

ABSTRACT

This study aims to develop a conceptual model for developing the business performance of Small and Medium Enterprises. The model in this study was tested on small and medium enterprises in the food and beverage sector in the city of Semarang. The methodology used in this study is a quantitative method by taking a sample of 125 UKM owners/managers in the city of Semarang. These business actors spend their time individually and voluntarily fill out questionnaires in the data collection process. The model in the study was tested and hypothesized using Amos 25 and all samples were analyzed further. The findings in this study obtained that all the hypotheses proposed in this study were accepted. This shows that the model built is feasible enough to analyze the business performance of Small and Medium Enterprises in the city of Semarang. In addition, the role of the strategic quality variable indicates that this variable is a key strategy for the business performance of Small and Medium Enterprises. This research has originality in terms of developing a new theoretical framework model along with hypotheses and objects. Theoretically, this research has implications for the development and strengthening of theories and practically the findings of this research are expected to be able to provide recommendations for the business performance of Small and Medium Enterprises in the food and beverage sector in the city of Semarang through existing channels.

Keyword: *Business Performance, Dynamic Capability, Entrepreneurship Orientation, Strategic Quality.*