

## **Analysis of Factors Influencing The Selection of Location on The Success of Micro-Small Service Business in Around Campus Unitri Malang, East Java, Indonesia**

**Fidel da Costa<sup>1</sup>**

\* Correspondence Author: [fideldacosta70@gmail.com](mailto:fideldacosta70@gmail.com)

<sup>1</sup>Soru Coconut Oil, Soru Village, Lospalus, Lautem Regency, East Timor

INDEXING	ABSTRACT
<b>Keywords :</b> Keyword 1 : Influencing Keyword 2 : Micro Keyword 3 : Small Keyword 4 : Service Keyword 5 : Business	This study aims to examine the effect of location selection on business success in small micro service businesses around the Unitri Malang Campus. Based on various literatures, many factors influence the choice of business location. However, location decisions often depend on the type of business, for retail and professional services businesses, the strategy used is focused on maximizing revenue. The main reason for the difference in location selection is the difference in the needs of each business. A good location is an individual matter when stated simply, "it all depends" on the needs of each business. This study uses data obtained directly from the field, namely through direct observation, interviews, and by giving questionnaires to the owners of small micro service businesses around the Unitri Malang Campus. The results of the study show that proximity to infrastructure, business environment, and location costs have a positive and significant effect on business success. Of the three independent variables, location costs are the variables that have the most influence compared to the other two variables. Therefore, in choosing a business location, business owners should pay more attention to the costs that must be incurred to get a business location.

### **Article History**

Received 10 November 2023; Revised 10 December 2023; Accepted 13 January 2024

## **INTRODUCTION**

There are differences in organizational success and differences in organizational strengths or weaknesses, often due to location. In a competitive situation, the location factor can be a critical factor that makes it very important (Al-til et al., 2019; Putra and Mihadi 2019; and Moktadir et al., 2020). In order for the business being run to compete effectively, the business location must be strategic and easy to reach. The choice of location for an organization (company) will affect the risks and profits of the company as a whole, considering that location greatly influences fixed costs and variable costs, both in the medium and long term (Tajeddini et al., 2019).

According to Moktadir et al., (2020) choosing the right location means avoiding as many negative impacts as possible and getting locations that have the most positive factors. Once an organization determines the location of its business to operate in a certain area, many costs will arise and it is difficult to reduce them. Location decisions often depend on the type of business. For industrial location decisions, the strategy used is usually a strategy to minimize costs, while for retail businesses and professional services, the strategy used is to maximize revenue.

There are many factors that determine the success of a business. One such factor is the accuracy of site selection. According to Min et al., (2019) the accuracy of choosing a location is one of the factors considered by an entrepreneur before opening a business. This is because choosing the right location often determines the success of a business. This also applies to service businesses because service businesses are required to maintain close relationships with customers. Businesses engaged in services must be closer to all their customers so they can provide better service to customers (Khan et al., 2019).

The existence of the Unitri campus is a magnet for an entrepreneur to establish a service business in the vicinity. According to Mulugeta, (2014) this is inseparable from the creation of a very potential market from the existence of the Unitri campus itself. The large number of students studying at the Unitri campus is a very potential market to be used as a business area. This is what causes the phenomenon of the mushrooming of service businesses established around campuses.

For service businesses, strategic location is often more important than any other factor. This means that entrepreneurs are willing to pay higher costs for site selection by expecting large revenues as a result of choosing the right location. This also occurs in service businesses located around the Unitri campus, entrepreneurs do not care about the high rental prices because they are close to the Unitri campus. According to Jegadeeswari et al., (2020) Entrepreneurs are willing to pay a high price to open a business in this location expecting large income considering there is a market potential due to students studying at Unitri. In addition to the cost factor, the factor of proximity to infrastructure and proximity to the business environment are things that entrepreneurs pay attention to before setting up a business around the Unitri campus.

The location selection factor needs to be considered by business owners in determining the location of their business, because business location is used as a business strategy (Li and Bathelt, 2018; Lee, 2020; and Mulugeta, 2014). Choosing a business location that is close to the target market is one of the business strategies while making it easier for consumers to consume the services provided. In addition to proximity to the target market, the availability of adequate infrastructure also needs to be considered in choosing a business location. For photocopying, computer rental and internet cafe businesses, the availability of electricity is very important for business activities, because when the power goes out, the business activities of these business actors automatically stop. Availability of water is a basic requirement for motorbike washing service businesses, while for laundry and salon businesses the availability of electricity and water is also important in supporting business activities (Mulugeta, 2014; Putra and Mikadi, 2019).

