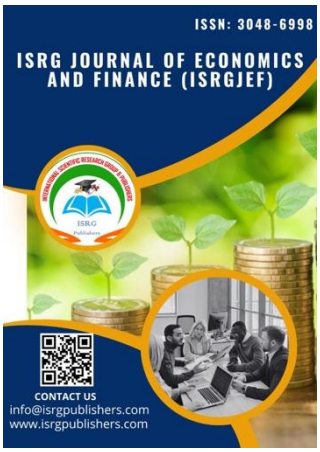
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Debt Burden from Loan Sharks: Impacts on The Sustainability of Sari-Sari Store In Digos City

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Abstract

Many sari-sari store owners continue to rely on loan sharks due to the simplicity and speed of the borrowing process. However, reliance on loan sharks can be challenging, as the burden of high-interest debt often strains both household finances and day-to-day business operations. This financial difficulty can threaten the well-being of owners and the sustainability of the business. Thus, this study aimed to evaluate the debt burden from loan sharks and its effect on the sustainability of sari-sari stores. This study employed a descriptive-quantitative research design using an adapted standardized questionnaire, which was distributed to 350 sari-sari store owners who had taken loans from loan sharks. Stratified sampling was employed when selecting participants from different barangays within Digos City. The findings revealed that the overall level of sacrifices experienced by sari-sari store owners due to debt burdens from loan sharks was moderate, indicating that respondents could manage loan repayment obligations but with necessary adjustments in their daily living and financial priorities. Meanwhile, sustainability challenges were deemed high in inventory- and customer related challenges. The correlation analysis revealed a weak relationship between debt burden and business sustainability, with a small but significant relationship in customer-related challenges. The researchers recommend improving access to financing, enhancing financial management, and addressing customer-related challenges.

Keywords: Debt burden, Loan sharks, Sari-Sari store, Sustainability, Digos City.

1. INTRODUCTION

Many sari-sari store owners face serious financial challenges due to limited access to formal credit, which forces them to seek alternative sources of financing to sustain their businesses. In the Philippines, many small and medium enterprises (SMEs) are unable to access funding from banks and other financial institutions, which pushes them to rely on informal borrowing, potentially threatening the stability of their businesses (Flaminiano & Francisco, 2021, pp. 1-15). For small business owners, borrowing from loan sharks is not merely a choice but a means of survival, as these lenders provide quick, easily accessible funds in

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financial emergencies. However, loan sharks typically impose excessively high interest rates that trap borrowers in continuous cycles of debt, making it difficult for them to escape their financial burden (Bajarias & Cabatingan, 2025, pp.1652-1660). Similarly, many small vendors continue to depend on informal lending practices despite the risks involved. This situation creates financial strain for small business owners, as repeated borrowing often leads to debt dependence and weakens growth and long-term sustainability over time (Labitad, 2025, pp. 10-51536).

As reported in Bangko Sentral ng Pilipinas (BSP) Circular No. 1133, Series of 2021, legitimate lending institutions are allowed to charge a maximum effective interest rate of 6% per month. In contrast, Tutica (2023, pp. 1-20) further revealed that loan sharks in the Philippines typically charge high interest rates that could go as high as 20% per month, depending on the amount borrowed and the terms agreed upon by both parties, forcing borrowers to allocate a large portion of their income solely for repayment. Because of this, nano-entrepreneurs and sari-sari store owners who borrow from loan shark experience deep financial strain, with irregular income, mounting repayment pressure, and fear of collectors being part of their daily reality, threatening the sustainability of their business operations and possibly leading to closure of the business (Bajarias & Cabatingan, 2025, pp.1652-1660). While informal financing can support small businesses, reliance on such sources, such as loan sharks, may threaten long-term business sustainability and leave owners with a greater debt burden (Jumfongai & Thomas, 2022, pp. 130-163).

Internationally, micro and small enterprises (MSEs) often opt for informal loans rather than formal sources because these do not require contract documents, making it easier for them to acquire funds. All they need is basic knowledge of the lender and interpersonal relationships (Jumfongai & Thomas, 2022, pp. 130-163). In Ghana, Oti (2024, pp. 37-47) found that loan sharking poses serious risks to both individuals and the economy, as these unregulated lenders operate outside legal boundaries and impose excessively high interest rates that trap borrowers in long-term debt cycles. Similarly, in Chile, entrepreneurs with unregulated debt from loan shark lenders are more likely to experience a debt burden as a result of their reliance on high-interest informal loans (Borrescio-Higa et al., 2025, pp. 1240-1261). Moreover, Ahiabor (2019, pp. 1-178) found that high interest rates and repayment deadlines often constrain these businesses' sustainability.

