

ANALYSIS FACTOR OF LOCATION DECISION MAKING ON SME'S IN MANADO**ANALISIS FAKTOR PENGAMBILAN KEPUTUSAN LOKASI PADA UKM DI MANADO**

by:

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Abstract: The location decision making is an almost unavoidable thing for the failure and the success for a business. Every SME's owner has different type of build their business, in the F and B industry the location is a place to serve the consumers, the accuracy of location selection is one of the factors that affecting the Business Success. In Manado SME's in Fand B Industry has changed where there is online ordering is through an application in this era. This research analyzed the factors of location decision making In Manado. Analysis Method with 50 respondents and incidental sampling used to as the sampling technique using confirmatory factors analysis. There are four main factors finding in this research as the factors location decision making which are Proximity to Consumer and Environment, Quality Of the Location, Development, Accessibility. The recommendation, company should build a good relationship with customers, understand the type of the settlement, the location with complete infrastructure, understand the market opportunity, the cleanliness of the place, the location that can promote the business, proximity to the highway, the layout, and the availability of fast access and the traffic.
Keywords: location, decision making, analysis factors, SME's

Abstrak: Pengambilan keputusan lokasi adalah hal yang hampir tidak dapat dihindari untuk kegagalan dan kesuksesan sebuah bisnis. Setiap pemilik UKM memiliki jenis usaha yang berbeda-beda, dalam industri F&B lokasi merupakan tempat untuk melayani konsumen, ketepatan pemilihan lokasi merupakan salah satu faktor yang mempengaruhi Keberhasilan Usaha. Di Manado UKM Industri F&B sudah berubah dimana ada pemesanan online melalui aplikasi di era ini. Penelitian ini menganalisis faktor-faktor pengambilan keputusan lokasi Di Manado. Metode Analisis dengan 50 responden dan pengambilan sampel menggunakan insidental sampling sebagai teknik pengambilan sampel menggunakan confirmatory factors analysis. Ada empat faktor utama yang ditemukan dalam penelitian ini sebagai faktor pengambilan keputusan lokasi yaitu: Kedekatan dengan Konsumen dan Lingkungan Kualitas Lokasi, Pengembangan, Aksesibilitas. Rekomendasinya, perusahaan sebaiknya membangun hubungan yang baik dengan pelanggan, memahami jenis permukiman, lokasi dengan infrastruktur lengkap, memahami peluang pasar, kebersihan tempat, lokasi yang dapat mempromosikan bisnis, kedekatan dengan jalan raya, tata letak, dan ketersediaan akses cepat dan lalu lintas.

Kata Kunci: lokasi, pengambilan keputusan, faktor analisis, UKM

INTRODUCTION

Research Background

A marketing strategy is a method or plan in the form of a concept is deliberately made to achieve the company's long-term goals, a strategy is key to achieving competitive advantage and success for a company, it is not uncommon for companies to ask for the help of top consultants with high costs to formulate strategies, having a marketing strategy for the company you want to run is very important. The strategy is defined as a process of determining the plans of top leaders who focus on the long-term goals of the organization, accompanied by a compilation of ways or efforts on how to achieve these goals (Marrus, 2002). Many companies have fallen because of implementing an inappropriate strategy, therefore how important it is to consider it carefully and carefully choosing a strategy. Company who invest time and energy in preparing marketing plans intelligently are more prepared to face the risks of a company competition, although the marketing plan does not guarantee 100% of one's success, this way will be able to create opportunities for success. To be able to maintain the viability of the company and win the competition requires a competitive advantage from companies that compete in the business they do. To build marketing strategies from the marketer's point of view which need to be analyzed based on change analysis, competitor analysis, customer analysis and internal company analysis.

Here is a marketing mix consisting of all things a company can do to influence the demand for its products consisting of "four P's" namely: product, the combination of goods and services offered by the company to the target market includes: variety, quality, design. features, brand names and packaging; price, is the amount of money that the customer must pay to obtain the product, including: price list, discounted price discount, payment period, and credit terms; place, company activities that make products available to target customers include: Location, distribution channels, inventory, transportation and logistics; promotion, means activities that convey the benefits of the product and persuade customers to buy it include: Advertising and sales promotion. One of the elements Place included in the 4P Marketing mix is not only interpreted as a place where the business is run, but more broadly where the "place" is all activities of product distribution in the form of goods or services from producers to consumers.

