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The Role of Business Credit on SME Performance, Regional Economic Output, and Unemployment

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Abstract

This study aims to determine the effect of people's business credit on the development of small and medium enterprises, increased output, and unemploymsent in Central Sulawesi by analyzing it from a micro and macro perspective. The micro aspect will analyze the effect of People's Business Credit (KUR) on Small and Medium-Sized Enterprises (SMEs) business actors who will utilize primary data with the scope of the research area including: Palu City; Banggai Regency; Poso Regency; Toli-Toli District; and Poso District. Meanwhile, the macro aspect will utilize the Simultaneous Equation method to see the effect of increasing capital (KUR) on output and employment. The results show that people's business credit has a significant and positive effect on the business profits of the recipient of the credit. In addition, there was an increase in labor after receiving credit by 1%. The suggestion put forward is that the addition of working capital from KUR continues to be increased, this is because the addition of labor is proven to increase sales turnover and business profits..

Keywords

People's Business Credit Program, SMEs, Gross Regional Domestic Product, Unemployment

1. Introduction

The monetary crisis in Indonesia in 1997 caused the value of the rupiah to weaken against the US dollar and led to an economic recession (Fane, 2000). This crisis became a valuable lesson in building a strong and resilient economy. One of the efforts made was to develop Small and Medium-Sized Enterprises (SMEs). SMEs play a significant role in the national economy as they

absorb labor, utilize local raw materials, and provide goods and services at affordable prices (Cavallo et al., 2021).

However, SMEs also face various problems and obstacles such as management issues, capital, technology, raw materials, information and marketing, infrastructure, bureaucracy, levies, and partnerships. The development of SMEs should focus on improving the capabilities of small entrepreneurs but faces challenges such as skill levels, expertise, human resource management, entrepreneurship, marketing, and finance (Pramono et al., 2021).

Several studies show that SMEs act as a buffer for the national economy, creating jobs, and combating poverty. The People's Business Credit Program (KUR) is one of the government's efforts to enhance capital access for non-bankable SMEs. KUR can serve as a transmission mechanism to alleviate poverty and reduce economic disparities by expanding financial access for the broader population, especially for non-bankable business players (Ramadayanti & Kosasih, 2021).

The allocation of KUR can stimulate the development of SMEs' economic scale and increase their output. In Central Sulawesi, the development of SMEs has shown positive growth, with the number of business units continuously increasing, contributing significantly to the local economy. Considering the importance of KUR in supporting SMEs' financing, it is necessary to conduct a deeper study on the impact of the transmission of increased capital aspects on the development of SMEs (Hasyim et al., 2023). Additionally, from a macroeconomic perspective, it is essential to investigate the effects of KUR on output and unemployment growth (Salim et al., 2022).

In microeconomics, to examine more deeply the impact of KUR distribution on the development of SMEs, several theoretical relationships are formulated to explain the influence of distributing Working Capital Credit (KMK) and Investment Credit (KI) through the KUR program on increasing output, business income, capital, and creating new job opportunities in SMEs that have received credit through the KUR program. Meanwhile, from a macroeconomic perspective, a Simultaneous Equation Model will be applied, assuming that the impact occurring in the economy is a result of Working Capital Credit (KMK) and Investment Credit (KI) through the analysis of simultaneous equations with the KUR program's scheme (Disemadi, 2019). This research aims to investigate the impact of the KUR program on the development of SMEs, output enhancement, and unemployment in Central Sulawesi.

2. Literature Review

2.1. Bank

Banks are financial institutions primarily involved in collecting funds from the public in the form of deposits and providing various financial services. In developed countries, banks are a basic necessity for saving money, investing, transferring funds, as well as making payments and collections. The concept of a bank also involves functions as a receiver of deposits and a provider of credit, contributing to the creation of new purchasing power (Banks, 2010).

According to Law Number 10 of 1998, a bank is a business entity that collects funds from the public in the form of deposits and provides credit and other financial products to improve the standard of living of the public. Banking, as defined in the law, encompasses all aspects related

to banks, including institutions, business activities, methods, and processes of managing banking resources.

