

ABSTRACT

SMEs have a significant impact on government revenue. In addition to influencing Indonesia's economic growth, SMEs also unintentionally help address unemployment in society, especially during economic turmoil. SMEs play a crucial role in generating job opportunities and increasing income. However, there are still several challenges that need to be addressed in order to optimize the growth and contribution of SMEs to the economy of the city. Currently, only around 22 million or 33.6 percent of SMEs have gone digital and adapted to the environment. This means that, in the age of digitalization, the ability or level of adaptation of SMEs in Indonesia, particularly in terms of technology, is still minimal.

The purpose of this study is to determine the extent of the influence of strategic agility on SME performance, to determine the extent of the influence of strategic agility on organizational innovation, to determine the extent of the influence of organizational innovation on SME performance, and to determine the extent of the influence of strategic agility on SME performance through organizational innovation as a mediator.

This research uses a quantitative approach. The respondents involved are MSME actors who have been operating for at least 5 years and are located in Bekasi Regency. The results of this study prove that all the hypotheses have a positive and significant effect. With an R^2 value of 0.481 (48.1%) for direct effect and 0.639 (63.9%) for indirect effect. Future research is expected to include other variables that could influence MSME performance.

Keywords: *Strategic Management, Strategic Agility, SME Performance, Organizational Innovation, SMEs.*