ANALYSIS OF BUSINESS LOCATION, BUSINESS CAPITAL AND PRODUCT PRICES ON BUSINESS INCOME IN MSMES IN MEDAN HELVETIA DISTRICT

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Abstract

This study was conducted at MSMEs in Medan Helvetia District, with the aim of analyzing business location, business capital and product prices on business income. The population were UMKM in Medan Helvetia District as many as 115 UMKM, sampling with saturated samples so that the number of samples were 115 samples. The data source used primary data and data collection techniques using questionnaires. Data analysis techniques use multiple linear regression, classical assumption tests and hypothesis tests. Based on the results of the study, it showed that business location, business capital and product prices partially and simultaneously have a positive and significant effect on business income in MSMEs in Medan Helvetia District. There was a strong correlation between business location, business capital and product prices with business income in MSMEs in Medan Helvetia District. Business income in UMKM Medan Helvetia District can be explained by business location, business capital and product price by 45.2% and the remaining 54.8% is explained by other variables that were not studied such as promotion, consumer loyalty, consumer satisfaction and so on.

Keywords: Business location, Business capital, Product price, Business income

1. INTRODUCTION

Indonesia has been experiencing an economic crisis since April 14, 2020 until now which has caused the collapse of the national economy. Many large-scale businesses in various sectors including industry, trade, and services have stagnated and even stopped their activities. However, Micro, Small and Medium Enterprises (MSMEs) can survive and become economic restorers amidst the downturn due to the monetary crisis in various economic sectors. MSMEs are one of the business sectors that can develop and be consistent in the national economy. Micro, Small and Medium Enterprises (MSMEs) are an important pillar for the Indonesian economy. Data obtained by the Ministry of Cooperatives and SMEs shows that there are currently 64.2 million MSMEs.

There are many factors that can affect the ability of each MSME to earn income from their business, which can vary from one to another, so that it can increase, including through business capital, product prices and business location. Business location is the main thing that will be used by MSME owners to market their products to the public, so if the location of the business is strategic and easily accessible to many people, this will make the desire and willingness of the community to come to buy the product greater. If this continues in the future, it is likely that MSMEs will be able to increase their turnover or business income. Conversely, if the business location is considered difficult to find by the community or there is no transportation to reach the MSME, it will discourage people from coming to buy the product. According to research by Ningrum and Suharsini (2022), it can be concluded that the strategic business location used by business actors

ANALYSIS OF BUSINESS LOCATION, BUSINESS CAPITAL AND PRODUCT PRICES ON BUSINESS INCOME IN MSMES IN MEDAN HELVETIA DISTRICT

M.Arief Maulana[1], Arasy Ayu Setiyani[2], Annisa Suvero Suyar[3].

Table I.1 Data on Sub-district MSME Business Income
Medan Helvetia Period September 2022 to February 2023

No	Types of MSMEs	Operating revenues(Period)					
		Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
1	Culinary	16,525,000	17,986,500	17,036,250	19,046,500	19,758,000	21,745,800
2	ATK	5,652,500	5,869,500	5,748,500	6,275,400	6,984,500	72,658,400
3	Fashion	20,365,000	22,798,000	21,625,100	23,654,700	24,325,100	26,452,500
4	Cafe and Restaurant	18,795,000	20,325,000	19,765,200	21,425,100	22,795,000	25,652,500
5	Barber shop	9,756,000	11,065,000	10,365,000	12,657,000	13,987,600	15,654,500
6	Grocery store	13,658,450	15,798,400	14,625,000	16,758,400	17,568,500	19,545,000
7	Motorcycle spare parts	27,965,800	29,789,600	28,465,210	31,468,500	32,652,500	33,654,800
8	Service workshop	14,798,000	16,958,500	15,698,700	17,652,500	18,745,000	19,746,800
9	Laundry	10,765,000	12,485,000	11,035,500	12,875,000	13,685,400	15,652,500
10	Coffee shop	7,698,500	8,984,500	8,174,580	9,265,250	10,325,000	19,652,000