The background as mentioned above forms the basis of the research that will be conducted by researchers with the title "Analysis of Factors Influencing Site Selection on the Success of Small Micro Service Enterprises Around the Unitri Malang Campus". To analyze the effect of infrastructure proximity on business success, analyze the effect of proximity of the business environment on business success, and analyze the effect of location costs on business success.

## **LITERATURE REVIEW**

### **Selection of Service Business Locations**

Several previous studies have tried to examine location selection in service businesses (Jegadeeswari et al., 2020). These studies try to examine the factors that influence the selection of service business locations. The choice of business location can be considered as an investment decision that has a strategic objective, for example to facilitate access to customers. Determining the location of each business is an important task for business owners, because wrong decisions can result in failure before the business starts (Khan et al., 2019). Choosing a trading location is an important decision for business actors who must persuade customers to come to their place of business to meet their needs. It is clear that the characteristics of a service business with a manufacturing business are different. The main difference lies in the timing of production and consumption.

According to Jegadeeswari et al., (2020) service businesses always try to choose a business location that is close to the market, this is because one of the characteristics of services is that they cannot be stored, so services must be produced and consumed simultaneously. . Meanwhile, manufacturing business actors choose their business locations based on the proximity to the supply of raw materials for their production. For strategic location services businesses, this often impacts revenue more than costs. That is, the location focus for a service business should be on business volume and revenue. The following is a comparison of the location strategies used by service/retail/professional businesses and manufacturing businesses.

### **Service Business Location Strategy**

According to Singh, (2011) there is no location analysis method that can accurately determine the location of a service business. Even though the business owner has tried to determine the location of his business in the optimal way possible, unexpected problems can come suddenly at the chosen business location, for example regulations on the place of business, water availability, waste disposal, labor supply, transportation costs, taxes. regulations, local community income, and so on that may affect the course of business activities. Therefore, the choice of location for a service business should choose a location that has the smallest location risk. One way to choose a good business location is to follow a systematic selection process (Lee, 2020).

According to Mulugeta., (2014) the service sector has experienced a dramatic increase compared to the previous decade. Among the many types of services that are developing include insurance, telecommunications, television entertainment, education, laundry, repairs, and financial services. Micro and small scale service businesses around the Unitri campus are no exception. Many new service businesses have sprung up or even old service businesses that have been equipped with modern facilities. These service businesses are photocopying businesses, rental services, internet cafes, whether equipped with hot spot areas or not, wartels, laundry, workshops, counters, motorbike wash areas, and salons. Even though it is a micro-small scale service business, having a strategic business location is a basic requirement for each of these businesses and needs to be considered by business owners.

### **Factors influencing site selection**

Based on Li and Bathelt, (2018) the factors that generally need to be considered in selecting a company location are as follows:

1. The community environment, the willingness of the people of an area to accept all the consequences, both positive and negative, of the establishment of a factory in that area is an important condition. Companies need to pay attention to environmental and ecological values where the company will be located, because factories often produce waste in various forms of water, air or solid waste that has been polluted, and often causes noise.
2. Proximity to the market. Being close to the market will allow companies to provide better service to customers, and often reduce distribution costs. It is also necessary to pay attention to whether the company's market is wide or only serves a small portion of the community, whether the product is perishable or not, the weight of the product, and the proportion of distribution costs for finished goods to the total cost.
3. Labor. Wherever the company is located, it must have a workforce, therefore the availability of sufficient workforce is fundamental. For many companies, the habits and attitudes of prospective workers in an area are more important than skills and education, because it is rare for companies to find new workers who are ready to use for jobs that are very varied and have very high levels of expertise. specialization, so companies must organize special training programs. for new workers.
4. Proximity to raw materials and suppliers. If the raw materials are heavy and the shrinkage is high in the production process, the company should be located close to the raw materials, for example cement, wood, paper, and steel factories. However, if the finished product is heavier, larger, and of lower value, the location is chosen otherwise. Likewise, if raw materials run out quickly, such as a canned fruit company, it is better to be close to raw materials. Being closer to raw materials and suppliers allows companies to get better supplier services and save on material procurement costs.
5. Transportation facilities and costs. The availability of land, air and water transportation facilities will expedite the procurement of production factors and the distribution of the company's products. It is important to consider transportation costs depending on their "contribution" to the total costs, for example for a computer company where transportation costs are only about 1 or 2% of the total costs, it does not matter where the company is located compared to a cement company.
6. Other (natural) resources. Enterprises such as paper, steel, rubber, leather, sugar, weaving, food processing and so on require large amounts of water. In addition, almost every industry requires good power generated from electricity, solar, water, wind, and others. Therefore, it is necessary to pay attention to the availability of cheap and sufficient (natural) resources.