In the Philippines, many small business owners, including sari-sari store owners, rely on informal lending such as “5-6”, which is much easier than the formal credit institutions. This situation reflects a wider national concern, since many micro, small, and medium enterprises (MSEs) across the

country struggle to obtain affordable loans from banks and other formal lending institutions (Labitad, 2025, pp. 116-130). Research shows that many entrepreneurs resort to informal lenders due to quick loan approvals and the lack of collateral demands, even though interest rates are extremely high (Lagria, 2021, pp. 226-239). However, relying on these practices perpetuates indebtedness, undermining the stability and future growth of small enterprises (Asian Development Bank, 2024, pp. 1-25). Therefore, the issue of informal lending is now regarded as a national concern, as it directly affects efforts toward financial inclusion and economic sustainability.

In the local setting, particularly in Digos City, loan sharks are prevalent, especially among residents experiencing financial troubles and lacking access to formal credit services. Loan sharks serve as a readily available source of credit for community residents. Most of them are sari-sari store owners who resort to borrowing at high interest rates, either to cover urgent household expenses or to sustain their operations, which gradually increases their debt burden. Due to their dependence on loan sharks, owners often experience financial strain, making it hard for them to cover their earnings with repayment obligations. Therefore, the prevalence and reliance on loan-shark lending in Digos City pose a significant threat to the sustainability of microenterprises.

This study is anchored on the Pecking Order Theory proposed by Myers and Majluf (1984, pp. 187-221). This theory shows a hierarchy in funding when choosing how firms fund themselves, where in the first stage, firms prefer an internal source of funds, and in the second stage, when the need for funds is not met, firms choose an external source of funds over equity (Yıldırım and Çelik, 2021, pp. 317-331). In the context of a sari-sari store, owners usually use their own money or earnings to finance the operations. When internal funds are insufficient, they would resort to external sources of funding, such as loan sharks. Because of poor credit ratings, limited income, and immediate needs that deny them access to financial institutions, people usually rely on the services offered by moneylenders (Suetado et al., 2024, pp. 23-60). Although borrowing from loan sharks may provide immediate relief to microenterprises, the high interest rates and strict repayment terms affect daily earnings and profitability (Tutica, 2023, pp. 1-20).

This study is particularly relevant to sari-sari store owners in Digos City, who are often challenged to make crucial financial decisions in managing their businesses while facing pressure from high-interest loan obligations. In this difficult financial environment, small entrepreneurs are compelled to make choices that directly affect the sustainability of their stores. This research aims to examine whether the debt burden from loan sharks significantly affects the long-term viability of sari-sari stores. It further emphasizes the challenges of sustaining businesses through debt. The study is relevant because it raises critical questions about the long-term implications of informal borrowing practices for the sustainability of small-scale businesses.

1.1 Research Objectives

The objective of this study was to assess the debt burden from loan sharks and its impact on the sustainability of the sari-sari store in Digos City. Specifically, this study sought to answer the following:

1. To determine the level of sacrifices experienced by sari-sari store owners due to debt burden from loan sharks in terms of:
   1.1 basic needs;
   1.2 economic; and
   1.3 social psychological aspect.
2. To assess the level of sustainability challenges faced by sari-sari store owners in terms of:
   2.1 location;
   2.2 financial;
   2.3 inventory; and
   2.4 customer-related factors.

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3. To determine if there is a significant relationship between debt burden from loan sharks and the sustainability challenges of sari-sari store owners.

2. MATERIALS AND METHODS

2.1 Respondents

The study was conducted in different barangays in Digos City, Davao del Sur, where numerous sari-sari store owners operate and engage in informal borrowing practices. This study included 350 sari-sari store owners from different barangays in Digos City who borrow from loan sharks, are directly engaged in running their businesses, and can provide information regarding their borrowing and financing practices. Only one family member operating a sari-sari store was allowed to answer the questionnaire to avoid duplicate responses. Sari-sari stores that did not borrow from loan sharks, not residents or store operators in Digos City, or who declined to participate were excluded from the study. To ensure a diverse range of perspectives, no distinctions were made based on the size of the sari-sari store, years of operation, or income level.

