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Consumer and Productive Credit Allocation as Determinants of Household Business Sustainability in Makassar City

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ABSTRACT

Credit is one source of financing that can support household business sustainability, but its impact depends greatly on how the funds are allocated. This study aims to analyze the effect of the allocation of consumer credit and productive credit on household business sustainability in Makassar City. The study uses a quantitative approach with an explanatory research design. Primary data were obtained through a five-point Likert-scale questionnaire and analyzed using multiple linear regression with the assistance of IBM SPSS Statistics. The tests included validity, reliability, classical assumptions, the t-test, the F-test, and the coefficient of determination. The results show that consumer credit has a positive and significant effect on business sustainability, with a coefficient of 0.655, a t-value of 9.717, and a significance level of <0.001. Productive credit also has a positive and significant effect, with a coefficient of 0.235, a t-value of 4.004, and a significance level of <0.001. Simultaneously, both variables have a significant effect on business sustainability, with an F-value of 101.529 and a significance level of <0.001. The R^2 value of 0.672 indicates that consumer credit and productive credit explain 67.2% of the variation in business sustainability, while 32.8% is explained by other factors outside the model. These findings indicate that household business sustainability is related not only to access to credit, but also to the pattern of utilizing financing sources to meet business and household needs

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1. INTRODUCTION

Credit is an important financing instrument for sustaining economic activities, particularly microenterprises and household-based businesses that face limited internal capital. Through credit, business owners can obtain funds to meet working capital needs, increase production capacity, purchase equipment, and maintain operations. However, the availability of credit does not always automatically result in improved business performance. Atmadja et al. (2016) found that the relationship between financial capital and the performance of women-owned microenterprises in

Indonesia is not always positive, while Atmadja et al. (2018) showed that microfinance does not necessarily affect microenterprise performance. These findings indicate that the effectiveness of credit is determined not only by access to financing, but also by how the funds are managed and utilized.

More recent empirical evidence shows that financing can provide benefits when it strengthens business capacity. Purmiyati et al. (2019) showed that access to KUR and the amount of credit are associated with microenterprise efficiency, while Berliansyah and Khoirunnurofik (2023) found that micro and small industrial enterprises receiving KUR had higher incomes than businesses that did not receive KUR. Dewi and Bendesa (2023) also demonstrated the importance of KUR in increasing the productivity and income of culinary MSMEs. Prayoga and Rahmayati (2023) further found that Sharia KUR and business resources are associated with MSME productivity. These findings indicate that credit can be an important resource for improving business capacity and performance.

Nevertheless, the relationship between financing and business sustainability still shows mixed results. Kesuma et al. (2023) found that BSI KUR financing is associated with increased income among MSME customers, while Kardi et al. (2024) showed that KUR has a positive effect on MSME performance. Ginting and Rijal (2024) also found that credit availability has a positive effect on the financial sustainability of MSMEs. Ismanto et al. (2024), using 1,374 Indonesian MSMEs, showed that credit access is an important factor in the context of MSME sustainability. Meanwhile,

Attention to business sustainability has also increased in recent research. Safina et al. (2025) showed that KUR and fintech-based financing are associated with MSME sustainability, while Martokoesoemo and Sihombing (2025) found that microfinance increases asset growth among micro and small enterprises in Indonesia, particularly among smaller businesses. Handayani and Meidiyustiani (2026) also specifically showed the relationship between KUR and the productivity and sustainability of women-owned MSMEs. From an institutional perspective, Nugraheni et al. (2026) found that capital needs, income level, profit-sharing systems, and service quality affect financing decisions intended to support MSME sustainability.

However, credit does not only have consequences for business activities. In the household context, financing funds can affect production, consumption, and family welfare decisions. Nopiah et al. (2024) showed that microcredit programs can improve business household welfare, while Putra et al. (2024) examined the impact of microcredit on the household consumption of credit recipients in Indonesia. Purnawan et al. (2021) also showed that microfinance programs can affect household production, marketing, and consumption decisions. Thus, the use of credit in household businesses needs to be viewed as part of a financial system that connects business interests and household needs.