Location is a place to serve consumers, can also be interpreted as a place to display merchandise. The accuracy of location selection is one of the factors that determine the success of a business. (Harding, 1978) mentions several factors that influence the location decision making, namely the community environment, natural resources, labor, proximity to markets, transportation facilities and costs, land for expansion, and power generation. The decision to determine the location usually also depends on what type of business owned by these entrepreneurs, the right location of the company is expected to meet the expectations of entrepreneurs to attract consumers in order to get profits and vice versa if there are mistakes in the selection of locations will hamper business performance and automatically the maximum profit will not be felt by these entrepreneurs

The decision making is a dynamic process that is influenced by many forces including the organizational environment and knowledge, skills and motivation. Meanwhile, decision making also is the science and art of choosing alternative solutions or alternative actions from a number of alternative solutions and actions available to solve problems (Dermawan, 2004), Failure or success of an organization basically depends on the decisions taken by the management, without decision making basic management functions such as Planning, Organizing, Leadership and Control cannot be carried out.

In this era there has been a change in the function of SMEs in which the existence of online transportation that provides food purchasing services online, where these features can help consumers to ordering the food by online, this shifting becomes the thing to be analyzed, In Indonesia we find a lot of small businesses or SME's, or Small and Medium Enterprises is one of the leading driving forces in economic development, SME's stands for Micro, Small, and Medium Enterprises, is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not a branch of the company in Manado growth of SMEs in the F & B industry continues to emerge the movement of the SMEs sector is vital for creating growth and employment and SMEs are quite flexible and can easily adapt to the ebb and flow of market demand. In this era there has been a change in the function of SMEs in which the existence of online transportation that provides food purchasing services online, where these features can help consumers to ordering the food by online, For SME's entrepreneurs, taking location decisions is also beneficial for business development, where locations are easy to reach, making it easy for buyers to come to buy and also in this era, there are 20 factors like Proximity to consumer, proximity to the school and university, proximity to the competitor, proximity to settlement, market opportunity, cleanliness of the place, adequate parking space, proximity to the supplier, place image, proximity

to the road, security level, the price of rental place, complete infrastructure, layout, availability of access, community environment, transportation cost, expansion, traffic, and electric power ,many SMEs have partnered with Grabfood or Gofood, which can make it easier for customers to buy, where purchases can be made through application and have shipping costs.

Research Objective

The objectives that are going to be accomplished by this research is to analyze the factors that may affect the location decision making of SMEs in Manado.

THEORETICAL REVIEW

Marketing

To maintain a company, the company needs to do the right marketing, right marketing can generate profits for two parties, where the company meets customer needs and the company get the benefits from these activities. Marketing is one of the main activities carried out by entrepreneurs in their efforts to maintain their survival, to grow and make a profit. (Swasta, Dharmesta, and Irawan, 2008).

Marketing Strategy

Marketing strategy is a fundamental and fundamental tool that is designed to achieve the goals of the company by developing superior and sustainable competitiveness. It is intended to be able to provide the best service for the target targets of the business. Also, the understanding of marketing strategies is a series of logic about marketing where a particular business expects more value and benefits from a form of relationship with clients or consumers. (Kotler and Armstrong, 2008).

Location

One of the keys to success is location, location begins by choosing the community, this decision is very dependent on the potential for economic growth and stability, competition, political climate, and so on. Location is the place where a business or activity is carried out an important factor in the development of a business is, the location of the location to urban areas, how to achieve and travel time location to destination. A good location factor is relative for each different type of business. (Basu, 2002)

Decision Making

The decision making is a process used to choose an action as a way of solving problems. Decision making is a systematic approach to the nature of the alternatives faced and taking action which according to the calculation is the fastest action. (Siagian, 2001)

Factors of Location Decision Making

There are 20 factors which is to analyze what factor are truly affecting the location decision making on SME's in Manado Proximity to consumer, proximity to the school and university, proximity to the competitor, proximity to settlement, market opportunity, cleanliness of the place, adequate parking space, proximity to the supplier, place image, proximity to the road, security level, the price of rental place, complete infrastructure, layout, availability of access, community environment, transportation cost, expansion, traffic, and electric power

Previous Research

Successfulness of enterprises is strongly linked to making the right location decisions. Research by (Fusková, Hanáčková, and Gubánová , 2018) The aim of this article was focused on a presentation whether chosen location categories or location factors are important in location decision of enterprises or not, results show that the most important location categories are Market and Labour.

