



## The Role of Strategic Agility of Spiritual Leadership on the Performance of Madura Batik SMEs

Syaiful<sup>1\*</sup>, Boge Tri Atmanto<sup>2</sup>, Fajar Supanto<sup>3</sup>

University of Merdeka Malang

**Corresponding Author:** Syaiful [syaiful@unira.ac.id](mailto:syaiful@unira.ac.id)

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### ABSTRACT

This study investigates the roles of strategic agility and spiritual leadership in improving the performance of Madura Batik SMEs. Considering the complexity of the ever-changing business environment and the challenges faced by SMEs, this study takes a qualitative approach using a case study of Madura Batik SMEs in the Pamekasan Regency, Madura Island. The data collection methods used included in-depth interviews with SME owners, direct observation in the workplace, and analysis of related documents. The results show that strategic agility, which includes adaptability, flexibility, and responsiveness to change, plays an important role in enabling Madura Batik SMEs to respond quickly to changing market dynamics and business environments. The ability to adapt products to market trends, respond to changes in raw material needs, and collaborate effectively with external parties are the strategic agility practices implemented by Madura Batik SMEs. In addition, spiritual leadership has proven to be influential in improving the performance of Madura Batik SMEs. SME owners are known for their integrity and moral values instilled in organizational culture, which includes honesty, justice, and compassion. The interaction between strategic agility and spiritual leadership has a greater impact on the performance of Madura Batik SMEs than each factor alone. The integration of these two factors creates an innovative, value-oriented, and change-responsive work environment, which in turn improves the overall performance of SMEs

## **INTRODUCTION**

Small and medium-sized enterprises (SMEs) play a crucial role in a country's economic structure, being a significant source of employment and a driver of economic growth (Barrett & Tsekouras, 2022). In Indonesia, the SME sector has become a key pillar of the economy, with a substantial contribution to the Gross Domestic Product (GDP) and a platform for local entrepreneurs to thrive (Flankegård et al., 2021). Among the diverse, the batik industry stands out as an integral part of Indonesia's rich culture, with Madura Batik being one of its significant examples (Hultman et al., 2023). Madura Batik has carved an important footprint in Indonesia's cultural heritage, enriching the nation's heritage and reflecting the craftsmanship and creativity of local artisans. However, despite their rich cultural value, Madura Batik SMEs face various challenges in improving their performance, including increasingly fierce market competition and changing dynamics of consumer demands (Wardekker et al., 2023).

In this context, it is important to pay attention to the two key factors that influence the performance of Madura Batik SMEs: strategic agility and spiritual leadership (Feliciano-Cestero et al., 2023). Strategic agility refers to an organization's ability to quickly adapt to external and internal changes, whereas spiritual leadership emphasizes spiritual, moral, and ethical values in the management of the organization (Mata et al., 2023). This research is driven by the need to understand how strategic agility and spiritual leadership affect the performance of Madura Batik SMEs (Mero et al., 2022). An understanding of these two factors is expected to provide effective strategies for improving the performance and sustainability of Madura Batik SMEs and make a significant contribution to the existing management literature (Lyulyov et al., 2022).

This study aims to investigate several key aspects related to the performance of Small and Medium Enterprises (SMEs) in the Madura Batik (Min & Kim, 2022). First, it explores the relationship between the concept of strategic agility and the performance of Madura Batik SMEs (Bouchard et al., 2023). Second, this study explores the impact of spiritual leadership styles on the performance of Madura Batik SMEs (Sadeghi et al., 2023). Furthermore, this study also aims to understand the role of strategic agility in mediating the relationship between spiritual leadership and the performance of Madura Batik SMEs (Mata et al., 2023). Through an investigation of these research questions, this study is expected to provide deeper insights into the factors that influence the performance of Madura Batik SMEs (Magrizos & Harris, 2023). In addition, this study is expected to make a significant contribution to the development of management theory and practice, particularly in the context of SMEs in the Madura Batik sector (Meier & Peters, 2023).