Moreover, to maintain the relevance of the data gathered, the study included only respondents with direct experience of informal lending practices. This approach strengthens the validity of the responses by focusing only on qualified participants who met the inclusion criteria, ensuring that the data gathered were relevant, reliable, and directly aligned with the objectives of the study. The respondents were selected through simple random sampling. Simple random sampling is widely used in quantitative research because it promotes fairness and enhances the generalization of the findings. This sampling technique gave each sari-sari store owner in Digos City an equal chance of being selected for the conducted study.

2.2 Instrument

The survey questionnaire was adapted from the study of Idris et al. (2024, pp. 2841–2849) entitled *"The Consequence of Over-Indebtedness and its Effect on Individual Well-Being"* and Olgasan et al. (2019, pp.17-18) entitled *"Challenges Faced by Entrepreneurs of Sari-Sari Stores"*. This structured and validated questionnaire was used to systematically assess the debt burden from loan sharks and the sustainability of sari-sari store operations in Digos City, ensuring both reliability and consistency in the data gathered. The questionnaire consisted of 32 items, divided into the study's major variables. All variables were measured via a five-point Likert Scale ranging from 5 (Strongly Agree) to 1 (Strongly Disagree). The use of a standardized measurement scale also allowed for easier comparison and statistical analysis of responses across all participants, ensuring consistency in data collection and enhancing the reliability and accuracy of the study's findings. The tables below were used to interpret the five-point Likert scale for debt burden from loan sharks and the sustainability of the sari-sari store.

Table 1: Five-point Likert-type scale interpretation for Debt Burden from Loan Sharks

Rating	Range of Means	Descriptive Rating	Descriptive Interpretation
5	4.20-5.00	Very High	This indicates that respondents fully recognize that loan shark debt heavily burdens their finances.
4	3.40-4.19	High	This indicates that respondents generally feel that loan shark debt affects their finances.
3	2.60-3.39	Moderate	This indicates that respondents are uncertain about the impact of loan shark debt on their finances
2	1.80-2.59	Low	This indicates that respondents believe loan shark debt has little effect on their finances.
1	1.00-1.79	Very Low	This indicates that respondents are confident that loan shark debt does not burden their finances.

Table 2: Five-point Likert-type scale interpretation for Sustainability of Sari-sari Store

Rating	Range of Means	Descriptive Rating	Descriptive Interpretation
5	4.20-5.00	Very High	This indicates that respondents fully acknowledge their store is highly sustainable.
4	3.40-4.19	High	This indicates that respondents generally believe their store is sustainable.
3	2.60-3.39	Moderate	This indicates that respondents are uncertain whether their store is sustainable.
2	1.80-2.59	Low	This indicates that respondents believe their store is less sustainable.
1	1.00-1.79	Very Low	This indicates that respondents believe their store is not sustainable.

2.3 Design & Procedure

The study used a descriptive-quantitative research design to systematically gather and analyze data from sari-sari store owners

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in Digos City. Siedlecki (2020, pp. 8-12) mentioned that descriptive research aims to describe people, events, or situations as they naturally exist without manipulating variables, and it examines population characteristics, identifies existing issues, and explores variations in traits or behaviors. Survey research design focuses on collecting large amounts of data from respondents using methods like mailed questionnaires, online surveys, or face-to-face interviews (Adedoyin, 2020, pp. 2-3). In this study, data were gathered from the sari-sari store owners in Digos City by using a structured questionnaire that included questions designed to measure the level of debt burden from loan sharks and the perceived sustainability of their businesses.

The data for this study were collected using a survey questionnaire. The questionnaire was validated before data collection to ensure its effectiveness and relevance. After validation, the Research and Innovation Center granted permission to conduct the survey. The researchers then obtained a list of registered sari-sari stores from the Business Permits and Licensing Office (BPLO) of Digos City. They visited the identified respondents to explain the study's purpose and obtain informed consent. Respondents were assured that their participation was voluntary and that all information gathered would be treated with strict confidentiality. Once completed, the questionnaires were retrieved on-site, organized, and then later encoded for processing. The encoded data was then tallied and submitted to the statistician for interpretation and analysis.