## RESEARCH METHOD

The data in this study were obtained directly from the field, either in the form of observations or interviews with respondents. In this research data. Obtained from a questionnaire given to respondents (owners of service businesses around the Unutri Malang campus).

Data collection is a systematic and standard procedure to obtain the necessary data (Hammarberg, et al., 2016). In this study the data collection method was by means of direct observation, conducting interviews, and also using a list of questions which are often referred to in general by the name of a questionnaire.

Observation of data by direct observation is carried out by looking at and directly observing the location of the service business in the field, whether the business location is close to infrastructure, the community environment, its target market, and also its competitors. Interviews were conducted by researchers with service business owners around the Unutri campus to find out the considerations of business owners. This method is used as a support/complementary to the questionnaire method to get answers to things that are not yet clear related to this research. The data analysis method used in this study regarding the analysis of the factors that influence location selection for the success of a service business uses Multiple Regression Analysis.

This analysis aims to determine how much influence the independent variables have on the dependent variable, namely business success (Y), the mathematical form is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Where :

Y = business success

a = Constant

b<sub>1</sub> = regression coefficient of variable X<sub>1</sub>, proximity to infrastructure

b<sub>2</sub> = regression coefficient of variable X<sub>2</sub>, business environment

b<sub>3</sub> = regression coefficient of variable X<sub>3</sub>, location cost

X<sub>1</sub> = Proximity to infrastructure

X<sub>2</sub> = Business environment

X<sub>3</sub> = Location fee

e = confounding variable

## RESULT AND DISCUSSION

Based on the data obtained from the questionnaire given to 90 respondents, it can be seen that the respondents' responses to the factors that were considered in choosing a location. The following is an analysis of the index of each independent variable and its indicators:

**Table 1. Respondents' Responses to Proximity to Infrastructure in Choosing Service Business Locations (X1)**

Proximity indicator to infrastructure	Frequency of respondents' answers regarding proximity to infrastructure					Infrastructure Proximity Index
	1	2	3	4	5	
Availability of electricity	0/90	0/90	26/90	25/90	39/90	0.83
Availability of water	0/90	0/90	24/90	41/90	25/90	0.802
There is paved road access	0/90	5/90	31/90	30/90	24/90	0.746
Availability of parking space	0/90	13/90	25/90	28/90	24/90	0.732
Security level	0/90	8/90	22/90	30/90	30/90	0.776
Total						0.777

Table 1 shows that the availability of electricity in choosing a business location is important, namely 0.83. This is because electricity is the main requirement for the service business. Therefore, the availability of electricity is very important for these businesses. Availability of water in choosing a business location is also important, with an index value of 0.802. Apart from being used for carrying out business activities, water needs are also used for bathroom needs, cleaning business premises, washing hands, performing ablutions, and other needs (Suriwulan, at al., 2020). Paved road access and the availability of parking lots in the selection of service business locations are also important with index values of 0.746 and 0.732 respectively. Important security level with an index value of 0.776. A good level of security at a business location supports the smooth running of business activities, a safe business location also provides comfort for the consumers of the business. Therefore, business owners really consider the level of security in choosing a location for their business. Overall, proximity to infrastructure in selecting a service business location is important with a total index value of 0.777.