Thus, banks involve three main activities: collecting funds, channeling funds, and providing various banking services to the public. Banking management involves the processes of planning, organizing, directing, and controlling carried out by bank employees to achieve predetermined goals (Albertazzi & Gambacorta, 2010).

2.2. Banking Functions

According to the Basic Banking Law No. 7 of 1992 and further affirmed in the Republic of Indonesia Law No. 10 of 1998, banks are classified based on their functions into two types, namely:

Commercial Banks: Commercial banks are banks that conduct conventional and/or Shariah-based business activities and provide services in payment transactions. The services offered are of a general nature, meaning they can provide all banking services available to all customers. Commercial banks can operate throughout Indonesia and even abroad (through branches). Commercial banks are also often referred to as "commercial banks" (Tobin, 1963).

People's Credit Banks (Bank Perkreditan Rakyat - BPR): People's Credit Banks are banks that conduct conventional or Shariah-based business activities. In their operations, People's Credit Banks do not provide services in payment transactions, which means the range of banking services they offer is narrower compared to commercial banks (Sofyan, 2019).

2.3. Credit

Credit comes from the word "credere," which means trust. For borrowers, obtaining credit means gaining trust to repay the borrowed money. For lenders, providing credit means having confidence that the loaned money will be repaid. According to the Banking Law No. 10 of 1998, credit is the provision of money or claims based on an agreement or loan agreement between a bank and another party. This credit must be repaid after a specified period with interest.

Credit involves several elements, namely trust, agreement, term, risk, and compensation. Types of credit can be grouped based on usage, purpose, term, and collateral. In credit analysis, two common methods are used. First, the "6C" method includes character, capital, capacity, economic conditions, collateral, and constraints. Second, the "6A" method involves legal, market and marketing, technical, management, financial, and socio-economic aspects (Korkmaz, 2015).

The credit quality categories based on Bank Indonesia include performing, substandard, doubtful, and loss, which depend on the delay in principal repayment and interest payments. Performing credit is credit that does not have a delay in principal repayment and interest payments. Substandard credit is credit where principal repayment and interest payments have been delayed for 3 months from the agreed-upon date. Doubtful credit is credit where principal repayment and interest payments have been delayed for 6 months or twice the agreed-upon schedule. Loss credit is credit where principal repayment and interest payments have been delayed for more than one year beyond the agreed-upon schedule (Mara et al., 2021).

2.4. People's Business Credit Program (KUR)

The Government of the Republic of Indonesia issued Presidential Instruction Number 6 on June 8, 2007, and a joint agreement to accelerate the development of the real sector and empower

Micro, Small, and Medium Enterprises (SMEs). On November 5, 2007, President Susilo Bambang Yudhoyono officially launched the People's Business Credit (Kredit Usaha Rakyat or KUR) program with a guarantee scheme, supported by Presidential Instruction Number 5 of 2008. This program aims to enhance SMEs' access to capital from formal financial institutions, with a focus on poverty alleviation, job creation, and income improvement.

KUR is included in the Poverty Alleviation Program Cluster based on Empowerment of Micro and Small Economic Enterprises (Cluster 3). The program plays a role in improving access to capital and other resources for micro and small businesses. KUR provides credit for productive business financing in the micro, small, medium, and cooperative segments, and it offers financing for working capital and/or investment credit through direct and indirect financing linkage, guaranteed by Credit Guarantee Institutions with specific criteria (Farida et al., 2016).

KUR lenders are banks or non-bank financial institutions that meet the requirements to distribute KUR. The guarantee in KUR credit or loans is essential to protect the creditors' rights. The guarantee is the act of providing assurance for the fulfillment of the debtor's financial obligations in KUR by the Credit Guarantee Company. The Credit Guarantee Company is the appointed company to provide KUR guarantees, such as JAMKRINDO and ASKRINDO (Coordination Ministry for Economic Affairs of Indonesia, 2016).