In addition to access to financing, the ability to manage financial resources also determines sustainability. Atahau et al. (2023) showed that financial literacy contributes to microfinance sustainability through governance, while Hasanudin and Panigfat (2024) found that financial literacy, financial inclusion, and fintech lending have positive effects on MSME performance through business capital. These findings reinforce the view that the benefits of financing depend on the ability to manage available resources.

Based on previous research, there is an important research gap. Most studies focus on credit access, KUR, microfinance, or financing availability in explaining MSME performance, income, productivity, and sustainability. However, research that explicitly distinguishes the allocation of consumer credit and productive credit in explaining the sustainability of household-based businesses remains limited. Thus, this study develops the perspective from credit access toward credit allocation, namely how the purpose of using credit funds is related to the ability of a business to survive.

The novelty of this study lies in testing two forms of credit allocation, namely consumer credit and productive credit, as determinants of household business sustainability in the context of Makassar City. This study aims to analyze the effect of the allocation of consumer credit and productive credit on household business sustainability in Makassar City. The results are expected to enrich the business financing literature by providing empirical evidence that business sustainability needs to be

understood not only from the access perspective, but also from the pattern of utilization in the relationship between household needs and business sustainability.

2. METHODS

This study uses a quantitative approach with an explanatory research design to explain the effect of the allocation of consumer credit and productive credit on household business sustainability in Makassar City. A quantitative approach is used because the relationships among variables are empirically tested using numerical data and statistical techniques (Sekaran & Bougie, 2020). The research design, variable measurement, instrument development, data collection, and hypothesis testing follow the principles of quantitative business research.

Population and Sample. The research population consists of household business owners in Makassar City who have previously obtained credit facilities. Based on the information available in the research data, the population size was not specifically documented; therefore, the study does not provide an estimate of the population size. The unit of analysis is household business owners who received credit. The research sample consisted of 100 respondents selected using purposive sampling, namely the selection of respondents based on characteristics relevant to the research objectives. The respondent criteria included household business owners in Makassar City, having previously obtained credit facilities, and knowing how the received credit funds were used. The use of purposive sampling enables researchers to obtain respondents with characteristics relevant to the constructs being studied (Memon et al., 2025).

Type and Data Collection. The data used are primary data obtained by distributing questionnaires to respondents. The instrument uses a five-point Likert scale, namely 1 = strongly disagree to 5 = strongly agree. The use of questionnaires and measurement scales is a common procedure in quantitative research in the field of business (Sekaran & Bougie, 2020).

Research Variables. The study uses two independent variables, namely consumer credit (X_1) and productive credit (X_2), and one dependent variable, namely household business sustainability (Y). Consumer credit is measured based on the use of credit funds for personal or household needs, while productive credit is measured based on the use of credit for working capital, equipment purchases, procurement of business needs, and business development. Business sustainability is measured based on the ability of the business to maintain operations, income, and the continuity of business activities.

Data Analysis Technique. Data were analyzed using IBM SPSS Statistics. The analysis stages included descriptive statistics, validity testing, reliability testing, classical assumption testing, and multiple linear regression. Validity was tested using Corrected Item-Total Correlation, while reliability was tested using Cronbach's Alpha. The initial results showed a Cronbach's Alpha of 0.832, indicating that the instrument was reliable.

Classical assumption tests included normality, multicollinearity, and heteroscedasticity. Multiple linear regression was then used with the following equation:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Hypothesis testing was conducted using the t-test for partial effects, the F-test for simultaneous effects, and the coefficient of determination (R^2) to determine the model's ability to explain variation in business sustainability. The significance level was set at 5% ($\alpha = 0.05$).

3. FINDINGS AND DISCUSSION

3.1 Reliability Test

Reliability testing was conducted to determine the internal consistency of the research instrument. The test used Cronbach's Alpha. The instrument was considered reliable when the Cronbach's Alpha

value met the acceptance threshold used in the study. The test results showed a Cronbach's Alpha value of 0.832 with three items analyzed. This value indicates that the instrument has good internal consistency.