Moreover, the study applied three statistical tools to analyze and interpret the data. First, the mean was computed to determine the level of debt burden from loan sharks and the level of sustainability challenges faced by sari-sari store owners in Digos City. The standard deviation was also calculated to measure the variability and consistency of the respondents' answers. Lastly, the Pearson r was used to test whether there is a significant relationship between debt burden from loan sharks and the sustainability challenges faced by sari-sari store owners.

Table 3. Correlation Interpretation Table

Size of Correlation	Interpretation
.90 to 1.00 (-.90 to -1.00)	Very high positive (negative) correlation
.70 to .90 (-.70 to -.90)	Hih positive (negative) correlation
.50 to .70 (-.50 to -.70)	Moderate positive (negative) correlation
.30 to .50 (-.30 to -.50)	Low postive (negative) correlation
.00 to .30 (-.00 tp -.30)	Negligable correlation

The correlation results were interpreted using the correlation interpretation table to determine the strength and direction of the relationship between variables. Correlation analysis is a statistical method used to

measure the degree of association between two variables, with correlation coefficients ranging from -1 to +1, where values closer to ±1 indicate stronger relationships and values closer to 0 indicate weaker relationships (Papageorgiou, 2022, pp.359-361). The sign of the coefficient indicates the direction of the relationship, whether positive or negative, while its magnitude reflects the strength of the association (Metsämuuronen, 2022, p.988660). However, correlation analysis only describes the association between variables and does not establish a cause-and-effect relationship (Rusakov, 2022, pp.94-96). Therefore, the correlation interpretation table was utilized to guide the interpretation of the correlation coefficients obtained in this study.

2.4 Ethical Considerations

The researchers adhered to ethical standards in their study, particularly regarding population and data management. To ensure the integrity of the study, they followed specific principles.

Voluntary participation. Participants would be recruited voluntarily, ensuring that all adults involved can choose to take part without concern about negative consequences. They could also stop contributing at any time they desired without a non-volunteer penalty.

Privacy and confidentiality. All information acquired from this study is kept confidential and private to respect the rights of the study participants. Manufacturers' quantitative responses are kept strictly confidential.

Informed consent process. The survey questionnaires were straightforward, and respondents understood the study's benefits to the school. Questionnaires were distributed only with approval from command channels, and respondents confirmed that they were informed of the advantages and consequences outlined in the consent form.

Plagiarism. The study did not involve any representation that could be considered plagiarism. The researchers followed good practices, used descriptive strategies, created highlights, avoided self-criticism, used plagiarism detection tools, and sought help when necessary. Grammarly was also employed as the editing platform to ensure proper use of grammar, providing the researcher the freedom to use her own words in expressing the idea taken from various academic sources, and Turnitin was used to control the similarity index;

Fabrication. The researcher would ensure that no data is fabricated and properly acknowledge the contributions of earlier studies on the subject matter. Citations were used to acknowledge the sources and integrity of the research process.

Falsification. The researchers made every effort to conduct only realistic and reliable research in their study. The research clearly identified the author, described the study, and identified the outcomes.

Deceit. The study assured that no information would harm the participant's response and that the participant's identity would be kept confidential; the researchers also assured that no deception would be used to force participants to answer. The researchers conducted the study with proper etiquette and were ethical.

Authorship. Authorship with the help and guidance of the research adviser. The study was enlisted with critical corrections for its intellectual content. Publication and presentation of this research were mutually consented to by the authors of the study, the research adviser, and, when approved by its co-adviser, the panelist.

3. RESULTS AND DISCUSSION

Level of Sacrifices Experienced By Sari-Sari Store Owners due to Debt Burden from Loan Sharks

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Table 4 shows the level of sacrifices experienced by sari-sari store owners due to debt burden from loan sharks. The overall mean of 3.21 (SD=0.67) was characterized as "neutral," indicating that the sari-sari store owners experienced moderate sacrifices due to their indebtedness. In particular, the table presents scores for basic needs, basic economic needs, and social and psychological sacrifices. The computed overall mean suggests that debt does not overwhelmingly dominate their lives, yet they can still experience noticeable adjustments to cope with repayment demands. These adjustments include changes in household consumption, financial management, and emotional well-being, which are commonly observed among sari-sari store owners who solely rely on informal lending. BaraLabitad (2025, pp. 10-54536) explained that dependence on informal loans leads sari-sari store owners to prioritize debt repayment over household expenses, making it appear that they are unable to meet their daily living expenses. Similarly, Lagria (2021, pp. 226-239) observed that informal lending practices among small business owners lead to reduced savings and the postponement of necessary expenses as they try to survive and keep their businesses alive. In addition, Pratiwi et al. (2023, pp. 31-44) highlighted that borrowing from loan sharks also contributes to emotional strain, as borrowers experience psychological stress from the pressure of ongoing repayment obligations.