**Table 2. Respondents' Responses to the Business Environment in Choosing Service Business Locations (X2)**

Business Environment Indicators	Frequency of respondents' answers regarding the Business Environment					Business Environment Index
	1	2	3	4	5	
Proximity to other service businesses	0/90	0/90	38/90	41/90	11/90	0.74
Proximity to consumers	0/90	0/90	19/90	47/90	24/90	0.804
Proximity to competitors	0/90	2/90	48/90	29/90	11/90	0.708
Proximity to suppliers	0/90	4/90	35/90	36/90	15/90	0.736
Equipment/equipment production	2/90	4/90	47/90	23/90	14/90	0.694
Total						0.736

Table 2 shows the respondents' responses to the business environment variables. Of the five indicators, there are 2 indicators that have a neutral index of 0.708 and 0.694, namely proximity to competitors and completeness of equipment. This is because a strategic business location will certainly attract many business owners to choose that location. According to Porcar, et al., (2017) equipment is a means of supporting the course of business activities, business owners must have complete business equipment/equipment. The other three indicators have important index values, namely proximity to other service businesses of 0.74, proximity to consumers of 0.804, and proximity to suppliers of 0.736. Overall, the response of respondents to the business environment in choosing the location of their business is important with a total index value of 0.736.

**Table 3 Respondents' Responses to Location Costs in Choosing Service Business Locations (X3)**

Location Cost Indicator	Frequency of respondents' answers regarding Location Costs					Location Cost Index
	1	2	3	4	5	
Business premises rental price	0/90	2/90	36/90	34/90	18/90	0.75
Whether there is a renovation fee	0/90	1/90	41/90	36/90	12/90	0.732
Whether there is a building incentive	0/90	9/90	42/90	26/90	13/90	0.696
Interest rate	0/90	20/90	60/90	4/90	6/90	0.582
The amount of tax	0/90	9/90	43/90	27/90	11/90	0.688
Total						0.689

Table 3 shows the respondents' responses to the location cost variable. The value of the rental price index for important business premises is 0.75. One of the determining factors for costs is the rental price for a business location because it relates to the initial capital that must be spent by the business owner which will later have an impact on the speed at which the BEP (break even point) of the business is achieved. . Even so, the price of renting a place of business is not a big problem as long as the location is in a strategic place. The important index value of whether or not renovation costs is 0.732. The place of business must be renovated in such a way, made as comfortable as possible so that consumers and employees feel at home in it.

The index value of whether there is/is not an incentive for building owners is 0.696. Incentives and facilities provided by building owners must be considered by business owners when renting a building as their place of business. Therefore, it is better for business owners and building owners to make a leasing agreement that benefits both parties. The interest rate index value is 0.582 (neutral). This is because in running his

business the owner does not make loans to banks, so changes in interest rates do not affect his business. The index value of the amount of tax is 0.688 (neutral) (Suminah, and Anantanyu., 2020).

Tax is an obligation for every taxpayer and the business world. Wherever the business is located, it will still be taxed. Therefore, business owners do not really consider the amount of tax in choosing the location of their business. Of the five location cost indicator index values, a total location cost index value of 0.689 was produced, where respondents' responses to location costs in choosing a business location were neutral. This is because for service business owners the amount of costs that must be incurred to get a strategic business location is fine, as long as the business location can bring success to the service business Belas, et al., 2019 and Porcar, et al., 2017).

**Table 4. Respondents' Responses to the Success of their Service Business (Y)**

Business Success Indicators	Frequency of respondents' answers regarding Business Success					Business Success Index
	1	2	3	4	5	
The average arrival rate of customers/day is increasing	0/90	0/90	20/90	38/90	32/90	0.828
My service business net profit growth rate is increasing every month.	0/90	4/90	21/90	38/90	27/90	0.794
I am satisfied with the time it takes to reach the break-even point	0/90	10/90	50/90	15/90	15/90	0.678
My service business has a high RoI	0/90	23/90	45/90	18/90	4/90	0.606
My service business has achieved real profit	0/90	10/90	41/90	22/90	17/90	0.702
Total						0.722

Table 4 shows that the business location chosen by the business owner taking into account the location selection factors, namely proximity to infrastructure, business environment, and location costs, has an increasing customer arrival rate every day. Respondents' response to the arrival rate of customers is agree, which is equal to 0.828. This means that the location decision taken by the owner is correct, the business location is in a strategic place making it easier for consumers to come to their place of business. Respondents agreed that the growth of their business net profit increased every month, with an index value of 0.794. A strategic business location makes it easier for consumers to come to the place of business, the arrival rate of customers also increases which in turn increases the net profit of the business. Respondents' responses to BEP, business ROI and real business profits were neutral, with an index value each time to achieve BEP of 0.678, business ROI of 0.606, and achievement of business real profits of 0.702. The time to reach BEP is different for each type of business, depending on the type of business and



the initial capital issued when you first started the business (Ali, et al., 2020; and Khan, 2019).