## LITERATURE REVIEW

### 1. Strategic Agility

Strategic agility refers to an organization's ability to respond quickly and flexibly to changes from both the external and internal environments to achieve set strategic goals. This concept includes organizational adaptability, flexibility, and responsiveness to the dynamics of change (Ferraris et al., 2022). The strategic agility dimension comprises several key aspects. First, in terms of anticipation, organizations must have the ability to detect and respond to changes in the external environment before they occur (Zahoor et al., 2022). Next, effective responsiveness is key, whereby the organization must be able to respond quickly and appropriately to changes that occur (Mata et al., 2023). Innovation is also an important element in which organizations must be able to create new solutions or change existing processes to address new challenges. In addition, effective internal and external collaboration is essential to ensure holistic organizational responsibility (Corvello et al., 2023). Finally, organizations must also have the ability to take measured risks in the face of uncertainty. Indicators of strategic agility include speed of adaptation, organizational flexibility, ability to predict market trends, ability to manage risk, and ability to take advantage of new opportunities that arise (Kusa et al., 2023). Overall, strategic agility plays a crucial role in enabling organizations to survive and thrive in a rapidly changing and complex environment (Mata et al., 2023).

### 2. Spiritual Leadership: Characteristics, Components, and Implications in Organizational Contexts

Spiritual leadership emphasizes spiritual, moral, and ethical values as the foundation for managing and motivating organizational members (Reyes & Redoña, 2021). The main characteristics of spiritual leadership are as follows (Li et al., 2023). First, self-awareness becomes the primary foundation, where the spiritual leader begins the leadership journey with awareness of his or her spiritual values and principles (Fry, 2003). Next, self-development comes into focus, where the spiritual leader continuously strives to improve his spiritual and moral dimensions (Ali et al., 2022). Furthermore, respect for basic values such as honesty, integrity, compassion, and justice are the principles upheld in spiritual leadership (Reyes & Redoña, 2021). In addition, spiritual leaders have a deep understanding of the connections and interdependencies among all living beings. Another important aspect is the ability to show care and empathy towards members of the organization, which reflects the compassionate nature of a spiritual leader (Zhang & Yang, 2021). The components of spiritual leadership include an inspiring vision and purpose, trust and integrity, role modeling, empowerment, and service to others (Göçen & Şen, 2021). The implications of spiritual leadership in an organizational context include increased employee motivation and engagement, job satisfaction, and overall organizational performance (Islam et al., 2023). Overall, spiritual leadership provides a holistic and empowering framework for leaders to lead and motivate organizational members to achieve common goals with wisdom and care (Eva et al., 2019).

### **3. SME performance**

SME performance is influenced by various internal and external factors. Internal factors include financial and human resource management, product and process innovation, product quality, and operational efficiency (Cao & Weerawardena, 2023). External factors include market conditions, government regulations, access to resources, and the level of competition (Islam et al., 2023). Theories relevant to understanding SME performance include resource theory, industrial economics theory, structure-conductor-performance theory, and strategic management theory (Hultman et al., 2023). Resource theory emphasizes the importance of an organization's internal resources in creating competitive advantage (Huikkola et al., 2022). Industrial economics theory considers external factors that influence industry structure and behavior (Chatzistamoulou, 2023). The structure-conductor-performance theory evaluates the relationship between market structure, firm behavior, and industry performance (Menter et al., 2023). Strategic management theory discusses how an organization can achieve its long-term goals by analyzing the external and internal environments and developing appropriate strategies (Stratu-Strelet et al., 2023).