The interest rate in KUR financing is regulated in such a way that it does not burden the creditors, most of whom are medium to lower-class entrepreneurs. The interest rate represents the level of interest imposed on KUR provision. The main purpose of implementing KUR is to increase and expand the distribution of KUR to productive enterprises, enhance the competitiveness of micro, small, and medium-sized businesses, and promote economic growth and job creation (Coordination Ministry for Economic Affairs of Indonesia, 2016).

According to Yuliany & Nursini (2022), there are types of people's business loans, including:

1. Micro KUR:
   - Maximum amount of IDR 25,000,000 with an interest rate of 9% per year.
   - The maximum term is 3 years for working capital and 5 years for investment.
   - Extendable up to a maximum of 4 years for working capital and 7 years for investment.
   - Total accumulated ceiling including a maximum extension of IDR 75,000,000 per KUR beneficiary.
2. Retail KUR:
   - Amount between IDR 25,000,000 to IDR 500,000,000 with an interest rate of 9% per annum.
   - Maximum term of 4 years for working capital and 5 years for investment.
   - Extendable up to a maximum of 5 years for working capital and 7 years for investment.
   - Total accumulated ceiling including a maximum extension of IDR 500,000,000 per debtor.
3. KUR Placement of Indonesian Migrant Workers (TKI):
   - Maximum amount of IDR 25,000,000 with an interest rate of 9% per year.
   - The maximum term is the same as the work contract period or 3 years.
   - The credit agreement is made simultaneously with the TKI placement agreement.
   - Collateral is an object financed by KUR without additional collateral and warnings.

2.5. Increased Output (GRDP)

According to Feriyanto et al. (2020), Gross Regional Domestic Product (GRDP) is the total value added of goods and services from all economic activities in a region in one year. The calculation of GRDP uses current prices (prices in the respective year) and constant prices (using base year prices). There are four approaches to calculate GRDP: production approach, income approach, expenditure approach, and allocation method.

1. Production Approach
   The production approach can also be called the value-added approach, where the gross value added (GVA) is obtained by subtracting the output value produced by all economic activities with the intermediate costs of each gross production value of each economic sector. Value added is the value added to goods and services produced by production units as intermediate inputs. The added value is equal to the factor income for participating in the production process.
2. Income Approach
   In this approach, the value added from economic activities is calculated by summing all factor incomes, such as wages and salaries, business profits, depreciation, and net indirect taxes. For government and non-profit entities that do not seek profits, business profits (net interest, land rent, and profits) are not included.
3. Expenditure Approach
   This approach is used to calculate the value of goods and services used by various groups in society for household consumption, government, and social institutions; formation of capital; and exports. Since the value of goods and services is based on domestic production, the total expenditure of these components must be reduced by the value of imports, and thus the intended exports are net exports. The summation of all these final expenditure components is called GRDP at market prices.
4. Allocation Method
   This method is used when data for a production unit in a region is not available. The value added of a production unit in that area is calculated using data allocated from higher-level sources, such as data from a province allocated to a district. Several allocators used are gross or net production value, physical production, labor, population, and other allocators considered suitable to calculate the value of a production unit.

Kredit Usaha Rakyat (KUR) is believed to have a significant impact on increasing the output of each economic sector in the economy. Furthermore, several studies also show that developments in the Industrial, Agricultural, Plantation, Fisheries, and Livestock sectors have a positive impact on economic growth and development for several reasons. First, these sectors have the ability to create a wide range of employment opportunities. Second, the backward and forward linkages of these sectors to other economic sectors are very high. Third, specifically for the Industrial sector, its development allows a region to enjoy the optimal value-added process from this sector (Murwadji et al., 2020).

Kredit Usaha Rakyat (KUR) is believed to have a significant impact on increasing the output of economic sectors such as Industry, Agriculture, Plantation, Fisheries, and Livestock. These sectors contribute to economic growth and development by creating many job opportunities,

having strong linkages with other sectors, and providing value-added to developing regions optimally (Husnah et al., 2018).