However, a successful business is one that is able to achieve BEP faster than the average time required by other similar businesses. The average time to reach BEP for each type of business is the same, so that respondents' responses are neutral. On average, micro and small service businesses around the Unitri Malang campus have the same level of capital efficiency for each type of business (Ali, et al., 2020). The average profit earned and operational costs incurred are almost the same so that respondents stated that they were neutral about the level of ROI of their business. The real profit is the cash left after wages are paid. At this stage the business being run not only provides wages for the time spent, but also returns everything that has been invested and provides income for business owners outside of debt or income tax. The average respondent states that he is neutral in achieving real profits in his business, this is because the average respondent has not achieved real profits in his business. Although on average respondents only achieved 2 out of 5 indicators of business success, respondents agreed that by choosing a business location around the Unitri Malang campus, the business they were running was successful with a total business success index value of 0.722.

### Multiple Regression Analysis

This analysis aims to determine how much influence the independent variables (proximity to infrastructure, business environment, and location costs) have on the dependent variable, namely business success (Y). The results of the multiple regression model equation are shown in the following table.

**Table 5. Results of Multiple Regression Analysis**

Model	Unstandardized Coefficients		Unstandardized Coefficients	t	Sig.	
	B	Std. Error	Betas	B	std. Error	
1 (Constant)						
Proximity to Infrastructure	1,724	1,290		1,337	,185	
Business Environment	,184	.081	,219	2,276	.025	
Location Fee	,227	.081	,217	2,617	.010	
	489	.092	,488	5,326	,000	

a Dependent Variable: business success

Based on table 5. above using Standardized Coefficients, the results of the regression analysis can be written in the following equation:

$$Y = 0.219X_1 + 0.217X_2 + 0.488X_3$$

From this equation it can be seen that each independent variable has a regression coefficient with a positive sign (+), meaning that an increase in the independent variable will be followed by an increase in the dependent variable. From the table above it can be

seen that the variable that has the greatest influence in choosing a business location on business success is location costs with a beta value of 0.488. The proximity to infrastructure variable has an influence of 0.219 and the least influence is the business environment variable, which is equal to 0.217.

### Goodness of Fit test

The t test used is individual (partial), namely testing the effect of each independent variable on the dependent variable. T test results in table 4.5. shows that all the independent variables in this study have a significant influence on the dependent variable. The proximity to infrastructure variable has a significance probability of 0.025, because the significance probability is less than 5% ( $0.025 < 0.05$ ) so it is concluded that the proximity to infrastructure variable partially has a positive and significant effect on business success.

1. The business environment variable has a significance probability of 0.010, because the significance probability is less than 5% ( $0.010 < 0.05$ ) so it is concluded that the business environment variable is partially positive and significant effect on business success.

2. The location cost variable has a significance probability of 0.000, because the significance probability is less than 5% ( $0.000 < 0.05$ ) so it is concluded that the location cost variable partially has a positive and significant effect on business success.

#### 2. F test

The F test is used to determine whether the independent variables (proximity to infrastructure, business environment, and location costs) have a joint effect on the dependent variable (business success). The criteria for testing the hypothesis are:

If probability  $> 0.05$ , then  $H_0$  is accepted.

If the probability  $< 0.05$ , then  $H_0$  is rejected and  $H_1$  is accepted.

