

CHAPTER I

INTRODUCTION

1.1. Background

Location determination is a crucial thing that must be considered because the selection of the right location is very influential for the sustainability of a business. Choosing the right business location will reduce the possibility of negative risks like ineffective and inefficient that the business will face. Choosing the right location will also affect the costs incurred as a result of choosing the location. Considerations for choosing the location of a business will differ according to the field of business to be carried out. Companies engaged in manufacturing will implement a minimal cost strategy to minimize costs, while location choice service companies aim to increase profits. Every business has different considerations in choosing the location of a business. Many factors affect the choice of the location of a business. Like a service business, one of the factors for choosing the location of a business is the market to be targeted.

Generally, most business locations are opened in areas that are densely populated with settlements such as urban areas. However, not all consumers can reach the central area due to time and cost constraints. Some locations create their own colonies by not missing the proximity to consumer's factor. This area is commonly referred as the subcenter area. There are many factors that make a business open its business in subcenter area, such as the existence of an education center that are far from the urban center or the existence of an industrial center located in the suburbs. The large number of people who are part of the activity center opens up opportunities for entrepreneurs to open their businesses around the activity center. However, not all businesses that open their businesses can be reached by target consumers who stayed around the business, such as businesses hidden in housing. Then, it is necessary to choose a strategic location so that the business is easy to reach, such as opening a business that has road access.

Strategic location is one of the important factors and greatly determines the success of a business. In choosing the location of their business, the owner of the business location must consider the factors of choosing the right location because it will have an impact on the success of the business itself. Business success is a condition where the business experiences an increase from the previous results. Business success is the main goal of a company, where all activities in it are aimed at achieving success.

The existence of Universitas Andalas, which is one of the large universities in West Sumatra that located in Pauh subdistrict, has become a magnet for entrepreneur's service to start their business because it has enormous market potential. The large number of students studying at the Universitas Andalas campus can be a potential market for a business area. This can cause the phenomenon of the proliferation of service businesses that are established around the Universitas Andalas campus. Generally, businesses that develop around the Universitas Andalas campus are small micro scale service businesses. Many of these businesses are equipped with modern facilities to satisfy customer needs. Among these services, businesses are laundry, internet cafés, motorcycle or car workshop, motorcycle or car wash, barbershops or salons, photo studios, and laptop or computer service. In addition to large businesses that must consider choosing a location for their business, small scale businesses must also have a strategic business location that needs to be considered by the business owner.

Therefore, many service business owners are trying to compete to get a business location as close as possible to the Universitas Andalas campus. The factor of choosing a business location is not only based on factors of proximity to target consumers and proximity to infrastructure; there are other factors such as land rental prices, security, taxes from the government, access to parking lots, and environmental conditions that are should considered by micro scale service business owners who are around the Universitas Andalas campus in choosing the location of their business. These factors can affect the business to successful or otherwise suffer losses, therefore the researcher try to find whether the variable factors that micro small business around Universitas Andalas consider affect their success in business, therefore this research is needed to answer this matter. Based on the background described above, it can be said that there are several

factors can influence the choice of location. This is the basis or reason for conducting research with the title "**LOCATION CHOICE AND THE SUCCESS IN MICRO-SMALL SERVICE BUSINESSES (STUDY AROUND UNIVERSITAS ANDALAS LIMAU MANIS CAMPUS)**".

1.2. Problem Formulation

Based on the background and problem identification outlined above, the research problems that will analyze in this research are:

1. Does the location cost affect the success of micro-small businesses around Universitas Andalas campus in Limau Manis?
2. Does the availability of infrastructure facilities affect the success of micro-small businesses around Universitas Andalas campus in Limau Manis?
3. Does the business environment affect the success of micro-small businesses around Universitas Andalas campus in Limau Manis?

1.3. Research Objective

Based on the problem statement explained, the general research objectives are:

1. To analyze the effect of location costs on micro-small businesses around Universitas Andalas campus in Limau Manis.
2. To analyze the effect of the availability of infrastructure facilities on micro-small businesses around Universitas Andalas campus in Limau Manis.
3. To analyze the effect of the business environment on micro-small businesses around Universitas Andalas campus in Limau Manis.

1.4. Benefits of Research

The results obtained from this research are expected to be used as a reference that can provide an overview of clear information about choosing a strategic business location so that it can provide a competitive advantage and help achieve business success, especially small micro service businesses that will be opened by entrepreneurs who see opportunities. business around the university.

1.5. Scope and Limitations of the Research

The research that will be carried out by the author is located in the area around the Universitas Andalas Limau Manis campus. This research analyzes the relationship between service business success as the dependent variable that will affects location costs, availability of infrastructure facilities and the closeness of consumers as the independent variables. The population in this research is all the entrepreneur who had the micro small service business located near around Universitas Andalas Limau Manis campus. From the population, 75 sample will be taken as the representative of population.

1.6. Systematics of Writing

CHAPTER 1 INTRODUCTION

This chapter consist of background, problem formulation, research objective, benefits of research, scope and limitation of the research and also systematics of writing.

CHAPTER 2 THEORITICAL FRAMEWORK

This chapter consist of grand theory, literature review, research framework and hypotheses.

CHAPTER 3 RESEARCH METHODOLOGY

This chapter explained the operational research objective, location and time, research method, sampling techniques, data collection technique, data analysis techniques

CHAPTER 4 RESEARCH RESULTS AND DISCUSSION

This chapter outlines the description of the research object which descriptively discusses the variables related to the research problem. Data analysis was performed to simplify data into a form that is easier to read and interpret. After the data is analyzed, the discussion explains the implications of the results of data analysis and interpretations made in the research.

CHAPTER 5

SUMMARY AND CONCLUSION

This chapter contains conclusions on research results, research implications and suggestions on the basis of the research results.