2.6. Unemployment and Employment Opportunities

Unemployment is a problem faced by many countries, so that in every economic development plan, reducing unemployment is always the main goal. However, to overcome this problem, the policies taken must address the root causes. Unemployment can be divided into several types based on its causes, including frictional, seasonal, cyclical, structural, technological, and those caused by a lack of aggregate demand (Bellante, 1983; Puspadjuita, 2018).

In the macroeconomic context, unemployment indicates wasted resources in a country. Even though the unemployed actually have the potential to contribute to national income, they cannot do so because they have not found a job. When the search for jobs according to their skills is successful, it becomes a happy thing, and people who are waiting for higher paying jobs feel happy when there are suitable job openings. Unemployment is calculated as the total labor force that is not working and is actively looking for work. The work force includes the total number of people who are working or not working at working age (Prasetyo, 2021).

According to Landais et al (2010), the unemployment rate (denoted by the symbol U) refers to the percentage of unemployed people from the total labor force.

Formula :

$$U = \frac{\text{The number of unemployed}}{\text{workforce}} \; x \; 100\%$$

Meanwhile, the level of full employment reflects conditions in which economic activity operates at a very high level, so that the available manpower can be used optimally. This also means that the level of economic activity and national income reaches an optimal level.

3. Methods

The population in this study were all people in the research location who received KUR from financial institutions (banks). The technique of determining respondents using the Random Sampling method by lottery. Primary data were obtained directly from KUR recipients (respondents) by means of direct interviews, while secondary data were obtained from literature, and related offices or agencies in both districts and Central Sulawesi Province. To find out the characteristics of MSME business actors, descriptive analysis is used. To determine the impact of credit (KUR) received, a comparative analysis is used, namely business income before and after receiving KUR. To find out the effect of additional KUR capital on added value (profit), operating income, working capital and new employment, we use Multiple Linear Regression Analysis.

4. Results and Discussion

Simultaneous analysis is used to study the effect of capital before receiving credit, labor after receiving credit, the amount of credit, length of business, education, type of business, and business location on the profits of the recipient's business. The results of multiple regression

analysis which were carried out simultaneously with the SPSS version 18 program are shown in Appendix 1. An ANOVA of the factors that affect the Profit of the Recipient's Business is as follows:

Table 1. ANOVA of the Factors Affecting Business Profits of Recipients of Credit

Source of Diversity	db	Sum of Squares	Middle Square	F- count	Pr > F
Regression	7	41.180.000.000.000.000	5.883.000.000.000.000	348,177	0,000
residual	262	4.427.000.000.000.000	16.900.000.000.000		
Total	269	45.610.000.000.000.000			

Source: Processed Results of SPSS version 18

Table 1 shows a probability of 0.000 <0.010 (α = 1%) indicating that the null hypothesis is rejected, meaning that the independent variables are capital before receiving credit, labor after receiving credit, amount of credit, length of business, education, type of business, and business location simultaneously (with -sama) affect the business profit of the recipient of the credit.

The effect of each independent variable on the dependent variable is used the t test in Table 2.

Table 2. Parameter Estimation Results of Business Profit Equation of Recipients of Credit

Variable	Coefficient	Standard Error	t-count	Pr > |t|	Elasticity Coefficient
Intercepts	10.130.000,00	1.565.950,61			
X1 = Capital before receiving credit (Rp)	0,439	275.067,09	20,818	0,000	0,732
X2 = Labor after receiving credit (people)	0,083	262.123,88	4,143	0,000	0,000000013
X3 = Amount of credit (Rp)	0,697	267.865,90	33,945	0,000	2,371
X4 = Length of business (years)	0,068	29.970,00	3,474	0,001	0,000000067
D1 : Educational dummy	-0,009	1.499.734,21	-0,465	0,642	
D2 : Dummy Type of Business	-0,025	815.914,42	-1,195	0,233	
D3 : Dummy Business Location	-0,009	556.498,71	-0,414	0,679	
Determinant coefficient (R^2) = 0,900					

Source: Processed Results of SPSS version 18

The research results show that the adjusted coefficient of determination (R2) is 0.900, indicating that 90% of the variation in the business profits of credit recipients can be explained by the independent variables, such as initial capital before receiving credit, workforce after receiving credit, loan amount, business duration, education, business type, and business location together. The remaining 10%, approximately, can be explained by other factors not included in the model.