Table 4. Level of sacrifices experienced by sari-sari store owners due to debt burden from loan sharks, n = 347

Indicators	$\bar{x}$	*SD*
Basic Needs Sacrifices	3.30	0.80
Basic Economic Sacrifices	3.13	0.79
Social And Psychological Sacrifices	3.21	0.89
Overall	**3.21**	**0.67**

Basic Need Sacrifices. This indicator obtained the highest mean of 3.30 (SD=0.80), interpreted as "Moderate," including that respondents are uncertain about the impact of loan shark debts on their finances. This means that although they can still meet their basic needs, they also have to make sacrifices, such as reducing food quality or quantity, putting off important household expenses, and working longer hours to meet their financial obligations. This shows that most owners use their limited income to pay off debt, allowing them to continue spending on daily needs without completely losing access to necessities.

In line with this, Bancoro et al. (2023, pp. 1749-1758) found that sarisari store owners who engaged in microfinance borrowing often adjust their financial behavior and household spending patterns to meet their obligations while still maintaining the ability to secure their essential daily needs. Similarly, Idris et al. (2024, pp. 2841-2849) observed that store owners who are overindebted usually experienced moderate sacrifices in meeting their basic needs. They made some adjustments to manage debt repayment without fully losing access to their daily necessities. In addition, Afonso and de Sá Fortes Leitão Rodrigues (2025, pp. 31-57) noted that households with high debt exhibit different consumption patterns, while some maintain their normal consumption with only modest changes to meet basic needs. This suggests that their sacrifices towards debt-related issues are not severe and do not completely affect their daily needs.

Basic Economic Sacrifices. The next indicator is basic economic sacrifices, which has a mean of 3.13 (SD=0.79) and is identified as "Moderate," suggesting that respondents are uncertain about the impact of loan-shark debts on their finances. A debt-cycle pattern is depicted by the higher mean score for borrowing to pay off debt and reducing financial savings, with respondents relying on limited financial reserves to meet their repayment obligations. This is related to the findings of Pratiwi et al. (2023, pp. 31-44), who discovered that Montong Traditional Market merchants often borrow from multiple lenders, thereby creating additional debt to settle their previous loans and resulting in a cycle. People who take loans, especially from lenders with high interest rates, tend to fall deeper into debt (Flamiano, 2024, pp. 85-98). Bajarias and Cabatingan (2025, pp. 1652-1660) also stated that debt traps erode savings and constrain entrepreneurs' ability to expand their businesses.

Social and Psychological Sacrifices. This indicator obtained a mean score of 3.21 (SD=0.89), reflecting a "Moderate" rating, indicating that respondents are uncertain about the impact of loan shark debts on their finances. The result suggests that while some owners receive financial support from family and friends to help cover debt obligations, others are experiencing different levels of emotional stress, social pressure, and anxiety related to their indebtedness. The standard deviation indicates that responses varied across respondents, reflecting differences in how individuals perceive their social support or psychological strain in the face of high-cost informal borrowing.

This result is supported by existing literature demonstrating that highinterest and informal borrowing often extends beyond financial loss and can negatively affect the sari-sari store owner's social relationships and psychological well-being. Oti (2024, pp. 37-47) found that individuals who borrow from loan sharks often face social stigma, emotional distress, and damage to interpersonal relationships as a result of debt burdens and the lenders' aggressive collection tactics. Similarly, Zhou et al (2025, p. 103877) found that informal debt is associated with heightened psychological discomfort, anxiety, and depressive symptoms, specifically when borrowers lack adequate coping mechanisms or social support. It highlights that fear of social judgment and ongoing pressure to repay can be significant sources of psychological burden.

Level of Sustainability Challenges Faced by Sari-Sari Store Owners

Table 5 shows the level of sustainability challenges faced by the sarisari store owner. The overall mean score of 3.55 (SD=0.37) falls under a "High" level of sustainability challenges faced by sari-sari store owners, indicating that respondents generally believe their store is sustainable. This suggests that, overall, respondents perceive that challenges related to location, finances, inventory, and customers significantly affect their businesses' sustainability. The relatively low standard deviation indicates consistent responses, suggesting that the identified challenges are commonly experienced by most respondents rather than being isolated or extreme cases.

