

Micro Entrepreneurs' Intention Towards Islamic Working Capital Financing: Pecking Order Theory Perspective

Hanifa Khoirunnisaa Heryanto^{1*)}, Muhammad Muflih²⁾, Marwansyah³⁾

^{1,2}Departement of Accounting, Politeknik Negeri Bandung

³Department of Business Administration, Politeknik Negeri Bandung

*Email korespondensi: hanifa.khoirunnisaa.kps22@polban.ac.id

Abstract

The banking world has a significant role in helping MSMEs to increase Indonesia's economic growth. One solution offered is by providing working capital financing based on *Murabahah* and *Ijarah* contracts. This research aims to examine *Maqasid al-Shariah*, risk perception, margin cost perception, and prospects as the determinants of micro entrepreneurs' intention to increase working capital financing in Islamic banks. The research method used a quantitative approach for data collection and analysis. The sampling technique used purposive sampling for micro-entrepreneurs who know the existence of Islamic banks. The data was collected by conducting both online and offline surveys. A final sample of 286 respondents was analyzed using SmartPLS software to predict relationships between latent variables. Based on the data processing results, the perception of margin costs and prospects has a significant impact. In contrast, *Maqasid al-Shariah* and risk perception do not influence the micro entrepreneurs' intention to use Islamic working capital financing.

Keywords: Islamic Working Capital Financing, Micro Enterprises, Margin Cost Perception, *Maqasid al-Sharia*, Prospects

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1. INTRODUCTION

Islamic banking worldwide plays a vital role in channeling financing funds based on Islamic principles (Ahmed, 2010). Through this financing, the public finds it easy to meet short- and long-term consumptive and productive needs (Gudarzi Farahani & Dastan, 2013). Specifically for productive financing products, Islamic banking in Muslim countries provides channels to various business sectors through *Murabahah*, *Ijarah*, *Mudhrabahah*, and *Musyarakah* contracts (Ahmad, 1994). Despite having a perfect trend in distributing funds to some business sectors, Islamic banking financing for the MSME (Micro, Small, and Medium Enterprises) sector is relatively low (Hanini et al., 2021; Mahmood & Arshed, 2023). Besides, MSMEs can absorb many workers, revive the potential economy of marginalized communities, and raise the country's economic resilience (Nursini, 2020). The most accessible financing type for MSMEs

is working capital financing based on *Murabahah* and *Ijarah* contracts. This financing focuses on only the assets they need and does not disrupt Islamic banking liquidity. Researchers encourage increased working capital financing; however, it is a solution to the low accessibility of capital for MSMEs (Padachi et al., 2012). Therefore, this research that specifically explored the determinants of demand for working capital financing at Islamic banks is essential for MSMEs nowadays.

Sharia working capital financing activities refer to a financial system with Islamic principles free from usury or value addition in financial transactions (Moisseron et al., 2015). This financing aims to meet the working capital needs of both personal and business customers. There are various types of contracts available; *Murabahah* is the most straightforward accessible buying and selling contract (Santoso, 2020), as well as *Ijarah Muntahiyah*

Bittamlik (IMBT), which is believed to be suitable for various groups of entrepreneurs from small to medium scale (Saleh et al., 2023). The increasing popularity of these two contracts can increase the intention to use Islamic financing products. The previous research for investigating the determinants of demand for Islamic bank financing in the MSME sector has been carried out in various countries (Jaffar & Musa, 2014; Ziky & Daouah, 2019). However, the research that discusses Islamic working capital financing in the micro enterprises sector has yet to be found because working capital financing is specific to the work assets needed and is different from business capital financing in general. In addition, the references that specifically discuss *Maqasid al-Shariah*, risk perception, margin cost perception, and prospects for interest in using Islamic working capital financing are not available, so it requires a research effort that can answer this scarcity.