Initial capital before receiving credit has a positive and significant impact on the business profits of credit recipients. Each 1% increase in initial capital can increase business profits by 0.732%. This shows that initial capital is an important factor that entrepreneurs must consider to increase profits.The workforce after receiving credit also has a positive and significant impact on the business profits of credit recipients. Each 1% increase in the workforce after receiving credit

can increase business profits by 0.000000013%. This means that adding the workforce after receiving credit can contribute to increasing business profits.

The loan amount also has a positive and significant impact on the business profits of credit recipients. Each 1% increase in the loan amount can increase business profits by 2.371%. This indicates that the appropriate use of credit can have a positive impact on business profits.

The business duration also has a positive and significant impact on the business profits of credit recipients. Each 1% increase in business duration can increase business profits by 0.000000067%. Business duration is a factor that needs to be considered in making decisions to increase business profits. However, education, business type, and business location do not have a significant influence on the business profits of credit recipients in this study.

This research is consistent with previous studies showing that the provision of Kredit Usaha Rakyat (KUR) can increase the income of micro, small, and medium-sized entrepreneurs (UMKM) and individuals with small and medium-sized businesses (UKM). The appropriate use of capital and credit can contribute to increasing business profits.

4.1 Determinants of Credit Recipient's Business Capital

Table 3. Anova Faktor-Faktor yang Mempengaruhi Permodalan Usaha Penerima Kredit

Source of Diversity	db	Sum of Squares	Middle Square	F- count	Pr > F
Regression	7	9,36E+17	1,34E+17	531,263	0,000
residual	262	6,59E+16	2,52E+14		
Total	269	1,00E+18			

Table 3 shows a probability of 0.000 <0.010 (α = 1%) indicating that the null hypothesis is rejected, meaning that the independent variables are capital before receiving credit, labor after receiving credit, amount of credit, length of business, education, type of business, and business location simultaneously (with -sama) affect the business capital of the credit recipient.

The effect of each independent variable on the dependent variable is used the t test in Table 4.

The research results show that the adjusted coefficient of determination (R2) is 0.932, indicating that 93.2% of the variation in business capital of credit recipients can be explained by the independent variables, such as initial capital before receiving credit, workforce after receiving credit, loan amount, business duration, education, business type, and business location together. The remaining 6.8%, approximately, can be explained by other factors not included in the model.

Initial capital before receiving credit has a positive and significant impact on the business capital of credit recipients. Each 1% increase in initial capital can increase business capital by 0.717%. This indicates that initial capital in the business is an important factor that entrepreneurs must consider to increase business capital.The workforce after receiving credit also has a positive and significant impact on the business capital of credit recipients. Each 1% increase in the workforce after receiving credit can increase business capital by 0.000000013%. This means that adding the workforce after receiving credit can contribute to increasing business capital.

Table 4. Parameter Estimation Results of Business Equity Credit Recipients

Variable	Coefficient	Standard Error	t-count	Pr > |t|	Elasticity Coefficient
Intercepts	4,64E+07	6042736,444			
X1 = Capital before receiving credit (Rp)	0,43	1061437,022	24,741	0,000	0,717
X2 = Labor after receiving credit (people)	0,085	1011491,366	5,154	0,000	0,000000013
X3 = Amount of credit (Rp)	0,719	1033648,842	42,517	0,000	2,446
X4 = Length of business (years)	0,075	115649,1	4,628	0,000	0,000
D1 : Educational dummy	-0,003	5787218,655	-0,177	0,860	
D2 : Dummy Type of Business	-0,034	3148474,645	-1,977	0,049	
D3 : Dummy Business Location	-0,002	2147433,66	-0,089	0,929	
Determinant coefficient (R2) 0.932					