Research by (Wahyudi, 2015) This study aims to identify and analyze the factors Site Selection Business Services Business Success Against Micro in Kecamatan Sungai Kunjang. Specifically to analyze whether there is a significant influence of the factor proximity to infrastructure, business environment and the cost of the location of the business success. For the t test result , proximity to infrastructure variables significantly influence the success of a business, the business environment variables significantly influence the success of the business, and the variable cost of the location of a significant effect on business success.

Conceptual Framework

In this section, there are 20 factors that used in the form of conceptual framework of this research.

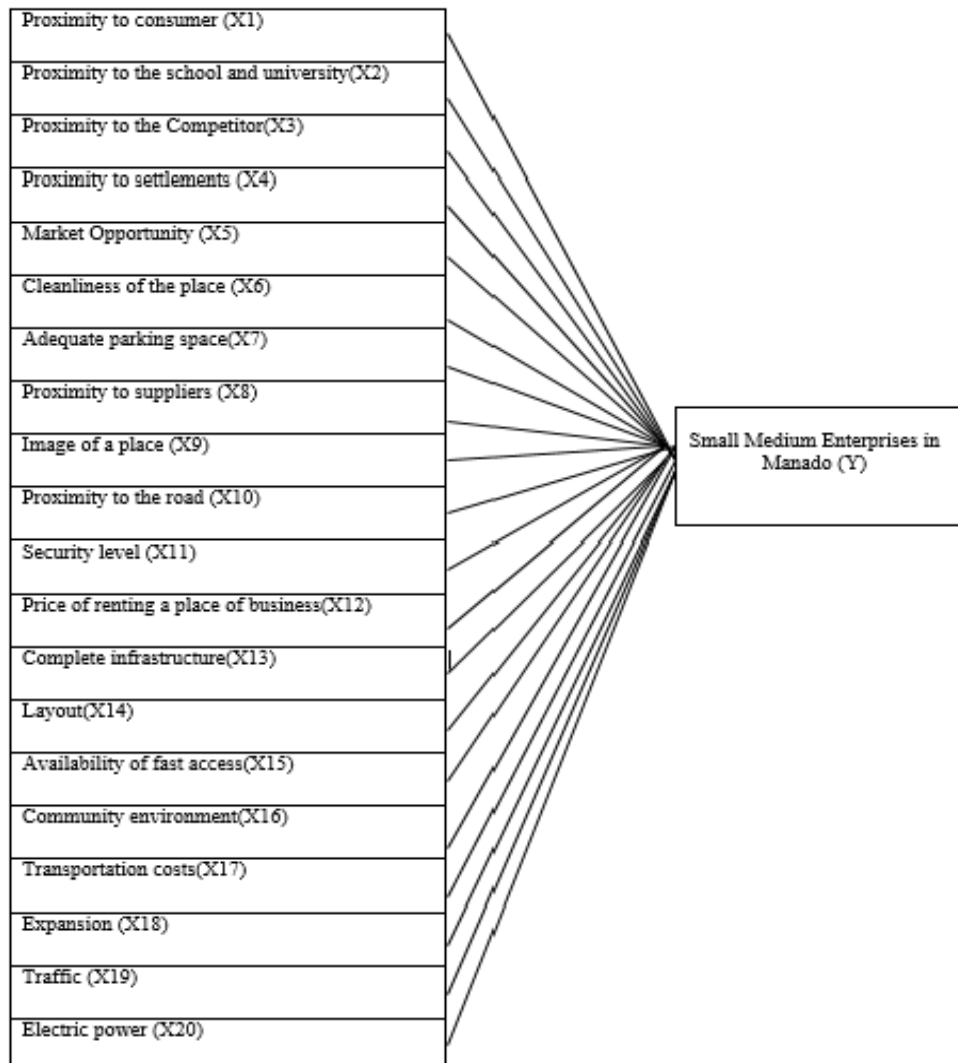


Figure 1. Conceptual Framework
 Source: *Data Analysis Method, 2020*

RESEARCH METHOD

Research Approach

This research is a causal and quantitative type of research. Quantitative research or quantitative method based on (Sugiyono, 2013) defined as research method based on positivism paradigm that used to investigate specific population or samples.

