.016	1.00		
6 Economic stability	3.45	0.46	0.84	-0.026	.078*	.058**	.24**	.382**	1.00	
7 Strategic performance	1.14	0.26	0.82	0.014	0.002	-0.02	.287**	.328**	.365**	1.00

Note: *<0.005;**<0.000

Source: Authors’ processing.

Table 4 specifies the results of the correlation. Network capabilities are positively significant with Strategic performance ($r = 0.28^{**}$, $p=0.000$). Knowledge sharing is positively associated with Strategic performance ($r = 0.32^{**}$, $p = 0.000$). Economic stability is positively significant with Strategic performance ($r = 0.36^{**}$, $p=0.000$). The VIF scores were within the range and less than 10.0.

Table 5. Hypothesis Testing of H1

Model	Hypothesis Description	B	F	T	Sig	Remarks
Model #	Network Capabilities to Strategic Performance					
01		0.24	14.056	0.1375	0.000	Accepted

Source: Authors’ processing.

Network capability is positively predicted with strategic performance. Structural equation modelling was utilised to determine the positive impact of network capability on strategic performance. Table 5 indicates the results that

network capability is positively significant with strategic performance and it is proved analytically (β value = 0.24**, H1 is proved $p = <0.000$).

Table 6. Mediating Role of Knowledge Sharing

Detail	Data	Boot	SE	Low	High	Sig
NC-KS-SP	0.3285	0.2865	0.43	0.2470	0.3685	0.000

Source: Authors' processing.

Table 6 shows that knowledge sharing mediates network capability and strategic performance. Preacher and Hayes (2004) technique was utilised to identify the mediating effect of KS between NC and SP (NC→KS→SP). Table 6 indicates the indirect effect, and it is proved that knowledge sharing acts as mediator ($\beta=0.3285$, Lower=0.2470 to Upper=0.3685). Thus, H2 was proved, and it is proved that network capability and strategic performance link is mediated through knowledge sharing.

Table 7. Moderating effect of Economic Stability

Strategic Performance						
Detail	Beta	T Value	Beta	T Value	Beta	T Value
Step-1						
Business age	0.04	0.26	0.03	1.28	0.02	0.28
Business size	0.04	0.21	0.1	0.92	0.14	0.68
Respondent education	0.14	0.25	0.12	0.16	1.03	1.45
Respondent experience	0.12	0.24	0.18	0.94	0.05	0.18
Step 2						
Network Capabilities			0.34*	6.87	0.36*	3.65
Economic Stability			0.28*	5.56	0.34*	4.26
Step 3						
NC*Economic Stability					0.26**	2.24
F		4.85**		16.56*		12.75*
R ²		0.02		0.26		0.22
R ²				0.28		0.02

Notes *p < 0.0001, ** p < 0.05

Source: Authors' processing.

Economic stability significantly moderated the relationship between network capability and strategic performance. Hierarchical regression analysis was used to explore the impact of network capability on strategic performance through moderating role of economic stability. Table 7 showed the moderating role of economic stability between network capability and strategic performance. The results prove that economic stability were positive moderator between NC and strategic performance i.e., ($\beta=0.26$ **, $p < 0.01$). Hence, H3 was accepted.

5. Discussion

This research aims to inspect the influence of the network capability on firm's strategic performance with mediation role of the knowledge sharing and moderation role of the economic stability in Turkish SMEs. The results disclose that network capability has a positive significant influence on a firm's strategic performance. Network capabilities help develop the latest innovative business strategies used to facilitate employees engaged in different management processes to achieve competitive advantages and strategic performance. The findings support the previous research that to survive and sustain in surroundings entrenched with greatly inflexible and rigid challenges, firms require to increase their competitiveness ability. In such a competitive environment, network capability is the prerequisite of the firm's strategic performance (Bengesi & Le Roux, 2014). Network capability is the firm competence to initiate, build up and maintain inner organisational plus outer inter-organisational relations which help in the attainment of strategic performance in firm (Partanen et al., 2020). Organisational strategic performance comprised of long-term objectives associated with growth and satisfaction of customers, it also helps in maintaining long-run relations with customers. Prior studies have found that established networks enable firms to collect market knowledge, ideas, and information for solving problems and dealing with challenges arising in latest marketplace that direct firm toward the accomplishment of strategic performance (Partanen et al., 2020). Strategic performance refers to the achievement of long-lasting goals and objectives such as effectiveness and performance through executive resources of the firm (Kloot& Martin, 2000). The network capability has a direct and positive impact on the strategic performance of the firm. Network capability has been regarded as a significant factor in the strategic performance of SMEs because of their restricted resources or capital and lack of international market entrance experience (Shu et al., 2018). However, network capability is the key antecedent of the strategic performance of the firms. Moreover, Network capability is the firm ability to design practices that measure, monitor and improve methodology that support in the attainment of strategic performance (Lin & Lin, 2016). The H1 confirms that network capability is positively associated with strategic performance. Additionally, the H2 outcomes corroborate that knowledge sharing mediates between network capability and strategic performance. Current research is important because it shows the noteworthy knowledge shared between them. These findings are congruent with prior literature that Network capability is described as a strategic competence with which firm get access to the network resources, systematic criteria and permit sharing of knowledge, information, and expertise between partners for mutual interest and attainment of strategic performance (Singh et al., 2021). Network capability is dependent upon these dimensions. Firstly, coordination is the aptitude of a firm to match its strategies, policies, and resources with more colleagues and persons ideas for building and using relations. It supports in the designing of practices and implementation of strategies or policies required for the accomplishment of strategic performance (Zhou et al., 2007). Secondly, relational expertise facilitates in developing relationships with other partners and individuals