## **METHODOLOGY**

### **A. Research Approach**

The use of a qualitative approach in this study is based on the need to understand the role of strategic agility and spiritual leadership in the context of Madura Batik SMEs. A qualitative approach allows researchers to explore the complexity and context inherent in the phenomenon under study (Llach et al., 2023). In the context of Madura Batik SMEs, factors such as local culture, interactions between SME owners and employees, and unique market dynamics cannot be fully understood using quantitative methods alone (Pfothenhauer et al., 2023). A qualitative approach allows researchers to capture nuances and meanings that may be missed in quantitative analysis (Huynh et al., 2023). Moreover, in this study, it is important to understand the views, values, and perceptions of Madura Batik SME owners about strategic agility and spiritual leadership, which is better done through in-depth interviews and direct observation.

### **B. Research Design**

The research design used in this study was a case study. Case studies were selected because they allow researchers to investigate complex and contextual phenomena in depth (Iriarte et al., 2023). Madura Batik SMEs are seen as a single case that can provide rich and deep insights into the role of strategic agility and spiritual leadership in a specific context (Sadeghi et al., 2023). Case studies also allow for direct observation and analysis of the actual case, which is in line with the objective of this study to understand the internal and external dynamics of Madura Batik SMEs.

### **C. Data Collection Technique**

#### **1. In-depth Interview with the Owner of Madura Batik SME**

In-depth interviews were conducted with Madura Batik SME owners to gain a comprehensive understanding of their views and experiences related to strategic agility and spiritual leadership (Buck et al., 2023). These interviews involve structured questions designed to explore the perceptions, values, and practices of Madura Batik SME owners related to the research topic.

#### **2. Direct Observation in the Workplace of Madura Batik SMEs**

Direct observation will be conducted in the workplace of Madura Batik SMEs to observe practices related to strategic agility and spiritual leadership (Sadeghi et al., 2023). This observation will allow researchers to see how SME owners and employees interact, how decisions are made, and how organizational culture is reflected in daily practices (Chwiłkowska-Kubala et al., 2023).

#### **3. Document Analysis Related to Management and Leadership Practices in Madura Batik SMEs**

Document analysis will be conducted on documents related to management and leadership practices in Madura Batik SMEs, such as business plans, policies and procedures, and meeting notes (Fanelli et al., 2020). This analysis provides additional insights into how strategic agility and spiritual leadership are implemented in the context of these organizations (Rinaldi & Bottani, 2023).

### **D. Data Analysis Process**

Data collected through interviews, observations, and document analysis were analyzed using a qualitative approach, specifically thematic analysis (Ewulley et al., 2023). Thematic analysis involves identifying, mapping, and interpreting thematic patterns that emerge from the data (Mercado & Nico Hjortsø, 2023). Using qualitative analysis, researchers will be able to explore and understand in depth the role of strategic agility and spiritual leadership in the context of Madura Batik SMEs as well as identify relationships and patterns that emerge among the various concepts under study.

## **RESULTS**

### **A. Madura Batik SMEs**

Madura Batik SMEs, as part of the small and medium enterprise (SME) sector in Pamekasan Regency, have a significant presence in the local economy (Strelkovskii et al., 2020). Pamekasan Regency itself is located on Madura Island, Indonesia, and is known as one of the leading centers of Madura batik production. Interestingly, the number of Madurese Batik SMEs in the Pamekasan Regency is quite large, with a total of 1671 Batik SMEs spread across various sub-districts in the region. This large number of Madura Batik SMEs is evenly distributed in various sub-districts; however, there are several sub-districts that are the main centers of Madura Batik production (Mata et al., 2023). One of them is the Proppo Sub-district, with Klampar Village being the largest production center, contributing as many as 480 Batik SMEs. In addition, the Palengaan Sub-district also has a significant contribution to Madura's batik industry, with Larangan Badung Village having 352 Batik SMEs.

Madura Batik SMEs in the Pamekasan Regency have become an integral part of the local community's economic and social lives. SMEs operating for more than ten years, they have created local jobs and have a positive impact on the regional economy. Local entrepreneurs who have established Madura Batik SMEs have a strong interest and expertise in the traditional Madura batik industry. They inherit batik-making techniques that have been acquired from previous generations while also being open to innovations and developments in the batik industry.