Source: Processed Results of SPSS version 18

The loan amount also has a positive and significant impact on the business capital of credit recipients. Each 1% increase in the loan amount can increase business capital by 2.446%. This indicates that receiving credit can have a positive impact on business capital. The business duration also has a positive and significant impact on the business capital of credit recipients. Each 1% increase in business duration can increase business capital by 0.000000073%. Business duration is also an important factor that needs to be considered in increasing business capital.

However, education and business location do not have a significant influence on the business capital of credit recipients. Meanwhile, the business type (D2) has a significant impact on business capital, where non-agricultural business types can increase business capital by 0.034% more than agricultural business types. Non-agricultural business type becomes an important factor to consider in increasing the business capital of credit recipients.

4.2 Determinants of Business Workforce After Receiving Credit

Table 5. ANOVA of the Factors Affecting the Business Workforce After Receiving Credit

Source of Diversity	db	Sum of Squares	Middle Square	F- count	Pr > F
Regression	7	695,202	99,315	89,569	0,000
residual	262	290,505	1,109		
Total	269	985,707			

Table 5 shows a probability of 0.000 <0.010 (α = 1%) indicating that the null hypothesis is rejected, meaning that the independent variables are capital before receiving credit, labor before receiving credit, amount of credit, length of business, education, type of business, and business location simultaneously (with -sama) affect the Business Workforce After Receiving Credit.

The effect of each independent variable on the dependent variable is used the t test in Table 6.

The research results show that the adjusted coefficient of determination (R2) is 0.697, indicating that 69.7% of the variation in Workforce After Receiving Credit can be explained by the independent variables, such as initial capital before receiving credit, workforce before receiving credit, loan amount, business duration, education, business type, and business location

together. The remaining 30.3%, approximately, can be explained by other factors not included in the model. Initial capital before receiving credit does not have a significant influence on the Workforce After Receiving Credit. It means that initial capital before receiving credit does not play a significant role in determining the number of workforces after receiving credit.

Table 6. Parameter Estimation Results of the Business Workforce Equation After Receiving Credit

Variable	Coefficient	Standard Error	t-count	Pr > |t|	Elasticity Coefficient
Intercepts	0,176	0,4			
X1 = Capital before receiving credit (Rp)	0,011	0,071	0,308	0,759	0,018
X2 = Labor before receiving credit (people)	0,796	0,068	22,365	0,000	0,000000115
X3 = Amount of credit (Rp)	0,261	0,069	7,278	0,000	0,888
X4 = Length of business (years)	0,037	0,008	1,094	0,275	0,000000036
D1 : Educational dummy	0,123	0,388	3,569	0,000	
D2 : Dummy Type of Business	0,039	0,209	1,066	0,288	
D3 : Dummy Business Location	-0,006	0,144	-0,16	0,873	
Determinant coefficient (R^2) 0,697					

Source: Processed Results of SPSS version 18

The workforce before receiving credit has a positive and significant influence on the Workforce After Receiving Credit. Each 1% increase in the workforce before receiving credit can increase the number of workforces after receiving credit by 0.000000115%. This indicates that the size of the workforce before receiving credit plays an important role in determining the number of workforces after receiving credit. The loan amount has a positive and significant influence on the Workforce After Receiving Credit. Each 1% increase in the loan amount can increase the number of workforces after receiving credit by 0.888%. This indicates that the size of the received credit can significantly contribute to increasing the number of workforces in the business.

Meanwhile, business duration and business location do not have a significant influence on the Workforce After Receiving Credit. This indicates that the business duration and location do not significantly affect the number of workforces after receiving credit. However, the business type has a significant influence on the Workforce After Receiving Credit. Non-agricultural business types can increase the number of workforce after receiving credit by 0.123% more than agricultural business types. The business type becomes a factor that needs to be considered in increasing the number of workforces after receiving credit.