**Table 6. F test**

	Model	Sum of Ssquare	Dt	Mean Ssquare	F	Sig.
1	Regression	407,791	3	135,930	58,506	,000(a)
	residual	199,809	86	2,323		
	Total	607,600	89			

a Predictors: (Constant), Cost of location, Business environment, Proximity to infrastructure

b Dependent Variable: business success

From the results of the ANOVA test or F test in table 6 obtained Fcount of 58.506 with a significance of 0.000. Because the significance probability is less than 0.05, the regression model can be used to predict business success (Y) or it is said that the

variables of proximity to infrastructure, business environment, and location costs together have a significant effect on variable Y.

In multiple linear regression analysis, one of the hypothesis tests that must be done is to measure the magnitude of the coefficient of determination ( $R^2$ ). If the  $R^2$  obtained is close to 1 (one), then it can be said that the model is getting stronger in explaining the variation of the independent variable to the dependent variable. Conversely, if  $R^2$  is close to 0 (zero), then the model will be weaker in explaining the variation of the independent variable to the dependent variable. The following is a table of the results of the measurement of the coefficient of determination.

**Table 7. Coefficient of Determination**

Model	R	R Square	std. Error of The Estimate
1	,671	,660	1,524

a Predictors: (Constant), Cost of location, Business environment, Proximity to infrastructure

b Dependent Variable: business success

From the display above, it appears that the Adjusted  $R^2$  is 0.660. This means that 66% of the variation in business success can be explained by variations from the three independent variables, namely Proximity to Infrastructure, Business Environment, and Location Costs, while the other 44% is explained by other causes outside the model.

### **Variable Proximity to Infrastructure (X1)**

Based on the results of the regression analysis, the regression coefficient for the variable X1, namely  $b_1$ , is 0.219 with a significance of 0.025. Thus it can be explained that the infrastructure proximity variable X1 has a positive and significant effect on business success (Y). This means that the influence of variable X1 on Y is unidirectional and meaningful. Where each variable X1 increases it will be followed by an increase in Y, and vice versa if the variable X1 decreases it will be followed by a decrease in Y.

The variable proximity to infrastructure is one of the owner's considerations in choosing a business location. Proximity to important infrastructure is a consideration for business owners in choosing the location of their business, because apart from supporting the running of business activities, for example a photocopying business requires electricity to carry out its business activities if the power goes out, a photocopying business cannot run automatically. In addition, proximity to infrastructure also affects business success.

### **Business Environment Variables (X2)**

Based on the results of the regression analysis, the regression coefficient for the variable X2, namely  $b_2$ , is 0.217 with a significance of 0.010. Thus it can be explained that the business environment variable X2 has a positive and significant effect on business success (Y). This means that the effect of variable X2 on Y is unidirectional and meaningful. Where each variable X2 increases it will be followed by an increase in Y, and vice versa if the variable X2 decreases it will be followed by a decrease in Y.

Although the effect of the business environment on business success in this study is the weakest, the business environment is still the owner's consideration in determining the location of his business. For example, closeness with other service businesses to improve business relations and synergy with one another, closeness to consumers who are the main target of service businesses, closeness to competitors to compete fairly with each other in developing the business, the need for closeness with suppliers. to maintain trust, and the need for adequate production facilities/equipment to maximize the course of business activities so as to achieve the business success desired by the owner. Therefore, it is necessary for business owners to consider the business environment in determining the location of their business.

### **Location Cost Variable (X3)**

Based on the results of the regression analysis, the regression coefficient for variable X3, namely  $b_3$ , is 0.488 with a significance of 0.000. Thus it can be explained that the location cost variable X3 has a positive influence and is a variable that has a positive and significant influence and has the greatest influence compared to other independent variables. This means that the effect of variable X3 on Y is unidirectional and meaningful. Where each variable X1 increases, it will be followed by an increase in Y, and vice versa if the variable X3 decreases, it will be followed by a decrease in Y.

The Location Cost Variable has the greatest influence on business success. This shows that even though the costs that must be incurred to obtain a strategic location are expensive, business owners still choose this location because it is close to consumers, close to infrastructure and other facilities, so as to support the smooth running of their business activities. A business that can run smoothly will easily achieve success. However, the owner must pay attention to the cost of obtaining a strategic location because it relates to the initial investment of his business.