This study used the pecking order theory as a rationale for the demand developing of Islamic banking working capital financing. Pecking order theory explains the funding preferences of companies that choose internal rather than external funding; when internal funding is insufficient for business continuity, the company relies on external funding (Myers, 1984). This theory is suitable for MSMEs because it has an obvious hierarchy in exploring funding sources (Badaj & Radi, 2018; Mittal & Raman, 2022; Mueller & Sensini, 2021). In addition, this theory encourages entrepreneurs to adapt to the constraints and challenges of the external funding system to prevent the company from experiencing losses (Holmes & Kent, 1991). That is why high-risk external funding providers weaken entrepreneurs' demand for that capital. Thus, companies can find suitable funding sources according to their limitations through the pecking order theory.

Intention to funding is predicted by using several variables; firstly, *Maqasid al-Shariah* is a legal goal for Muslims to fulfill the benefits of life, so it plays a crucial role in influencing people's mindset in choosing Islamic financing (Amin, 2020; Bahri et al., 2019; Malik et al., 2019). *Maqasid al-Shariah* is believed to positively influence interest in using Islamic working capital financing. Secondly, there are different perceptions regarding every business problem decision-making. Risk perception was used by micro-entrepreneurs as a basis for decision-making in using working capital financing, so it was predicted

to influence interest in using it (Charag et al., 2020; Hati et al., 2020; Yahaya et al., 2016). Thirdly, the perception of MSME actors regarding the margins provided by Islamic banks is the main focus of potential risks for business continuity (Malim & Normalini, 2018). The perception of margin costs is expected to risk interest in using Islamic working capital (Lajuni et al., 2017; Ziky & Daouah, 2019). Lastly, the prospect refers to how the individual perceives the risk and uncertainty in decision-making (Abdeldayem & Aldulaimi, 2023). Regarding the prospects of a business, most entrepreneurs focus on seeking profits and underestimate the possibility of losses (Abdellaoui et al., 2013). In this way, the prospect is estimated to positively influence the intention of micro-entrepreneurs in using Islamic working capital financing (Hoxha & Hasani, 2023). The four hypotheses of the integration model are presented in Figure 1 below.

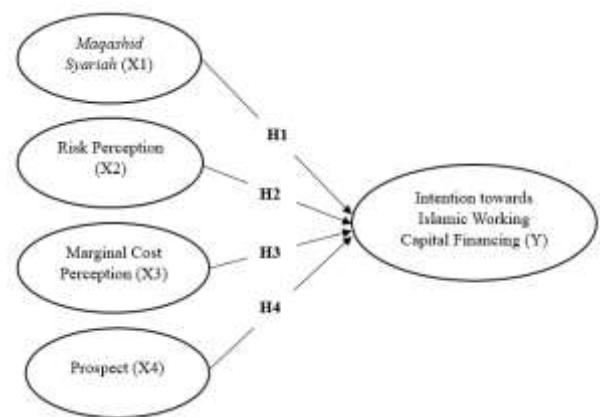


Figure 1 Model of Micro-Entrepreneurs Intention in Using Islamic Working Capital Financing

The research model in Figure 1 showed two types of variables, namely X and Y, with different functions. Variable X is an independent variable consisting of *Maqasid al-Sharia*, risk perception, margin/marginal cost perception, and prospects. Meanwhile, variable Y is the dependent variable: an intention toward Islamic working capital financing. The four X variables will be tested for their direct influence on variable Y, and then the results will be compared to determine which produces the most significant influence. The testing in this research is new because no previous research researchers tested the four variables X against variable Y directly, as presented in the model above. Therefore, this research is intended to examine *Maqasid al-Sharia*, risk perception, margin cost perception, and prospects as determinants of micro entrepreneurs' interest in efforts to increase working capital financing in Islamic banks.

2. RESEARCH METHOD

This research used quantitative methods for data collection and analysis. The population in this research was comprised of micro-entrepreneurs from various generations in Bandung. The sampling technique used non-probability and purposive sampling to determine the sample based on judgment following the research objectives (Suhartanto, 2020). The criteria used for this research are (1) the respondent who has a business with a turnover of <Rp300 million/year, (2) the respondent who has a bank account, and (3) the respondent who knows the existence of Islamic banks. In this study, the operational definitions of variables are presented in Table 1.