4.3 Determinants of Business Turnover After Receiving Credit

Table 7. ANOVA of the Factors Affecting Business Turnover After Receiving Credit

Source of Diversity	db	Sum of Squares	Middle Square	F- count	Pr > F
Regression	7	543.800.000.000.000.000	77.680.000.000.000.000	374,098	0,000
residual	262	54.400.000.000.000.000	207.600.000.000.000		
Total	269	598.200.000.000.000.000			

Table 7 shows a probability of 0.000 <0.010 (α = 1%) indicating that the null hypothesis is rejected, meaning that the independent variables are capital before receiving credit, labor after receiving credit, amount of credit, length of business, education, type of business, and business location simultaneously (with -sama) affects business turnover after receiving credit.

The effect of each independent variable on the dependent variable is used the t test in Table 8.

Table 8. Parameter Estimation Results of Business Turnover Equation After Receiving Credit

Variable	Coefficient	Standard Error	t-count	Pr > |t|	Elasticity Coefficient
Intercepts	30.600.000,000	5489664,503			
X1 = Capital before receiving credit (Rp)	0,436	964287,156	21,341	0,000	0,727
X2 = Labor after receiving credit (people)	0,055	918912,863	2,808	0,005	0,000000009
X3 = Amount of credit (Rp)	0,702	939042,338	35,306	0,000	2,388
X4 = Length of business (years)	0,075	105064,116	3,944	0,000	0,000000073
D1 : Educational dummy	0,007	5257533,423	0,390	0,697	
D2 : Dummy Type of Business	(0,020)	2860305,038	-0,991	0,322	
D3 : Dummy Business Location	0,004	1950886,067	0,180	0,858	
Determinant coefficient (R^2) 0,909					

Source: Processed Results of SPSS version 18

The research results show that the adjusted coefficient of determination (R2) is 0.909, which means that approximately 90.9% of the variation in Business Revenue After Receiving Credit can be explained by the independent variables, such as initial capital before receiving credit, workforce after receiving credit, loan amount, business duration, education, business type, and business location together. The remaining 9.1%, approximately, can be explained by other factors not included in the model.

Initial capital before receiving credit has a significant and positive influence on Business Revenue After Receiving Credit. It means that each 1% increase in initial capital can increase Business Revenue After Receiving Credit by 0.727%. This indicates that the initial capital in the business is one of the factors that entrepreneurs should consider when making decisions to increase revenue after receiving credit.

The workforce after receiving credit also has a significant and positive influence on Business Revenue After Receiving Credit. Each 1% increase in the workforce after receiving credit can increase business revenue by 0.0000000009%. This indicates that the size of the workforce after receiving credit plays a crucial role in increasing business revenue.

The loan amount has a significant and positive influence on Business Revenue After Receiving Credit. Each 1% increase in the loan amount can increase business revenue by 2.388%. This indicates that the size of the received credit can significantly contribute to the increase in business revenue.

Meanwhile, business duration also has a significant and positive influence on Business Revenue After Receiving Credit. Each 1% increase in business duration can increase business revenue by 0.000000073%. This indicates that the business duration is one of the factors that

entrepreneurs should consider when making decisions to increase business revenue after receiving credit.

However, education, business type, and business location do not have a significant influence on business revenue after receiving credit. This indicates that these factors do not significantly affect business revenue after receiving credit.

5. Conclusion

The results showed that the independent variables, namely capital before receiving credit, labor after receiving credit, amount of credit, length of business, education, type of business, and business location simultaneously affect the profit of the recipient's business. Capital before receiving credit has a positive and significant effect on business profits receiving credit. Every 1% increase in initial capital will increase operating profit by 0.732%, assuming other factors remain constant. The amount of credit has a positive and significant effect on the business profits of the credit recipient. Every 1% increase in the amount of credit will increase operating profit by 2.371%, assuming other factors remain constant.

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