Population, Sample, and Sampling Technique

Population is all members of a defined group that possess some common characteristic defined by the sampling criteria established by the researcher. According to (Malhotra, 2004) population is the aggregate of all the elements, The sample method on this research is purposive sampling, the samples 50 owners those who have a Small Medium Enterprises in Manado that meets the criteria also. According to (Pandey 2008) The purposive

sampling is selected by some arbitrary method because it is known to be representative of the total population, or it is known that it will produce well matched groups.

Data Collection Method

Data of this study gets from the results of questionnaires. The questionnaires are distributed to respondents so they can respond directly on the questionnaires.

Operational Definition and Measurement of Research Variable

There are 20 factors as variables that will be used in this research that affecting Location Decision Making. There is proximity to consumer, proximity to the school and university, proximity to the competitor, proximity to the settlement, market opportunity, cleanliness of the place, adequate parking space, proximity to the supplier, image of place, proximity to the road, security level, price of renting a place of business, complete infrastructure, layout, availability of fast access, community environment, transportation cost, expansion, traffic, and electric power.

Data Analysis Method

This given section explains about the overall analysis methods that are used in this current research, either the fundamental testing of the obtained data and the main analysis method of the tabulated data for proving hypotheses in this research.

Validity and Reliability Test

There are 20 factors that will be used in this research that may drive the affect the location decision making of SME's in Manado. Some of these factors will be eliminated by using factors analysis.

Confirmatory Factors Analysis

Confirmatory Analysis is a special form of factor analysis, most commonly used in social research. Confirmatory Factors Analysis (CFA) test whether a specified set of construct influencing responses in a predicated way. This type of factors analysis is based on the common Factor Model. Confirmatory Factors Analysis (CFA) test whether a specified set of construct influencing responses in a predicated way.

RESULT AND DISCUSSION

Validity and Reliability Test

The Pearson Correlation value of all factors/variables are higher than value of R table which is > 0.197 and the significant level of each variable are below the significant level of 5% or 0.05, it means valid. And reliability test result that the 20 variables in this research is utilized as reliability test in this research with following criteria. Alpha Cronbach must be 0.6 or it is better if the value is above 0.8 (close to 1). It is evident that the Cronbach's Alpha (Alpha Cronbach) score is 0.906 and it is concluding that the data is less bias and regraded as reliable.

Factor Analysis Result

Variable Determination

Table 1. KMO and Bartlett's Test Results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.556
Bartlett's Test of Sphericity	Approx. Chi-Square	514.779
	Df	190
	Sig.	.000

Source: Data Processed, 2020

Table 1 shows that the Kaiser-Meyer-Olkin Measure of sampling Adequacy = 0,556, or above 0.5 which indicates that that the sample is adequate and we may proceed with the factors analysis. The Barlett's Test of Sphericity or p-value (Sig.) of $.000 < 0.05$, therefore the factors analysis valid.

The next step in this test is Measurement of Sampling Adequacy. In this test, variables are analyzed further to obtain which ones are the variable to be included and which ones are to be excluded. To pass this step, each variables should have MSA score greater than 0.5 or 5%. The mentioned MSA score is gathered from the Anti Image Matrices table, specifically in the part of Anti-Image Correlation.

Table 2. Measurement of Sampling Adequacy

Measurement of Sampling Adequacy (MSA)		
No.	Variable	MSA Value
1	Proximity To Consumer (X1)	.790a
2	Proximity To the School And University(X2)	.348a
3	Proximity To the Competitor (X3)	.317a
4	Proximity to settlements (X4)	.746a
5	Market Opportunity (X5)	.646a
6	Cleanliness of the Place(X6)	.515a
7	Adequate parking space(X7)	.474a
8	Proximity To the Supplier (X8)	.467a
9	Place Image (X9)	.492a
10	Proximity To the Road(X10)	.560a
11	Security Level (X11)	.485a
12	The price of a place of rental (X12)	.329a
13	Complete Infrastructure (X13)	.671a
14	Layout (X14)	.561a
15	Availability of fast access(X15)	.525a
16	Community Environment(X16)	.674a
17	Transportation costs(X17)	.394a
18	Expansion (X18)	.534a
19	Traffic(X19)	.541a
20	Electric Power(X20)	.696a