Table 1. Operational Definition of Variables

Variable	Definition	Scale
<i>Maqasid al-Sharia</i> (MS)	<i>Maqasid al-Sharia</i> is the goal of <i>Sharia</i> (Islamic religious law), which includes humans' benefit (prosperity) in this world and the hereafter within the scope of Islamic law (Shidiq, 2009).	Likert
Risk Perception (RP)	Risk perception is a view of consumers' consequences when they decide to adopt Islamic working capital financing (Hartati, 2020).	Likert
Margin Cost Perception (MCP)	Margin cost perception is a view of the additional costs that must be paid in adopting Islamic working capital financing (Wijaya & Moro, 2022).	Likert

Variable	Definition	Scale
Prospect (P)	Prospects are opportunities and consumer expectations regarding the decision-making process to adopt <i>Sharia</i> working capital financing (Ana Catur Wulandari, 2022).	Likert
Intention to adopt Islamic working capital financing (IWCF)	Intention is an individual behavior measuring the extent to which a person is confident, committed, and motivated to complete a particular activity (Sumaryono, 2016).	Likert

The data collection technique was carried out using a questionnaire, which had been distributed both online and offline. Data collection and analysis were done using Google Forms and achieved 319 respondents. Before answering the indicator questions, the potential respondents were asked to answer questions regarding age, type of business, turnover, age of business, and knowledge of the existence of Islamic banks. Next, the variable indicators were measured using a Likert scale with five points, namely strongly disagree (SD), disagree (D), neutral (N), agree (A), and strongly agree (SA). In the questionnaire, there is a brief explanation of foreign terms and theoretical definitions so that potential respondents understand the questionnaire given. Finally, the data and information were collected through surveys or questionnaires, which would be analyzed to eliminate bias. This research has five latent variables representing 20 indicators. Each indicator refers to international references listed in Table 2.

Table 2. Latent and Reference Variable Indicators

Variable	Indicator	Code	Reference
<i>Maqasid al-Sharia</i> (MS)	Islamic banks provide working capital financing following Islamic rules	MS1	(Amin, 2017)
	Islamic banks provide benefits through working capital financing	MS2	
	Islamic banks meet the needs of business actors through working capital financing.	MS3	
Risk Perception (RP)	The working capital financing of Islamic banking has risks to business continuity.	RP1	(Amin et al., 2016; Hati et al., 2020)
	I am worried about being unable to pay the monthly instalments	RP2	
	I am worried that my debt will increase because of additional Islamic bank financing.	RP3	
	I am worried that the Islamic bank financing system is not as easy as the conventional one.	RP4	

Variable	Indicator	Code	Reference
Margin Cost Perception (MCP)	The cost of Islamic banking working capital financing services is higher than that of conventional banking.	MCP1	(Amin et al., 2011; Badaj & Radi, 2018)
	The acceptable cost of working capital financing in Islamic banking is higher than in conventional banking.	MCP2	
	The margin cost of Islamic banking working capital financing is higher than conventional banking interest.	MCP3	
	The price offered by Islamic banking working capital financing is unfair	MCP4	
	The monthly payment value of Islamic banking working capital financing is higher than that of conventional banking.	MCP5	
	Overall, the cost of working capital financing for Islamic banking is higher than for conventional banking.	MCP6	
Prospect (P)	The working capital financing of Islamic banking can increase business production.	P1	(Hoxha & Hasani, 2023)
	The working capital financing of Islamic banking can expand businesses	P2	
	The working capital financing of Islamic banking can open up new opportunities.	P3	
Intention to adopt Islamic working capital financing (IWCF)	I am interested in using Islamic working capital financing	PMKS1	(Amin et al., 2011)
	I am interested in using Islamic working capital financing in the future	PMKS2	
	I will use Islamic working capital financing one day	PMKS3	
	I like using Islamic working capital financing	PMKS4	