### **Effect of Proximity of Infrastructure, Business Environment, and Location Costs on Business Success.**

Based on the description above, it is known that there is a significant influence between proximity to infrastructure, business environment, and location costs on the success of small micro service businesses around the Unitri Malang campus. The magnitude of the influence of the three independent variables X1, X2, and X3 on

business success (Y) is 0.660 or 66%. This shows that proximity to infrastructure, business environment, and location costs make a significant contribution to the success of micro and small businesses around the Unitri Malang campus. While the remaining 44% is influenced by other factors outside the model that are not examined in this study.

## CONCLUSION

By paying attention to the results of the analysis and discussion that have been done before, the following conclusions are drawn: among the three independent variables proposed in this study, the location cost variable is the one that has the greatest influence on the dependent variable, namely the success of small microservice businesses located around the University of Tribhuwana Tunggaladewi.

## REFERENCE

- Ali, H., Hao, U., & Aijuan, C. (2020). Innovation capabilities and small and medium enterprises' performance: an exploratory study. *Journal of Asian Finance, Economics, and Business*, 7(10), 959–968.
- Al-Tit, A., Omri, A., & Euch, J. (2019). Critical success factors of small and medium-sized enterprises in Saudi Arabia: Insights from sustainability perspective. *Administrative Sciences*, 9(2), 32.
- Belas, J., Belas, L., Cepel, M., & Rozsa, Z. (2019). The impact of the public sector on the quality of the business environment in the SME segment. *Administratie Si Management Public*, 2019(32), 18–31.
- Hammarberg, K., Kirkman, M., & de Lacey, S. (2016). Qualitative research methods: when to use them and how to judge them. *Human reproduction*, 31(3), 498-501.
- Jegadeeswari, S., Sudarvel, J., & Velmurugan, R. (2020). Factors influencing sustainability of micro small medium enterprise entrepreneurs. *International Journal of Scientific & Technology Research*, 9(2), 5501-5503.
- Khan, K. A., Çera, G., & Nėtek, V. (2019). Perception of the Selected Business Environment Aspects by Service Firms: Ajaz Khan, K., Çera, G., Nėtek, V.(2019). Perception of the Selected Business Environment Aspects by Service Firms. *Journal of Tourism and Services*, 10 (19): 111-127. <https://doi.org/10.29036/jots.v10i19.115>. *Journal of Tourism and Services*, 10(19), 111-127.
- Lee, S. M., & Lee, D. (2020). “Untact”: a new customer service strategy in the digital age. *Service Business*, 14(1), 1-22.
- Li, P., & Bathelt, H. (2018). Location strategy in cluster networks. *Journal of International Business Studies*, 49, 967-989.
- Min, S., Zacharia, Z. G., & Smith, C. D. (2019). Defining supply chain management: in the past, present, and future. *Journal of business logistics*, 40(1), 44-55.
- Moktadir, M. A., Kumar, A., Ali, S. M., Paul, S. K., Sultana, R., & Rezaei, J. (2020). Critical success factors for a circular economy: Implications for business strategy and the environment. *Business strategy and the environment*, 29(8), 3611-3635.
- Mulugeta, H. (2014). *Assesing The Factors Affecting The Performance of Micro and Small Scale Enterprises The Case of Yeka Sub-City, Addis Ababa* (Doctoral dissertation, St. Mary's University).

- Porcar, A. T., Tierno, N. R., & Mestre, A. L. (2017). Factors affecting entrepreneurship and business sustainability. *Sustainability*, 10,452. <https://doi.org/10.3390/su10020452>
- Putra, Yananto Mihadi. "Analysis of factors affecting the interests of SMEs using accounting applications." *Journal of Economics and Business* 2, no. 3 (2019).
- Sariwulan, T., Suparno, S., Disman, D., Ahman, E., & Suwatno, S. (2020). Entrepreneurial performance: The role of literacy and skills. *Journal of Asian Finance, Economics, and Business*, 7(11), 269–280.
- Singh, N. (2011). *Localization strategies for global e-business*. Cambridge University Press.
- Suminah, S., & Anantanyu, S. (2020). Empowering poor households women on productive economy businesses in Indonesia. *Journal of Asian Finance, Economics, and Business*, 7(9), 769–779.
- Tajeddini, K., Martin, E., & Altinay, L. (2020). The importance of human-related factors on service innovation and performance. *International Journal of Hospitality Management*, 85, 102431.