The products produced by Madura Batik SMEs are known for their unique designs and high-quality materials. Madura batik entrepreneurs often utilize distinctive traditional motifs, such as the "parang," "kawung," or "sidomukti" motifs, which have symbolic meanings and deep cultural values. In addition, they also developed new designs that combine traditional elements with a modern touch, thus making Madura batik products relevant and in demand by the market.

Amidst the increasingly fierce competition in the batik industry, Batik Madura SMEs have implemented several strategic agility practices to maintain and increase their market share. In addition to adapting to market trends and consumer demands, they also implement innovative marketing strategies such as increased online presence through e-commerce platforms and social media. This allows Madura Batik SMEs to reach potential consumers beyond their local areas more easily.

Madura Batik SMEs also explore the potential for collaboration with various parties, both on a local and national scale. They are involved in various promotional activities and batik exhibitions held by the local government, community organizations, and other batik industry players. This kind of collaboration expands their marketing reach and opens opportunities for profitable cooperation (Marzi et al., 2023).

In terms of leadership, Madura Batik SMEs are often led by individuals who practice spiritual leadership. SME owners not only manage their businesses by paying attention to business aspects but also emphasize spiritual, moral, and ethical values in running daily operations. They demonstrate a compassionate attitude towards employees and the local community, and prioritize integrity and honesty in all business interactions.

The performance assessment of Madura Batik SMEs is conducted using various methods, including financial analysis and customer satisfaction evaluation. With steady sales growth and a good reputation in the market, many Madura Batik SMEs have managed to maintain their position as leading Madura batik producers. Factors such as effective management, innovation in design and marketing, and support from the local community are key to success in this competitive industry.

Thus, Madurese Batik SMEs in Pamekasan Regency are not only the main drivers of the local economy but also the guardians and developers of Madurese Batik's rich cultural heritage. By continuing to implement adaptive practices and maintaining traditional values, Madura Batik SMEs have the potential to

continue to grow and make a significant contribution to the economic growth and cultural sustainability of Madura Island.

### **B. Analysis of Strategic Agility Practices Implemented**

Madura Batik SMEs have shown a remarkable ability to deal with market dynamics by implementing strategic agility. This becomes very important considering the ever-changing market conditions, in which design trends and consumer preferences can change rapidly. One of the practices adopted by Madura Batik SMEs is rapid adaptation to market trends and changes in consumer preferences. They proactively follow the development of popular batik design trends and can customize their products according to changing market demands.

Implementing this adaptation is not an easy task, given the very high level of competition in the batik. However, Madura Batik SMEs have managed to maintain the quality and relevance of their products by responding quickly to changing trends and market demands. For example, when a certain color or motif trend becomes popular, Madura Batik SMEs do not hesitate to adapt their designs to meet their market needs. They have a responsive and flexible design team capable of quickly producing new collections to meet consumer demands.

In addition to adapting to market trends, Madura Batik SMEs have the ability to respond quickly to changes in raw material and distribution needs. In the batik industry, the availability of high-quality raw materials and efficient distribution processes are essential for maintaining smooth production. Madura Batik SMEs fully understand the importance of these aspects and have developed a strong supply network with suppliers of raw materials such as fabrics, dyes, or other supplies. They also have a flexible distribution system that allows them to adjust quickly to changes in demand or market needs.

In addition, Madura Batik SMEs continue to innovate their production processes to improve their efficiency and flexibility. They are open to the use of new technologies in the batik-making process, such as digital printing machines or automation equipment, which can improve productivity and product quality. In addition, they continue to conduct research and development to find new batik-making techniques that can speed up the production process without sacrificing quality.