The data analysis technique in this research used the Partial Least Square method with the Structural Equation Model (PLS-SEM) technique, which is available in SmartPLS software. Data analysis included three stages: outer model testing, testing the goodness of fit model, and inner model testing (Muhson, 2022). The regression equation model in this research is presented as follows:

$$IWCF = \beta_0 + \beta_1 MS + \beta_2 RP + \beta_3 MCP + \beta_4 P + e \quad (1)$$

Description:

IWCF = Intention toward Islamic Working Capital Financing

MS = *Maqasid al-Sharia*

RP = Risk Perception

MCP = Margin Cost Perception

P = Prospect

3. RESULTS AND DISCUSSION

3.1. Research result

Descriptive analysis of respondents aims to determine the characteristics of respondents based on specific criteria. The 400 questionnaires were distributed to micro-entrepreneurs in Bandung City; 319 questionnaires were filled out, and 286 met the criteria. This target could not be achieved because the

target of this research was micro-entrepreneurs; some of them thought the research was related to the offer of Islamic banking products. Meanwhile, their community had collaborated with local cooperatives in terms of business funding, so they were reluctant to respond to the questionnaire given.

Table 3. Demographic Characteristics of Respondents

Variable	Category	Freq	Percent
Gender	Man	130	45.5%
	Woman	156	54.5%
Age	<20 years	1	0.3%
	20 - 25 years old	32	11.2%
	26 - 30 years old	25	8.7%
	31 - 35 years old	53	18.5%
	36 - 40 years old	68	23.8%
	>40 years	107	37.4%
Education	<Senior High School or equivalent	112	39.2%
	Senior High School or equivalent	110	38.5%
	Diploma	16	5.6%
	Bachelor	48	16.8%

Variable	Category	Freq	Percent
Type of business	Master	-	0.0%
	Doctoral	-	0.0%
	Manufacture	4	1.4%
	Trader	211	73.8%
	Construction	-	0.0%
	Agriculture	-	0.0%
	Service	32	11.2%
	Culinary Industry	37	12.9%
	Convection	1	0.3%
	Etc	1	0.3%
Business Turnover	<IDR 300 million/year	286	100.0%
	IDR 300 million - IDR 2.5 billion/year	-	-
	IDR 2.5 billion - IDR 50 billion/year	-	-
	<1 year	28	9.8%
Business Age	1 – 3 years	43	15.0%
	3 – 5 years	67	23.4%
	>5 years	148	51.7%

Based on Table 3 above, the number of female respondents is greater than the number of male respondents, with a percentage of 54.5% and 45.5%, respectively. Many of them are in the age range of more than 40. Meanwhile, most of their final education is a senior high school degree or equivalent level, which indicates that only some micro-entrepreneurs have a bachelor's degree. This type of business is dominated by traders with a business age of more than five years.

Measurement Models

The analysis of the measurement model of this research is shown in Table 4. The loading factor is a standard estimation (estimate weight) that connects factors with indicators, where the loading factor has a standard of 0 to 1. According to Suhartanto (2020), the loading value > 0.6 is sufficient to meet the requirements of convergent validity. The test results showed that the outer loading value of all indicators was more than 0.60, so there was no variance error. The Cronbach's Alpha (α) and composite reliability (CR) values are > 0.7 . Meanwhile, Average Variance Extracted (AVE) values are > 0.50 , which means that the indicators of this research are valid and reliable (Hair et al., 2014).

Table 4. Measurement Model Indicators

Indicator	Loading	α	CR	AVE
<i>Maqashid Syariah (MS)</i>		0.812	0.885	0.721
Islamic banks provide working capital financing following Islamic rules (MS1)	0.847			
Islamic banks provide benefits through working capital financing (MS2)	0.816			
Islamic banks meet the needs of business actors through working capital financing (MS3)	0.883			
<i>Risk Perception (RP)</i>		0.815	0.879	0.648
The working capital financing of Islamic banking has risks to business continuity (RP1)	0.682			
I am worried about being unable to pay the monthly installments (RP2)	0.892			
I am worried that my debt will increase because of additional Islamic bank financing (RP3)	0.878			
I am worried that the Islamic bank financing system is not as easy as the conventional (RP4)	0.747			
<i>Margin Cost Perception (MCP)</i>		0.931	0.946	0.744
The cost of Islamic banking working capital financing services is higher than conventional banking (MCP1)	0.861			
The acceptable cost of working capital financing Islamic banking is higher than conventional banking (MCP2)	0.887			

