

# **MODEL PENINGKATAN KINERJA MELALUI KAPABILITAS INOVASI PADA UKM DI SEMARANG**

## *Abstract*

The purpose of this study is to re-evaluate and design a conceptual model to improve SMEs performance by identifying external and internal condition, innovation capabilities, new product development, production and operation capabilities. The area of research includes Genuk Regency which are Semarang Tengah, Semarang Timur, Semarang Selatan, Semarang Barat, and Semarang Utara. In depth interview and questionnaire were used for data collection. Data were analyzed using SPSS and PLS. The results show that internal factors management influence innovation capability. The better the internal condition, the higher the SMEs innovation capability. A similar condition also occurs for external condition and innovation capability will improve SMEs performance.

***Keywords:*** *internal condition, external condition, innovation capability*