Financial pressure, such as the debt burden from high-interest informal loans, often leads to severe sustainability challenges. Cuanan et al. (2025, pp. 213-224) stated that customer behavior, inventory management, and local economic conditions are persistent challenges that must be navigated, often made more difficult by their unstable income. Furthermore, Hasan et al. (2021,

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p. 40) highlight the importance of social responsiveness and customer relationships in sustaining small businesses, noting that limited support networks and low customer demand can weaken business resilience when owners face high debt burdens. Similarly, Agum et al. (2025, pp. 149-158)

found that effective customer relations and business practices are key to long-term survival, suggesting that when debt from loan sharks drains financial resources and limits flexibility, the ability to manage these sustainability challenges is weakened.

Table 5. Level of sustainability challenges faced by sari-sari store owners, n = 347

Indicators	$\bar{x}$	*SD*
Location Related Challenges	3.50	0.57
Financial Related Challenges	3.39	0.55
Inventory Related Challenges	3.74	0.56
Customer Related Challenges	3.57	0.52
Overall	**3.55**	**0.37**

Location Related Challenges. The next indicator is location-related challenges, which has the third highest mean of 3.50 (SD=0.57) and was deemed "High," indicating that respondents generally believe their store is sustainable. Amoguis et al. (2025, pp. 11-19) conducted research on small stores in a rural Philippine barrio and identified factors such as customer access. Competitive business environment and transportation effectiveness were strongly associated with sustainable long-term business operations, indicating a clear positive association between suitable location conditions and an operation's continued success. The outcome of this supports several prior conclusions indicating that location greatly affects business sustainability. This highlights that the location of a retail store has a great impact on its sales potential, customer flow, and competitive market, all of which are vital to the survival and growth of small businesses (Kakooza et al., 2023, pp. 108-121). Additionally, Anis et al. (2021, pp. 37-47) emphasized that location plays a vital role in retail success, and a retailer's choice of store location has a longterm negative impact on the retailer's performance.

Financial Related Challenges. This indicator achieved a mean score of 3.39 (SD=0.55), which falls under "Moderate," indicating that respondents are uncertain whether their store is sustainable. This suggests that sari-sari store owners are facing moderate financial challenges in managing their dayto-day operations. While owners have enough income to cover all operating costs, there are instances when their expenses exceed their income, forcing them to track their petty cash and manage their funds wisely. Also, they borrowed from loan sharks to sustain their businesses, but their earnings were usually enough to buy new stock and make necessary investments. Along with financial knowledge and education, this will enable them to make informed decisions. These findings suggest that when they feel financial pressure, sari-sari store owners can manage the challenges they face rather than feeling pressured.

In line with this, Chundakkadan et al. (2022, p. e12206) found that store owners of small businesses with limited finances often adjust their operations to cope with financial pressure, indicating that these challenges are moderate and manageable. Studies show that small business owners usually experience moderate financial pressure, so they carefully plan their expenses, manage their operations, and make strategic decisions rather than facing severe difficulties. (Nieves et al., 2025, pp. 167-196). Furthermore, education and financial training can help store owners to manage their cash, monitor income and expenses, and allocate their resources carefully; in this way, they can reduce the need for borrowing from informal lending with high interest and improve their decision-making about investment and inventory (Sevillo & Martir, 2024, pp. 498-536).

Inventory Related Challenges. This indicator had the highest mean, 3.74 (SD=0.56), and was deemed "High," indicating that respondents generally believe their store is sustainable. The Department of Trade and Industry (2024) stated that business owners are required to use appropriate inventory management techniques, including continuous monitoring of inventory levels and appropriate restocking of supplies to sustain small retail

businesses, such as sari-sari stores. Caunan et al. (2025, p. 213) stated that sari-sari stores usually encounter problems with inventory management, including difficulties stocking products, inadequate supplies, and limited storage space. To keep their businesses running despite ongoing problems with inventory management, sari-sari store owners use techniques such as tracking products on hand and stock levels. This shows that effective inventory management enables businesses to maintain the right level of stock to meet customer demand (Kumar & Santhosh, 2024, pp. 592-595).