Indicator	Loading	α	CR	AVE
The margin cost of Islamic banking working capital financing is higher than conventional banking interest (MCP3)	0.835			
The price offered by Islamic banking working capital financing is unfair (MCP4)	0.793			
The monthly payment value of Islamic banking working capital financing is higher than conventional banking (MCP5)	0.889			
Overall, the cost of working capital financing for Islamic banking is higher than conventional banking (MCP6)	0.907			
<i>Prospect (P)</i>		0.877	0.925	0.804
The working capital financing of Islamic banking can increase business production (P1)	0.855			
The working capital financing of Islamic banking can expand businesses (P2)	0.921			
The working capital financing of Islamic banking can open up new opportunities (P3)	0.913			
<i>Intention towards Islamic working capital financing (IWCF)</i>		0.925	0.943	0.769
I am interested in using Islamic working capital financing (IWCF1)	0.905			
I am interested in using Islamic working capital financing in the future (IWCF2)	0.896			
I will use Islamic working capital financing one day (IWCF3)	0.844			
I like using Islamic working capital financing (IWCF4)	0.894			
I am interested in using Islamic working capital financing (IWCF5)	0.844			

Next, the fit test model was used to determine a model that fits the data. In the suitability model test, it could be seen from the SRMR value model. The PLS model was declared to have met the fit test model criteria if the SRMR value is <0.1 , and the model was stated as good if the SRMR value is <0.08 (Hu & Bentler, 1999). Table 5 shows the SRMR value of 0.062, which means the model has met the criteria and is included in the excellent category.

Table 5. Model Fit

	Saturated Model	Estimated Model
ASMR	0.062	0.062
d_ULS	0.885	0.885
d_G	0.519	0.519
Chi-Square	877,581	877,581
NFI	0.827	0.827

The study conducted by Sofyan et al. (2022) stated that several experts think that the cross-loading method and the Fornell-Larcker Criterion are considered less sensitive in assessing discriminant validity. Therefore, another method is recommended for assessing discriminant validity, namely the heterotrait-monotrait method, also known as HTMT,

to ensure that discriminant validity meets the requirements; the expected HTMT value is < 0.9 (Henseler et al., 2015). Based on Table 6, it can be seen that all HTMT values between the variables in this study are < 0.9 . It indicates that the model has an excellent discriminant validity value.

Table 6. Heterotrait-Monotrait Ratio (HTMT)

	MS	IWCF	MCP	RP	P
MS					
IWCF	0.332				
MCP	0.385	0.604			
RP	0.365	0.427	0.621		
P	0.459	0.543	0.477	0.275	

Structural Analysis

Table 7 below shows the testing hypothesis result on the relationship between variables. The effect size was set at a significance level of $p < 0.05$. This research explained that perceptions of margin costs ($t = 5.602$) and prospects ($t = 4.968$) could predict micro-entrepreneurs' intention toward Islamic working capital financing. Meanwhile, *Maqasid al-Sharia* ($t = 0.468$) and risk perception ($t = 1.762$) could not predict the intention toward financing. These results showed that H1 and H2 were rejected, in contrast to H3 and

H4, which were accepted because they met the p-value criteria.

Table 7. Hypothesis Testing

Variable	β	T-Value	P-Value
H1: MS \rightarrow IWCF	0.026	0.468	0.640
H2: RP \rightarrow IWCF	-0.094	1,762	0.079
H3: MCP \rightarrow IWCF	-0.376	5,602	0,000 *
H4: P \rightarrow IWCF	0.301	4,968	0,000 *

Note: *meets the criteria for p-value < 0.05

A summary of the relationship between variables is shown in Figure 2.

