

ABSTRACT

This study aims to develop a new conceptual model based on the mediating role of various variables that fill the research gap between entrepreneurial orientation and business performance of SMEs. The two proposed mediating variables include the agility of innovation, and the quality of strategy implementation. able to contribute to the development of strategic management science in the proportion of management science. With the independent variable Entrepreneurial Orientation, the dependent variable MSME Business Performance, and the intervening agility for innovation variable and the quality of strategy implementation. Using data from the results of questionnaires distributed and is primary data.

The population in this study were UKM managers, UKM managers in Kudus Regency, especially those engaged in the convection and embroidery industry sector with a total of 196 convection and embroidery UKM industries in Padurenan District. The sample for this study was limited to 110 UKM actors or business owners of the textile and embroidery UKM industry in Kudus Regency. During the study, the AMOS 24.0 analysis tool was used with the Structural Equation Modeling (SEM) analysis technique.

The results showed that Entrepreneurial Orientation had a significant positive effect on Innovation Dexterity, Entrepreneurial Orientation had a significant positive effect on Strategy Implementation Quality, Innovation Dexterity had a significant positive effect on Strategy Implementation Quality, Strategy Implementation Quality had a significant positive effect on MSME Business Performance, and Innovation Agility had a significant positive effect on MSME Business Performance. This research shows that companies must form an entrepreneurial orientation, innovation agility, and improve the quality of strategy implementation so as to be able to improve business performance both directly and indirectly.

Keywords: *Entrepreneurship Orientation, Innovation Agility, Implementation Quality, and MSME Business Performance*

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