Customer Related Challenges. This indicator obtained a mean score of 3.57 (SD=0.52), was deemed "High," indicating that respondents generally believe their store is sustainable in terms of customer relations, as reflected in having returning customers, maintaining friendly and helpful interactions, and managing customer complaints. The relatively low standard deviation further implies consistency in respondents' perceptions, indicating that customerrelated experiences are commonly shared among sari-sari store owners.

Caunan et al. (2025, p. 213) found that customer loyalty, repeat patronage, and positive interpersonal relationships with customers remain operational despite financial constraints. Close community ties and repeated interactions with local customers will enhance business resilience, particularly in neighborhood enterprises such as sari-sari stores, by fostering customer trust, loyalty, and consistent patronage. (Hasan et al., 2021, p. 40). Moreover, Aghah et al. (2025, pp. 1-30) stated that effective customer relationships will positively influence the sustainability of small businesses by encouraging customer loyalty and stable maximum income and strengthening long term business performance. It explains why sari-sari store owners may continue to sustain their operations through strong customer relationships, even when facing a debt burden from high-interest loans from loan sharks.

Correlation Between Debt Burden From Loan Sharks to Sustainability Challenges of Sari-Sari Store Owners

Table 6 presents the correlation coefficients between debt burden from loan sharks and the sustainability challenges of sari-sari store owners in Digos City. The results indicate that most relationships between debt burden from loan sharks and the sustainability challenges of sari-sari store owners are weak and not statistically significant. While debt from loan sharks imposes a burden on sari-sari store owners, it does not strongly affect their sustainability aspects, such as location, financial, inventory, and customerrelated.

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However, basic needs sacrifices (r=.145, *p*=.007) and basic economic sacrifices (r=.132, *p*=.014) both demonstrated weak but statistically significant positive correlations with customer-related sustainability challenges. This indicates that greater financial strain from loan shark debt is slightly associated with increased difficulties in managing customer aspects of the business. The findings suggest that while loan shark debt has a limited influence on most areas of sustainability, customer-related concerns appear to be the most affected.

Table 6. Correlation matrix between debt burden from loan sharks and the sustainability challenges of sari-sari store owners

Sacrifices due to Debt Burden from Loan Sharks		**Sustainability Challenges**				
		Location	Financial	Inventory	Customer	Overall
Basic Needs Sacrifices	r-value	0.049	0.016	-0.038	0.145	0.061
	p-value	0.359	0.760	0.485	0.007**	0.254
Basic Economic Sacrifices	r-value	0.060	0.026	-0.076	0.132	0.050
	p-value	0.269	0.629	0.158	0.014*	0.357
Social And Psychological Sacrifices	r-value	0.068	0.033	-0.058	0.049	0.034*
	p-value	0.205	0.539	0.285	0.358	0.530
Overall	r-value	0.073	0.031	-0.07	0.131	0.059
	p-value	0.176	0.562	0.194	0.015*	0.276

**p<.05*

***p<.01*

Basic Needs, Sacrifices, and Customer-Related Challenges. Based on the findings, there is a negligible yet statistically significant positive correlation between basic-needs sacrifices and customer-related sustainability challenges (r=0.145, *p*=0.007). Meaning, as sacrifices to basic needs increase, customer-related challenges tend to rise as well. However, the correlation between these factors is minimal. This suggests that while store owner relations with customers could be affected by financial hardship, its overall effect is relatively small.

Similar observations were identified by Tropico et al. (2025, pp. 1-31), who found that individuals experiencing debt burden due to high-interest debt may be unable to afford their basic needs and face greater problems. This kind of problem can cause tension in interpersonal relationships, affecting how people engage with others. However, consistent with the findings, these effects have minimal impact on customer-related challenges. These findings are consistent with those of Yang et al. (2023, pp. 31495-31504), who indicate that debt-related burden could cause people to sacrifice necessities, thereby limiting mental and emotional functioning and possibly affecting their social relationships. Idris et al. (2024, pp. 2841-2849) also emphasize that indebted individuals often limit the amount and quality of food they eat, which negatively affects their energy and productivity. This kind of situation can lead to minor difficulties in handling customer relations.