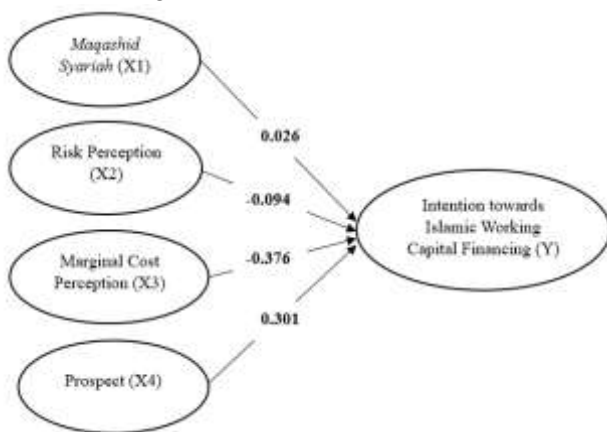


Figure 2. Summary of the relationship between variables

3.2. Discussion

The results of the processed data showed that *Maqasid al-Sharia* did not have a positive effect on intention towards Islamic working capital financing. The results of this research were inversely proportional to previous research (Amin, 2017, 2020; Malik et al., 2019), which succeeded in proving that a higher level of *Maqasid al-Sharia* compliance could increase the chances of receiving Islamic financing and improve business performance. It means that micro-business actors in Bandung need to view banking financing from an Islamic perspective rather than the possibility of making profits that they can get. Even though Muslims believe that *riba* is haram, there is still less attention on the general rules of *riba*, so halal transactions are no longer the primary goal because micro-entrepreneurs are often associated with minimal profits, a long process and difficulty in obtaining (Saratian et al., 2023). Most micro-entrepreneurs know the existence of Islamic banks and agree that Islamic working capital financing can benefit them. However, they need more time to

convince and become interested because micro-entrepreneurs also use other banking services, and that is the challenge for Islamic banking in competing with conventional banking, which is more advanced and developing (Zaini et al., 2019).

Furthermore, this research produced findings that risk perception could not predict micro-entrepreneurs intention toward Islamic working capital financing. Based on these findings, micro-entrepreneurs were not bothered about the risks of Islamic working capital financing. No matter how big the possible risks are obtained when using Islamic working capital financing, it would not affect micro-entrepreneurs intention in this financing. Micro-entrepreneurs, as decision-makers, only sometimes avoid risks but also act as risk seekers when their performance is below a particular target; then, they only avoid risks when their performance is above the target (Alam & Boon Tang, 2012). Customers were also less enthusiastic about Islamic bank products due to perceived risk, image, and lack of marketing strategies in reaching consumers with passive resistance (Nugraha et al., 2022). Some of them felt that the financial stability of Islamic banks in the banking industry is unstable and profitless (Kabir & Worthington, 2017). These results differ from the previous research (Charag et al., 2020; Hati et al., 2020; Yahaya et al., 2016), which stated that risk perception significantly negatively influences consumer attitudes and intentions to use Islamic banking. These findings encourage exploring other factors besides risk perception to support the public's interest in using Islamic working capital financing.

Then, this study suggests that the margin cost perception significantly negatively affects Islamic working capital financing. The high margin costs known to micro-entrepreneurs caused them to be uninterested in using Islamic working capital financing. Meanwhile, entrepreneurs who are Islamic bank customers consider Islamic bank margin fees equivalent to other banks, thus generating intention toward this financing. This research's results align with previous research (Badaj & Radi, 2018; Lajuni et al., 2017; Ziky & Daouah, 2019), which stated that there is a significant negative influence between costs and intention to use Islamic financing. These actual conditions support the existence of an Islamic banking strategy in determining margin fees for the financing provided, as well as the socialization needed by the community regarding awareness of Islamic products. Islamic banks need to try to attract customers by

offering lower margins to become the leading financial institutions that provide financing for micro and small enterprises (Wijaya & Moro, 2022).

