

## ABSTRACT

*This study analyzes the Factors Affecting the Performance of Micro and Small Industries (IMK) in Indonesia in 2013-2018. The profit of the micro and small industry is the variable that is affected in this study which is obtained by the micro and small industry is influenced by several factors such as wages of workers, sources of capital, business scale, and business difficulties. The research method used is descriptive quantitative analysis with secondary data in each province in Indonesia. The results of the analysis obtained are the development of fluctuating profits, fluctuating worker wages, fluctuating capital sources, fluctuating business scale, and fluctuating business difficulties from the period 2013-2018. The results of panel data estimation using the fixed effect model (FEM) method are viewed simultaneously or partially. Partially, wages per worker have a significant positive effect on profit gains for micro and small industries, while the source of capital represented by the percentage of companies that use external sources of capital has a positive but not significant effect on profit gains for micro and small industries. The business scale represented by the percentage of small-scale IMK companies to the total number of IMK companies has a positive but not significant relationship with IMK profits. The last is the business difficulty variable, which is represented by the percentage of the number of companies experiencing business difficulties in the previous period which negatively and significantly affects IMK's profit. Simultaneously, the variables of workers' wages, sources of capital, business scale, and business difficulties have a significant effect on the profits of micro and small industries.*

***Keywords: Micro and Small Industry, IMK Performance, Business Scale, Source of Capital, Business Difficulties***