Basic Economic Sacrifices and Customer-Related Challenges. The results reveal a weak yet statistically significant positive correlation between basic economic sacrifices and customer-related challenges (r=0.132, *p*=0.014). This result implies that sari-sari store owners facing greater financial constraints are more likely to encounter challenges in maintaining customer-related aspects of their businesses. However, the weak correlation suggests that the practical significance of this relationship is limited, indicating that financial strain only slightly influences customer-related challenges among the sari-sari store owners.

This finding is supported by other studies indicating that financial constraints can affect how small retail businesses serve and retain their customers. Research by Khan and DePaoli (2024, pp. 44-74) showed that when small retailers experience inventory shortages due to limited working capital, this often leads to decreased customer satisfaction and repeat purchasing behavior, as consumers may seek alternative stores that can meet their immediate needs. In addition, Bhaskar and Subramanyam (2021, pp. 34- 38) emphasized that service quality, consistent product availability, and good customer service play important roles in maintaining positive customer relationships and satisfaction in small retail businesses. Furthermore, a study by Dela et al. (2025, pp. 2928–2942) highlighted that financial constraints can limit sari-sari store owners' ability to improve their operations and transaction systems, which may indirectly affect the customer experience and the overall store's competitiveness. These studies support the present findings that while the basic economic sacrifices are related to customer-related challenges, the overall impact of the relationship remains weak.

The overall correlation analysis indicates that the relationship between debt burden from loan sharks and the sustainability challenges of the sari-sari store is weak and largely not statistically significant, suggesting that debt burden alone does not strongly affect the sari-sari store's sustainability. This implies that although they are experiencing financial pressure, the owners of sari-sari stores are still able to sustain their operations through various coping mechanisms and strategies. Okello et al. (2025, pp. 1-27) found that the effects of repayment and loan amount on SME growth were somewhat reduced due to debt literacy. Similarly, Astuty et al. (2024, pp. 1-29) highlighted that resilience and strategic adaptability play a significant role in the sustainability of micro-businesses, rather than financial factors alone. In addition, Miklian and Hoelscher (2022, pp. 178-204) explained that SMEs can withstand a crisis by adjusting their operations through innovation, flexibility, and new ways to continue the business, rather than relying solely on financial strength. Therefore, these

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findings suggest that despite debt burdens, sarisari store owners sustain their businesses through resilience, flexibility, and other coping strategies, highlighting that debt alone is not the primary determinant of business sustainability.

4. CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

This study examined the impact of debt burden from loan sharks on the sustainability of the sari-sari store in Digos City. The findings revealed that sari-sari store owners experienced moderate sacrifices due to debt burdens, particularly in basic needs, economic, social, and psychological aspects. While loan sharks' debt imposes financial and emotional strain, the overall level of sacrifices suggests that owners are still able to manage their obligations, although with necessary adjustments to their daily consumption, savings behavior, and social well-being.

Furthermore, the sustainability challenges of sari-sari stores were rated highly, indicating that respondents generally perceive their stores as sustainable despite operational difficulties. The correlation analysis showed that the debt burden from loan sharks has a generally negligible correlation with overall business sustainability, suggesting it is not a strong determining factor. However, a negligible positive correlation with statistical significance was identified between basic needs and economic sacrifices and customerrelated challenges, indicating that the effects of debt burden are more evident in aspects related to customer interactions and daily business operations. Overall, the findings highlight that while debt burden presents certain limitations, sari-sari store owners demonstrate resilience and adaptability in sustaining their businesses amid financial and operational challenges.

4.2 Recommendations

Based on the study's findings, it is recommended that sari-sari store owners explore alternative, more affordable sources of financing, such as microfinance institutions, cooperatives, or government lending programs, to reduce dependence on loan sharks and minimize financial burden. Improving financial management practices, such as budgeting, saving, and proper resource allocation, is also encouraged to help sustain daily operations and reduce the impact of debt on basic needs and economic stability. Moreover, store owners may threaten their customer management strategies, as the study found that debt burden significantly influences customer-related aspects of the business.

Additionally, training programs on financial literacy and business management may be provided to enhance store owners' ability to manage financial obligations and improve customer-related strategies. Interventions focusing on both financial support and customer relationship management may further help store owners maintain business stability despite existing debt burdens. For future researchers, consider incorporating additional variables, such as financial literacy, access to formal credit institutions, or inventory management practices, to understand better the factors influencing business sustainability. Additionally, employing mixed-methods approaches, such as interviews or case studies, may provide deeper insights into the experiences of sari-sari store owners facing debt burdens from loan sharks.

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