to enhance the sharing of available knowledge and information of the business relating to the opportunities, major threats and environmental challenges that act as a barrier or chance in the attainment of strategic performance (Kenny & Fahy, 2011). NC is a significant aspect for achieving strategic performance in the SMEs; though, this doesn't indicate that only network capability is adequate to increase strategic performance (Wang & Lin, 2013). There is also a need to recognise the inner mechanism that may be drawn in this association. Contextualising SMEs hardships toward predetermined success, the linkage between network capability and strategic performance should be mediated with vigorous knowledge sharing. Network capability is essential for enhancing productivity, competitiveness, and profitability in firm and so-on, seeing as network capability performs a critical role in the strategic performance of firm (Cao & Xiang, 2012). Network capability brings employees into line with strategies or policies based on clear expectations and goals, communication, and leadership to make sure that firm is working toward desired goals (Zaid et al, 2023). When partner share information, experience and their knowledge regarding resources, products and the services that facilitates in the formulation of appropriate strategies which lead toward the achievement of strategic performance (Acosta-Prado et al, 2020). The result confirms that knowledge sharing mediates between network capability and strategic performance.

Meanwhile, this research H3 demonstrates that network capability and strategic performance is significantly moderated through economic stability of firm. The literature presents that economic stability is critical in measuring strategic business performance. The results are consistent with prior studies that strategic performance of the firm is greatly dependent on supportive synergies of the network capability to go with its resources by successful partner's performance in the market (Raymond & Bergeron, 2008). Network capability helps in optimum resources exchange and overcome the risk of collapse and economic instability of firms, as well as support in the inter-firm collaborations. However, prior literature presented that networking with partners that focused on economic performance boosted the strategic performance of the SMEs (Abu-Rumman et al., 2021). SMEs with high network capabilities are proactive in search of means that enhance strategic performance of the firm. Economic stability boosts the likelihood of networking between partners which positively impacts on firm strategic performance (Easterlin et al., 1978). As network capability prompts firms to connect to concerned networks to gain and better optimise resource, knowledge and develop commitments between co-workers, that in line will facilitate him in pursue opportunities which increase strategic performance (Lawal et al., 2018). When a firm is economically stable, investors will bring any project easily as they are guaranteed the business conditions would be favourable and conducive. Generally, SMEs with high networking capabilities can be better capable to decrease their liabilities and increase their strategic performance through strengthening mechanism of the economic stability (Giritli & Kalmaz, 2022). Based upon on above discussion, we suggest that economic stability moderates between network capability and strategic performance links. Hence, H3 is supported that the economic stability of a firm strengthens the association between

network capability and strategic performance. These findings make relatively significant practical and theoretical contributions that are highlighted below.

6. Conclusions

SMEs have many advantages, such as dynamism and flexibility in business capabilities, their productive, innovative, and competitive characteristics, and their significant contributions to GDP and employment. Research findings reveal a notable positive impact of network capability on a firm's strategic performance. By fostering the development of innovative business strategies, network capabilities enable employees to engage effectively in various management processes, ultimately leading to the attainment of competitive advantages and enhanced strategic performance.

Theoretical contributions

From a theoretical standpoint, this research advances the literature by responding to the limited empirical attention given to the joint role of network capability and knowledge sharing in explaining strategic performance. While prior studies have explored network capability or knowledge sharing in relation to innovation outcomes or general firm performance, few have examined their combined and sequential effects on strategic performance within a single empirical framework, particularly in the context of SMEs. This study extends prior research by conceptualising knowledge sharing as a mediating mechanism through which network capability translates into enhanced strategic performance, thereby complementing and enriching existing network- and capability-based perspectives. Furthermore, the inclusion of economic stability as a moderating variable between network capability and strategic performance adds a contextual dimension that has received limited scholarly attention. By empirically validating this integrated model using evidence from Turkish SMEs, the study advances theoretical understanding of how internal relational processes and external contextual conditions jointly shape strategic performance in emerging economy settings.

Practical implications

From a practical perspective, the findings of this study offer valuable insights for SME managers and policymakers operating in emerging economies. While the empirical evidence is drawn from Turkish SMEs, the results highlight mechanisms – such as networking capability and knowledge sharing – that are not country-specific but are characteristic of SMEs facing resource constraints in emerging market contexts. Accordingly, the study's implications may be transferable to SMEs in other emerging economies with similar institutional and competitive environments, where firms rely on inter-organisational networks to enhance strategic performance. In practical terms, although this research is based on data from Turkish SMEs, the findings provide actionable guidance for SME managers, practitioners, and policymakers across emerging economies. By emphasising the strategic role of networking capability and knowledge sharing, the study offers insights that may

inform SME development strategies in other emerging markets characterised by limited resources, dynamic competition, and evolving institutional frameworks.

Future Directions

Besides all the valuable contributions, current research encompasses various limitations. There is a critical need to put several mediation constructs such as employee adaptiveness, firm competencies between network capability, and strategic performance in developed countries. Additionally, researchers on network capabilities must develop framework through using other variables to achieve strategic performance. Finally, the empirical framework of the strategic performance proposed in this study can be more advanced in various other perspectives. In this conceptual framework, we have used knowledge sharing as mediator and economic stability as a moderator linking network capability and strategic performance. Though, this framework can be modified through considering additional antecedents.

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