

ABSTRACT

Micro businesses are the business sector with the largest number in Indonesia, with 63,9 million business units and absorb 89% of the workforce in Indonesia and contribute 37,4% of total GDP in Indonesia, therefore micro businesses are one of the main drivers of the economy in Indonesia, however the performance of micro businesses is still less than optimal compared to other business sectors as evidenced by the average annual turnover of micro businesses which is still very far from the upper limit of annual turnover that set by law. This research aims to analyze the influence of sharia micro financing, business characteristics and human capital on micro business performance.

This research uses primary data with a data collection method in the form of a questionnaire. The population in this research are micro business who have received or are currently receiving sharia micro financing from Baitul Maal wat Tamwil (BMT) Binamas, Purworejo Regency. The number of samples taken was 100 respondents who met the criteria. This research uses Structural Equation Modeling (SEM) analysis with the SmartPLS 3 analysis tool.

The results of this research analysis show that sharia micro financing, business characteristics and human capital have a positive and significant effect on micro business performance.

Keywords: *Sharia micro financing, business characteristics, human capital, business performance, micro business*