Table 1. Reliability Test Results

Indicator	Value
Cronbach's Alpha	0.832
N of Items	3
Decision	Reliable

3.2 Validity Test

Validity testing was conducted to determine the ability of each variable measure to represent the construct being studied. Based on the Item-Total Statistics output, the Corrected Item-Total Correlation values for X_1, X_2, and Y were 0.715, 0.587, and 0.790, respectively. All values were above 0.30 and therefore met the validity criteria used.

Table 2. Validity Test Results

Variable	Corrected Item-Total Correlation	Decision
Consumer Credit (X_1)	0.715	Valid
Productive Credit (X_2)	0.587	Valid
Business Sustainability (Y)	0.790	Valid

Figure 2. Item-Total Statistics Output

3.3 Normality Test

Normality testing was conducted using the One-Sample Kolmogorov-Smirnov Test. The output shows 102 observations for each variable. The Asymp. Sig. values for X_1, X_2, and Y were <0.001, 0.007, and <0.001, respectively.

Table 3. One-Sample Kolmogorov-Smirnov Test Results

Statistics	X_1	X_2	Y
N	102	102	102
Mean	19.81	17.66	19.60
Std. Deviation	4.240	4.857	4.269
Test Statistic	0.130	0.106	0.150
Asymp. Sig. (2-tailed)	<0.001	0.007	<0.001

These results show that, based on the formal test, each variable has a significance value below 0.05. However, because the main analysis uses linear regression, examination of the model residuals' normality should be the primary basis for evaluating the regression assumptions.

3.4 Multicollinearity Test

Multicollinearity testing was conducted to determine whether there is a high correlation among the independent variables. The test used Tolerance and Variance Inflation Factor (VIF) values. The results show that both independent variables have a Tolerance value of 0.740 and a VIF value of 1.352. These values indicate that there is no multicollinearity problem in the regression model.

Table 4. Multicollinearity Test Results

Variable	Tolerance	VIF	Decision
Consumer Credit (X_1)	0.740	1.352	No multicollinearity
Productive Credit (X_2)	0.740	1.352	No multicollinearity

3.5 Multiple Linear Regression Analysis

Multiple linear regression analysis was used to determine the effect of consumer credit and productive credit on household business sustainability. Based on the Coefficients results, the constant was 2.470, the consumer credit coefficient was 0.655, and the productive credit coefficient was 0.235.

The regression model obtained is:

$$Y = 2.470 + 0.655X_1 + 0.235X_2 + \varepsilon$$

Table 5. Multiple Linear Regression Results

Variable	B	Std. Error	Beta	t	Sig.
Constant	2.470	1.227	–	2,014	0.047
Consumer Credit (X_1)	0,655	0.067	0.650	9.717	<0.001
Productive Credit (X_2)	0.235	0.059	0.268	4.004	<0.001

The consumer credit coefficient of 0.655 indicates a positive relationship with business sustainability. This means that a one-unit increase in X_1 is statistically associated with an increase in business sustainability of 0.655 units, assuming other variables remain constant.

Meanwhile, the productive credit coefficient of 0.235 indicates a positive relationship with business sustainability. Each one-unit increase in X_2 is associated with an increase in business sustainability of 0.235 units, assuming other variables remain constant.

3.6 Simultaneous Test (F Test)

The F-test was used to determine whether consumer credit and productive credit jointly affect household business sustainability. The test results show an F-value of 101.529 with a significance level of <0.001.

Table 6. Simultaneous Test (F) Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1,237.288	2	618.644	101.529	<0.001
Residual	603.232	99	6.093	–	–
Total	1,840.520	101	–	–	–

The significance value of <0.001 is lower than 0.05. Thus, consumer credit and productive credit simultaneously have a significant effect on household business sustainability. The regression model used can be considered significant.

3.7 Coefficient of Determination

The coefficient of determination was used to determine the ability of consumer credit and productive credit variables to explain variation in household business sustainability.

Table 7. Model Summary Results

Indicator	Value
R	0.820
R Square	0.672
Adjusted R Square	0.666
Std. Error of the Estimate	2.468
Durbin-Watson	2.319

The R value of 0.820 indicates a strong relationship between consumer credit and productive credit jointly and business sustainability. The R Square value of 0.672 indicates that 67.2% of the variation in household business sustainability can be explained by consumer credit and productive credit, while the remaining 32.8% is explained by other factors not included in the research model. The Adjusted R Square value of 0.666 indicates the model's ability after considering the number of independent variables and observations.