Source: SPSS Output, 2020

Based on table 2, it can be seen obviously that the MSA of 12 variables used in this research after reliability test is above 0.5. Therefore, the data can be used for factor extraction. Meanwhile, MSA value of 8 variables is below than 0.5, so the variable are eliminated for further test and analysis. The variable that eliminated are : Proximity To the School And University(X2),Proximity To the Competitor (X3),Adequate parking space(X7),Proximity To the Supplier (X8),Place Image (X9),Security Level (X11), The price of a place of rental (X12), and Transportation costs(X17).

Table 3. Communalities Result

Communalities	Initial	Extraction
Proximity To Consumer	1.000	.866
Proximity to settlements	1.000	.737
Market Opportunity	1.000	.850
Cleanliness of the Place	1.000	.778
Proximity To the Road	1.000	.636
Complete Infrastructure	1.000	.677
Layout	1.000	.837
Availability of fast access	1.000	.792
Community Environment	1.000	.835

Expansion	1.000	.853
Traffic	1.000	.779
Electric Power	1.000	.428

Source: Data Proceed, 2020

Table 3 shows that 11 variables of 12 has extraction value greater than 0.5 and 1 variable which is Electric Power (X20) has extraction value 0.428 (below than 0.5) s, the variable eliminated for further tests and analysis.

Table 4. Component Matrix^a

	Component			
	1	2	3	4
Proximity To Consumer	.862	-.307	-.005	-.170
Proximity to settlements	.684	-.474	-.011	-.216
Market Opportunity	.708	.474	.349	-.047
Cleanliness of the Place	.525	-.123	.661	.244
Proximity To the Road	.530	.437	-.291	-.372
Complete Infrastructure	.774	-.286	-.113	-.024
Layout	.545	.583	-.437	-.157
Availability of fast access	.553	-.013	-.348	.644
Community Environment	.710	-.488	-.003	-.305
Expansion	.539	.626	.406	.002
Traffic	.658	.007	-.193	.547

Source: Data Processed, 2020

Based on Component Matrix table above can be seen determined how big the correlation of each variable with a factor that has been formed. Each variable has value > 0.5 so it can be conducted that those variables are correlated strongly to the former factor. This table contains component loading, which are the correlation between the variable and the component. Because these are the correlations possible value range from -1 to +1.

Table 5. Rotated Component Matrix

	Component			
	1	2	3	4
Proximity To Consumer	.850	.234	.192	.227
Proximity to settlements	.845	.071	.040	.117
Market Opportunity	.210	.791	.405	.131
Cleanliness of the Place	.351	.720	-.333	.184
Proximity To the Road	.228	.166	.785	.019
Complete Infrastructure	.724	.137	.169	.350
Layout	.070	.147	.872	.256
Availability of fast access	.162	.048	.111	.895
Community Environment	.906	.073	.074	.051
Expansion	-.020	.830	.391	.078

Source: Data Processed, 2020

Table 5 shows the Rotated Component Matrix Value for eleven, From the 11 variables, there are 4 factors emerged as the factors that affect the location decision making on SME's in Manado. It support by the result of

the values above 1, only in the first second factors, so the factoring process had stop in the second factor. The first factor named: Proximity to Consumer Infrastructure, Opportunity, and Accessibility. Table shows the Rotated Component Matrix Value for eleven variables that divided into four main factors as defined below:

1. Proximity to Consumer
This item include in first factor, because had biggest loading value in this factor (0.850)
2. Proximity to Settlements
This item include in first factor, because had biggest loading value in this factor (0.845)
3. Market Opportunity
This item in second factors, because had biggest loading value in this factor (0.791)
4. Cleanliness of the Place
This item in second factors, because had biggest loading value in this factor (0.720)
5. Proximity To the Road
This item in third factors, because had biggest loading value in this factor (0.785)
6. Complete Infrastructure
This item include in first factor, because had biggest loading value in this factor (0.724)
7. Layout
This item in third factors, because had biggest loading value in this factor (0.872)
8. Availability of fast access
This item in fourth factors, because had biggest loading value in this factor (0.895)
9. Community Environment
This item include in first factor, because had biggest loading value in this factor (0.906)
10. Expansion
This item in second factors, because had biggest loading value in this factor (0.830)
11. Traffic
This item in fourth factors, because had biggest loading value in this factor (0.802)

