

## **ABSTRACT**

*This study examines the effect of human resource capability, business strategy and innovation ability on business performance of retail MSMEs under the guidance of PT HM Sampoerna Tbk. in Semarang City. The type of research is quantitative with the research population being retail MSMEs assisted by PT HM Sampoerna Tbk. in Semarang City. The sampling method used is purposive sampling, namely determining the sample with certain considerations. In this case, the sample is the owner of retail MSMEs under the guidance of PT HM Sampoerna Tbk. in Semarang City which has been operating for a minimum of 3 years, has a minimum of 1 employee and is located in the Semarang City area. Data analysis was carried out using Structural Equation Modeling (SEM) via AMOS 26 software and used to analyze 200 questionnaire data.*

*The results of this study state that innovation capability has a positive and significant effect on business performance, human resource capability has a positive and significant effect on business performance, human resource capability has a positive and significant effect on capability, business strategy has a positive and significant effect on business performance, and business strategy has a positive and significant effect on innovation capability. The conclusion of this study is that innovation capability, human resource capability, and business strategy, have a positive influence on the business performance of retail MSMEs under the guidance of PT HM Sampoerna Tbk. in Semarang City.*

**Keywords: Human Resource Capability, Business Strategy, Innovation**

**Capability, Business Performance, MSMEs, Sampoerna Retail**

**Community**

**SEMARANG**  
**FEB UNDIP**