Discussion

The results show that consumer credit has a positive and significant effect on household business sustainability ($\beta = 0.655$; $t = 9.717$; $p < 0.001$). This finding indicates that increased use of consumer credit in the context of the research respondents is associated with increased business sustainability. Although conceptually consumer credit does not directly increase production capacity, in household-based businesses, business financial decisions and family needs may be interconnected. When household consumption needs can be met through certain financing sources, pressure on business cash flow may be reduced so that operational funds can be maintained. Atmadja et al. (2018) showed that the relationship between microfinance and microenterprise performance in Indonesia is not always automatically positive, while the separation of business and household finances is one relevant factor in explaining business performance.

Findings regarding consumer credit can also be understood from the study by Putra et al. (2025), which found that microcredit in Indonesia has a positive impact on household consumption, both food and non-food consumption. The study shows that credit is not only used in the context of business activities, but also affects household economic decisions. Thus, in household businesses, the use of consumer credit can be part of a family financial management strategy that is indirectly related to the ability to maintain the business.

Furthermore, productive credit has a positive and significant effect on business sustainability ($\beta = 0.235$; $t = 4.004$; $p < 0.001$). This result indicates that the use of credit for working capital, equipment purchases, and business development can strengthen business capacity to maintain operational activities. This finding is consistent with Berliansyah and Khoirunnurofik (2023), who found that micro and small industrial enterprises accessing KUR had average incomes approximately 45% higher than

businesses that did not access KUR. This result shows that financing directed toward business activities can strengthen the economic performance of business owners.

The research findings are also consistent with Martokoesoemo and Sihombing (2025), who found that microfinance plays a role in increasing asset growth and supporting the sustainability of micro and small enterprises in Indonesia. They emphasized that microfinance has an important role, particularly for smaller businesses that are vulnerable to financial pressures. This result is reinforced by Srihandoko et al. (2025), who found that bank credit, financial management, and access to capital have positive and significant effects on MSME sustainability. The study also emphasized that access to financing needs to be supported by financial management capabilities in order to produce business sustainability.

Furthermore, Ismanto et al. (2024) showed that credit access is an important part of explaining the sustainability of Indonesian MSMEs. Using data from 1,374 MSMEs, the study showed that credit access plays a role in the context of business sustainability. This finding supports the results of the present study, but this study provides an additional contribution by not only examining credit access, but also distinguishing between consumer credit and productive credit.

Simultaneously, consumer credit and productive credit have a significant effect on business sustainability ($F = 101.529$; $p < 0.001$), with $R^2 = 0.672$. This means that the two variables explain 67.2% of the variation in business sustainability. These findings show that financing is an important aspect of maintaining household businesses, but its effectiveness is related to the characteristics and use of the funds. The study by Nopiah et al. (2024) also showed that KUR has an impact on business household welfare, with KUR recipient households having expenditures 8.89% higher than those of the group that did not receive KUR. Thus, this study reinforces the view that credit has consequences not only for business activities, but also for household economic conditions.

4. CONCLUSION

Based on the research results, it can be concluded that the allocation of consumer credit and productive credit has a positive and significant effect on household business sustainability in Makassar City, both partially and simultaneously. Consumer credit shows a positive and significant effect with a coefficient of 0.655 ($t = 9.717$; $p < 0.001$), while productive credit also has a positive and significant effect with a coefficient of 0.235 ($t = 4.004$; $p < 0.001$). Simultaneously, both variables have a significant effect on business sustainability with an F-value of 101.529 ($p < 0.001$) and are able to explain 67.2% of the variation in business sustainability ($R^2 = 0.672$). These findings indicate that household business sustainability is related not only to credit availability, but also to the utilization of financing sources in the context of business and household needs. Therefore, business owners need to manage credit more systematically, while financial institutions and the government need to strengthen education and assistance so that the use of credit can support sustainable business continuity.

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