

## **ABSTRACT**

*Business stagnation and lack of business development were complained by several MSME shoe manufacturers in Cibaduyut. To overcome stagnation, the strategy of providing competitive value can be achieved by engaging in innovation activities. Innovation is a difficult process that involves the risk that new products, services and technologies fail to achieve commercial success.*

*The purpose of this research is to analyze the nine factors as barrier of SMEs innovation capacity in shoe manufacturers in Cibaduyut.*

*The research method uses descriptive qualitative methods. Data collection was carried out by conducting interviews with 4 sources, namely the Chairman of the Cibaduyut Shoes Village Forum and the owners of MSMEs shoe manufacturers.*

*The results showed that of the three sources, lack of skilled personnel, lack of cooperation and lack of finance were the four most inhibiting factors in innovation for MSME shoe manufacturers in Cibaduyut. Meanwhile, based on the findings, the high cost of innovation is not a barrier for MSMEs.*

*Suggestions for practitioners to be able to partner with government, associations and other private institutions, increase involvement in technological innovation and organize R&D with staff and expand technological innovation. Suggestions for academics to be able to compare barriers to innovation from various sectors or examine the impact of information technology on MSME innovation.*

**Keywords: Barriers, Innovation Capacity, MSMEs, Cibaduyut Shoe Manufacturers.**