

## **ABSTRACT**

*Micro, Small, and Medium Enterprises (SMEs) are businesses that individuals or groups run to increase economic growth. The number of SMEs scattered in Bali, based on data from the Office of Cooperatives and UMKM in 2019, was 326,009 SMEs. The conditions faced by SMEs in Bali due to the Covid-19 pandemic are half the number of SMEs closed because business owners are unable to adapt to environmental changes. Also, there are several obstacles, such as minimal dynamic capability, lack of innovation in existing resources, which causes the goals of SMEs to achieve.*

*The purpose of this study is to determine the performance measurement of Micro, Small, and Medium Enterprises (SMEs) in Bali Province based on dynamic abilities through innovation ambidexterity. The research method used is quantitative research methods by distributing questionnaires to 400 respondents. The questionnaire used has a 6-point Likert scale with 29 questions. Sampling in this study using the Simple Random Sampling technique. The data analysis technique used is descriptive analysis*

*The results showed that the Dynamic Capability variable had a significant effect on the Innovation Ambidexterity. The Innovation Ambidexterity variable had a significant effect on Company Performance, and the Dynamic Capability variable had a significant effect on Company Performance through the Innovation Ambidexterity. As for the Dynamic Capability variable, it does not have a significant effect on Company Performance.*

*Keywords: UMKM, Dynamic Capability, Innovation Ambidexterity, UMKM Performance*