Based on observations, the results showed that the prospect positively affects Islamic working capital financing. Prospects focus on how someone makes economic decisions so they are in line with financial decisions that are right on target (Delliana, 2016). Micro-entrepreneurs believe that Islamic working capital financing can grow prospects for their businesses. This financing can increase income (Litriani & Leviana, 2017) and expand customers' businesses. These findings support the previous research (Abdeldayem & Aldulaimi, 2023; Hoxha & Hasani, 2023), which stated that prospects significantly impact financial decision-making.

Theoretical Implications

Through in-depth investigation, this study explained micro-entrepreneurs perceptions regarding their interest in using working capital financing in Islamic banking based on the pecking order theory perspective. This study showed that, in general, the financial fundamentals of micro-entrepreneurs are classified as weak because internal capital is insufficient for business operational needs, so the role of Islamic banking in generating working capital is vital. That is why the pecking order theory is proven in this research: when the capital of a business entity experiences an internal deadlock, external capital becomes the solution. In addition, this study enriched the pecking order theory by integrating the active role of perceptions of margin costs and prospects in determining micro-entrepreneurs interest in Islamic bank working capital financing. In this phenomenon, the affordable financing product prices and strong prospects can increase micro-entrepreneurs interest in bringing in business working capital from Islamic banking as a provider of external capital for these entrepreneurs. Thus, the pecking order theory is critical in this research and can be used to make capital decisions for today's micro businesses.

Managerial Implications

The empirical findings of this study showed that margin costs and prospects could influence micro-entrepreneurs interest in Islamic banking working capital. Based on these findings, this study implied two essential things for Islamic banking practitioners. First, to increase customer interest in working capital financing of Islamic banking, Islamic banking

practitioners must create affordable margin prices because these prices are significant in saving the financial condition of micro-entrepreneurs experiencing difficulties. Apart from that, Islamic banking practitioners also need to increase price competitiveness compared to the prices of other financial products to maintain financial services for micro-entrepreneurs. Second, the active role of the prospect variable in growing the interest of micro-entrepreneurs in Islamic working capital financing, Islamic financing practitioners need to create various kinds of opportunities that can grow the business in the form of providing financing to grow the micro business portfolio in each region, providing various types of modern working capital needed at this time, and expanding cooperation with work equipment providers both in the country and abroad. The prospect is increasing, and the demand for working capital for Islamic banks will also increase. In the future, Islamic banking will become the right choice for advancing microeconomics nationally.

4. CONCLUSION

Based on the results of observations of the variables in this research, it can be concluded that *Maqasid al-Sharia* and risk perception do not influence the interest in using Islamic working capital financing because micro-entrepreneurs do not view banking financing from an Islamic perspective, but rather the possibility of obtaining profits that they can get. Besides, the financing decision cannot be separated from risk factors, so risk perception cannot influence the intention. Furthermore, margin cost perception harms interest in using Islamic working capital financing, which means that the smaller margin costs will increase micro-entrepreneurs's interest in Islamic working capital financing. However, the more significant margin costs will reduce their interest. Meanwhile, prospects positively impact intention to use Islamic working capital financing, which shows that micro-entrepreneurs believe that the higher prospect earned can increase their interest in Islamic working capital financing.

The researchers hope this research will broaden the insight of the pecking order theory through an empirical exploration of Islamic banking working capital financing among micro-entrepreneurs and increase the role of Islamic banks in advancing the Islamic micro-industry. Furthermore, this research can provide insight into an alternative solution and

evaluation for Islamic banking practitioners increasing micro-entrepreneurs' intention toward Islamic working capital financing. For the recommendation, Islamic banking practitioners must be able to create affordable margin prices because these prices are essential in saving the financial condition of micro-entrepreneurs who are experiencing difficulties. Islamic banking practitioners need to create various kinds of opportunities that can grow the business in the form of providing financing for a portfolio of micro-businesses in each region, providing various types of modern working capital that are needed at this time, and expanding cooperation with providers of work equipment both domestically and internationally. Further research is also recommended to expand the area throughout Indonesia, add the research subjects to small and medium entrepreneurs, and explore other factors that can increase micro-entrepreneurs intention to use Islamic banking working capital financing.

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