Another important point in the strategic agility practices of Madura Batik SMEs is their ability to minimize the impact of unexpected changes in market conditions. Although it is impossible to completely avoid changing market conditions, Madura Batik SMEs have backup strategies and contingency plans that can be implemented if needed. They have sufficient flexibility to adjust their production volume, selling price, or marketing strategy in a relatively short time according to the changing market situation.

Thus, the strategic agility practices implemented by Madura Batik SMEs not only include adaptation to market trends and changes in consumer demand but also involve a deep understanding of the entire supply chain and production process. They can innovate and adjust quickly in the face of complex market dynamics, which is a key factor in maintaining competitiveness and sustainability in the ever-evolving batik industry (Kinder et al., 2023).

### **C. Exploration of Spiritual Leadership in Madura Batik SMEs**

Spiritual leadership is not only a theoretically applied concept in Madura Batik SMEs but is also reflected in various aspects of daily life in the organization (Islam et al., 2023). The attitudes and practices of business owners and leaders play a central role in embedding spiritual, moral, and ethical values into organizational culture (Chwilkowska-Kubala et al., 2023). One striking example is the presence of strong moral and ethical values, which are an integral part of Madura Batik SMEs' organizational culture.

Madura Batik SME owners are known for their integrity and commitment to the values that underlie spiritual leadership. They practice principles such as honesty, justice, and compassion in every aspect of operations and interactions within the organization. This integrity is reflected in every decision and action taken, which provides a strong foundation for an organizational culture based on unwavering moral principles.

In addition to practicing these values, Batik Madura SME owners are active in providing encouragement and inspiration to employees. They not only lead with words, but also provide concrete examples of good and loving leadership. The leaders of Madura Batik SMEs do not hesitate to be directly involved in various operational activities, provide moral support to employees, or create an inclusive and encouraging work environment.

One concrete form of spiritual leadership in Madura Batik SMEs emphasizes the importance of employee engagement and the appreciation of their contributions. SME owners regularly organize team meetings and discussion forums in which employees' ideas and inputs are heard and valued. They build relationships based on mutual trust and respect, which allows employees to feel valued and motivated to give their best work.

In addition, Madura Batik SME owners pay special attention to employee coaching and development as part of their spiritual leadership strategies. They provide training and development that matches the needs of employees in terms of both technical and leadership skills. This not only enhances employees' skills and knowledge but also creates a strong bond between owners and employees, which is one of the foundations of a spiritually based organizational culture.

Furthermore, spiritual leadership in Madura Batik SMEs is reflected in their attitude of empathy and concern for employee welfare. SME owners pay attention not only to the professional needs of employees but also to their personal and family needs. They strive to create a balanced work environment between work and personal life, which helps to create a positive and supportive work atmosphere.

Thus, spiritual leadership in Madura Batik SMEs is not only about practicing spiritual values but also about creating a work environment that inspires, supports, and motivates employees to reach their full potential. Through these practices, the owners and leaders of Madura Batik SMEs not only build a financially successful organization but also create an organizational culture grounded in deep spiritual values, which encourages employees' personal and professional growth and makes a positive contribution to society as a whole.



#### **D. Performance Assessment of Madura Batik SMEs and its Influencing Factors**

The performance of Madura Batik SMEs is measured through several indicators that reflect various aspects of business operations and success. One key indicator is sales growth, which reflects how well an SME can increase the sales volume of its products over time. Consistent sales growth is a measure of success in expanding the market share and increasing revenue. Net profit is an important indicator for evaluating the financial performance of SMEs. A stable and increasing net profit indicates operational efficiency and an SME's ability to generate profits from its business activities.

The level of customer satisfaction is also a significant indicator of Madura Batik SMEs' performance. A high level of satisfaction indicates that SMEs can meet customer expectations and needs well, which in turn can increase customer loyalty and expand the customer base. In addition, reputation in the marketplace is very important in assessing SME performance. A good reputation creates trust and a positive image in the eyes of consumers, which can support long-term business growth and strengthen SMEs' position in the batik industry.