Discussion

From this research, it shows that there have been several changes in the factors that influence in the choice of business locations, in this research there is a new factor called proximity to customers & infrastructure, this factor has a high value, also has a big influence in location decision making on SME's. Where customers are the target of a company to get a profit, therefore proximity to customers and infrastructure is one of the important factors in location decision making. Also the displacement of several factors that were previously the main factors such as accessibility, which is now moving in the last position. Also in this study, there are still some factors that remain in the top position such as Proximity to infrastructure and environmental, this research has similarities in infrastructure and environmental factors with the previous study in research by B.L. MacCarthy (2003), Nur Wahyudi (2015) and Eko Nur Fu'ad (2015) who put the proximity to Infrastructure and Environmental Factors in the top position it means that.

This research conducted in Manado from December – January 2020. Researcher distributed questionnaires to owner of food and beverage SME's in Manado with total of respondents are 50 people. The sampling technique that was used for selecting the respondents was purposive sampling. Based on the rotation component matrix can be concluded that there are 11 variables that have value above 0.6 which mean they have correlated to a factor that finally conducted. From all 11 variables, there are 4 factors conducted. It is caused by the eigen values above only in the first 4 factors that is why the factoring process is ended only in fourth factors.

So, in this study there has been a shifting process in the selection of business locations, after the emergence of online ordering, and the joining of F and B Industry with online transportation applications. Which states that the near or far the location of a business location or the accessibility is no longer in a top priority, but the availability of infrastructure such as roads and shipping services is the main thing in choosing a business location.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the analysis and discussion, there are 4 main factors that the location decision making on SME's in Manado, namely: Proximity to Consumer and Infrastructure, Opportunity, Potential and Accessibility. First

Factor Proximity to Consumer and Infrastructure, the dependent variables which are Proximity to Consumer & Environment is the first factor driving the Location decision making in Manado. The independent variables which are: Proximity to consumer, Proximity to Settlement, Complete Infrastructure, Community Environment included in this factor. Second factor opportunity, the dependent variables which are Quality of the location is the first factor driving the Location decision making in Manado. The independent variables which are: Market Opportunity, Cleanliness of the Place, included in this factor. Third factor improvement the dependent variables which are Quality of the location is the first factor driving the Location decision making in Manado. The independent variables which are: Expansion, and Proximity to the road, Layout, included in this factor. Fourth factor Accessibility The dependent variables which are Accessibility is the first factor driving the Location decision making in Manado. The independent Variables which are: Market Opportunity, and Traffic included in this factor.

Recommendation

Based on the conclusions, the recommendations can be proposed. The researcher recommended to managers or owners SME's in Manado to get a good location, there are:

1. Proximity to consumer: The company should build a good relationship with the consumer, be kind and respect with the consumer needs.
2. Proximity to Settlement: The company should understand the type of the settlement around the company and making business that can make the settlement as a target market for the company.
3. Complete Infrastructure: The company need to pay attention with the infrastructure around the location and know the most important infrastructure that the consumer and the company need
4. Community Environment: The company should understand what type of environment around the company is, and so the company will make something that will attract consumer.
5. Market Opportunity: The company must identify the market opportunity at the location, in order to grow the company sales
6. Cleanliness of the Place: The company should pay attention of the hygiene of the location, now a day consumer more concern with cleanliness of the place.
7. Expansion: A good business location can promote the company so the company can make an expansion in the future, company need to identify if there any possibility for the company to develop.
8. Proximity to the Highway: Find a business location with the proximity to the highway, it will make consumer will be easy to go to the business location.
9. Layout: Find good layout of the place will attract more consumer, because now a day people like to find a new things.
10. Availability of Fast Access: Company should understand about how the consumer can get an access to go to the business location, how long it will take a time to arrive to location.
11. Traffic: The direction of the traffic is very important, find a location with less of traffic or have an alternative way.

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