

## **ABSTRACT**

### ***The Influence of Entrepreneurial Orientation and Social Capital on Innovation Performance through Dynamic Capabilities in SMEs in Sukabumi City***

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Small Micro Enterprises (SMEs) play a vital role in supporting both the national and local economies, including in Sukabumi City. However, SMEs still face various challenges, particularly in the area of innovation. This study aims to analyze the influence of entrepreneurial orientation and social capital on innovation performance through dynamic capabilities in SMEs in Sukabumi. Conceptually, entrepreneurial orientation reflects the strategic behavior of business actors in being innovative, proactive, and willing to take risks. Social capital, which includes structural, relational, and cognitive dimensions, serves as a social resource that supports collaboration and information exchange. Meanwhile, dynamic capabilities refer to an organization's ability to respond to change through the processes of sensing, seizing, and reconfiguring, which are believed to mediate the relationship with innovation performance. This research uses a quantitative approach by distributing questionnaires to SME actors spread across Sukabumi. The sample size was determined using the Kline formula with finite population adjustment, resulting in a total of 200 respondents. Data analysis was carried out using the Partial Least Squares - Structural Equation Modeling (PLS-SEM) method through the SmartPLS 4 software. The theoretical objective of this study is to enrich the literature on the relationships among strategic variables in the SME context, while the practical objective is to provide recommendations to business actors and local governments in designing innovation strategies based on internal and external resources.

**Keywords:** Innovation, Business Management, Entrepreneurship, Small Micro Enterprises