The factors that influence the performance of Madura Batik SMEs are diverse, both internal and external to the organization. Internal factors include effective management practices, product quality excellence, operational efficiency, and employee motivation. Effective management practices include strategic planning, resource management, and appropriate decision making. Madura Batik SMEs that have effective management tend to be better able to face challenges and respond better to market changes.

In addition, excellence in product quality is an important factor in attracting consumer interest and maintaining a loyal customer base. Madura Batik SMEs that are able to produce high-quality and innovative products will have a strong competitive advantage in the market. Operational efficiency is also a key factor that affects SME performance. Madura Batik SMEs that implement efficient production and distribution processes can reduce costs and increase profitability.

Employee motivation is also an important factor determining the performance of Madura Batik SMEs. Motivated employees work more efficiently and dedicatedly, which in turn has a positive impact on productivity and work quality. Employee motivation can be improved through various means such as recognition of achievements, career coaching, and building a positive work environment.

On the other hand, external factors also significantly affect the performance of Madura Batik SMEs. Dynamic market conditions and intense industry competition can affect product demand and prices, which, in turn, can affect SMEs' revenue and profitability of SMEs. Regulatory changes can also affect SMEs' business operations and costs. Access to resources, such as raw materials and labor, can also be a limiting factor in developing and expanding businesses.

Evaluating the performance of Madura Batik SMEs is important for understanding the effectiveness of the implemented strategic agility and spiritual leadership practices. By evaluating performance, SMEs can identify areas that

require improvement and develop strategies to improve their performance and business sustainability. Continuous evaluation will help Madura Batik SMEs to remain competitive in a dynamic and evolving market.

## **DISCUSSION**

Data analysis and interpretation is an important stage in research for understanding the findings of data collection and analysis. In the context of this study, data analysis and interpretation aim to reveal the main findings related to the interaction between strategic agility, spiritual leadership, and the performance of Madura Batik SMEs. In addition, data findings will be interpreted based on relevant theories in the management and leadership literature.

From the results of the data analysis, several key findings related to the relationship between strategic agility, spiritual leadership, and the performance of Madura Batik SMEs can be identified. First, there is a significant relationship between the strategic agility of Madura Batik SMEs and their performance. SMEs that can adapt quickly to changes in the external and internal environments tend to perform better than those that are less responsive to change.

Furthermore, spiritual leadership has been proven to have a positive influence on the performance of Madura Batik SMEs. SME owners or leaders who apply spiritual, moral, and ethical values to their leadership can create a more harmonious work environment, motivate employees, and improve overall work quality. Employees tend to be more motivated and engaged when leaders focus on spiritual values in the management of the organization.

In addition, the data also show that the interaction between strategic agility and spiritual leadership can have a greater impact on the performance of Madura Batik SMEs than each factor separately. When these two factors are combined, SMEs tend to have a high level of adaptability in the face of change while simultaneously creating a strong organizational culture based on spiritual values.

In the context of Madura Batik SMEs, leaders who apply spiritual leadership can be considered transformational leaders. They not only influence employee performance through instruction or supervision but also through the moral and ethical influences they apply to the management of the organization. By embedding spiritual values such as integrity, justice, and compassion in the organizational culture, Madura Batik SME leaders can create a work environment that motivates employees to perform highly and contributes positively to the company's success.

In addition, the concept of strategic agility can be analyzed by referring to strategic management theory (Stratu-Strelet et al., 2023). This theory emphasizes the importance of organizational adaptation to environmental changes and flexible use of resources to achieve strategic goals (Sanz & Rodriguez-Labajos, 2021). In the context of Madura Batik SMEs, the ability to adapt quickly to market and technological changes as well as respond flexibly to changes in internal organizational conditions is key to achieving optimal performance. Thus, the data findings that show the relationship between strategic agility, spiritual leadership, and performance of Madura Batik SMEs can be understood through the lens of transformational leadership and strategic management theory. By

understanding the interaction between these two factors and how they reinforce each other, Madura Batik SMEs can develop more effective strategies to improve their business performance and sustainability amidst ever-changing market dynamics.

This discussion aims to analyze the implications of the research findings on the role of strategic agility and spiritual leadership in the performance of Madura Batik SMEs. The main focus is to discuss the study's contribution to SME management theory and practice, compare the results with those of previous research, and identify the unique contributions of this study. This study finds that both strategic agility and spiritual leadership have a positive impact on the performance of Madura Batik SMEs. The first relates to the concept of strategic agility. These findings support the literature, which suggests that adaptability, flexibility, and responsiveness to change are key elements required by SMEs in the face of market dynamics and intensifying competition (Riquelme-Medina et al., 2022).

This contribution also enriches our understanding of the application of strategic agility in the context of Madura Batik SMEs. For instance, the practice of adapting to popular batik design trends and the ability to respond to changes in raw material requirements show that SMEs can use strategic agility capabilities, specifically according to local industry and market characteristics.

This study also contributes to the literature on spiritual leadership. The implications of these findings highlight that the moral, ethical, and motivational values implemented by SME owners have a positive impact on organizational performance (Ali et al., 2022). Spiritual leadership is not only an ethical framework, but also plays a role in shaping a positive organizational culture and motivating employees. Practically, owners or leaders of Madura Batik SMEs can benefit from these findings by improving their strategies and leadership styles, integrating elements of strategic agility in business planning and adopting spiritual values in organizational culture can be key to improving SMEs' competitiveness and sustainability of SMEs.

Comparing the results with those of previous research is an important step in understanding the extent to which these findings are consistent or different from those of previous research. Previous research in this context may have emphasized other factors that influence SME performance, or may not have specifically explored the role of strategic agility and spiritual leadership. In the previous literature, the focus on SMEs has often been on the financial, marketing, or innovation aspects (Istipliler et al., 2023). This study complements the literature by providing a new perspective on how internal aspects such as adaptability and spiritual values can influence SME performance, particularly in the batik industry.

The unique contribution of this study lies in the integration of strategic agility and spiritual leadership in the context of the Madura Batik SMEs. The finding that the interaction between these two factors has a greater impact on SMEs' performance than each factor separately is interesting. This illustrates the complexity of inter-variable relationships, which cannot be ignored when developing management strategies and practices at the SME level. This study

also provides new insights into how SMEs in creative and cultural industries, such as batik, can optimize strategic agility and spiritual values to achieve business success. These implications can serve as a source of inspiration for similar SMEs in developing strategies that suit their own context

## CONCLUSIONS AND RECOMMENDATIONS

The results show that adaptability, flexibility, and responsiveness to market changes are key elements in facing intensified competition. In addition, spiritual leadership, which encompasses moral, ethical and motivational values, plays a role in creating a positive organizational culture and motivating employees. This study confirms that spiritual leadership is not only an ethical framework, but also has a significant impact on improving organizational performance. Therefore, owners or leaders of Madura Batik MSMEs can leverage these findings by integrating strategic agility elements in business planning as well as adopting spiritual values in the organizational culture to improve team motivation and performance.

Although this study makes valuable contributions, there are some limitations that need to be acknowledged. First, this study focuses on Madura Batik SMEs in Pamekasan Regency, Madura Island, so generalization of the findings needs to be done with caution. Future research could expand the sample coverage and geographical context to validate these findings.

## FURTHER STUDY

This study then used a qualitative approach. While this provides an in-depth understanding, it can be coupled with quantitative research to obtain a more general and statistically significant picture of the relationship between the variables. Opportunities for future research could include developing a more detailed model or framework to describe the dynamics among strategic agility, spiritual leadership, and SME performance. Further research could explore the contextual factors that may influence this relationship, such as differences in SME size, industry characteristics, or market conditions.

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