source:www.bps.co.id,2023

Table I.1 shows that there are several MSMEs in Medan Helvetia sub-district in carrying out their business activities, where for six months from September 2022 to February 2023 the business income of several MSMEs in Medan Helvetia sub-district experienced fluctuations, especially in September to November 2022, while in December 2022 to February 2023, on average, MSMEs in Medan Helvetia sub-district experienced different increases in income each month. This condition shows that there has been an increase in business income in several MSMEs such as grocery stores, fashion, coffee shops, service workshops and so on. This condition shows that there has been an increase in business activities carried out by MSMEs in Medan Helvetia sub-district so that this provides a greater opportunity for MSME owners to develop their businesses by continuously making breakthroughs so that their businesses can grow and develop over time.

2. LITERATURE REVIEW
A. Business Location
MSMEs run by business owners will need a place to market products sold to the public so that with a place of business that is easily accessible to many consumers will make it more likely that consumers will buy the product. Conversely, if the business location is felt to be far and difficult to reach by consumers, this will make consumers have no intention of buying products sold by MSMEs.

B. Venture capital
Capital is an important part of a business activity, especially to start a business field that will be engaged in. For some individuals who have limited abilities, the capital factor is one of the obstacles often encountered by the owner because the capital can be used for many things such as buying merchandise, paying operational costs or for expanding the marketing of its products.

C. Product Price
Price is part of the marketing mix activity that plays an important role when business owners offer their products to the wider community or consumers. In addition, the price is usually very sensitive for most consumers who assume that price is symbolized by currency or monetary value in material amounts. If in the consumer's view there is a fairly high price change for a product from an MSME compared to its competitors, then the price difference, which is quite material, can be a consideration in making a decision whether to buy the product or postpone it temporarily and cancel it so that they will prefer the price of their competitors.

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E-ISSN:2827-766X | WWW.IJSET.ORG

2151

D. Operating revenues

Usually every business owner who has started a business and has been involved in investing some money in the business will have a main goal to achieve, namely business income. This business income is usually identified with the receipt of money received by the owner from product sales that have occurred during a certain period such as weekly, monthly and annually. Each business owner has a different business income target to achieve with various reasons accompanying it so that the size of this business income target will determine the steps and decisions that will be taken in the future.

E. Research Hypothesis

Based on the explanation that has been put forward regarding the relationship between independent variables, namely business location, business capital and product prices with dependent variables, namely business income. then the research hypothesis is as follows:

H1: Business location has a significant influence on business income in MSMEs in Medan Helvetia District.

H2: Business capital has a significant effect on business income in MSMEs in Medan Helvetia District.

H3: Product prices have a significant effect on business income at MSMEs in Medan Helvetia District.

H4: Business location, business capital and product prices simultaneously have a significant effect on business income in MSMEs in Medan Helvetia District.

3. IMPLEMENTATION METHOD

A. Research Data Sources

The source of research data uses primary data. Soewadji (2016:147), explains that primary data is research data obtained directly from the object being studied without using research intermediaries. In this study, primary data can be described into several statements that discuss the problems being studied concerning business location, business capital, product prices and business income.

B. Research Data Collection Techniques

The data collection technique used is a questionnaire, which is data collection carried out by providing a number of statements so that respondents' answers are obtained regarding the problems being studied. The data obtained from the questionnaire are then processed with a statistical processing application with the intention of being able to answer the research hypothesis that has been previously stated.

C. Research Data Analysis Techniques

Data analysis techniques used in the study include data quality testing, classical assumption testing, path analysis testing, multiple linear regression and hypothesis testing using statistical programs, namely SPSS. The following describes the statistical tests used, namely:

D. Data Quality Test

1) Validity Test

Priyatno (2017:62), Validity test is used to find out how accurate an item is in measuring what is to be measured in the questionnaire. The validity test of the questionnaire uses the Corrected-Item Total Correlation method, the criteria are:

a) r value$_{count}$ > rtable, it is concluded that each questionnaire item is valid.

b) r value$_{count}$ < rtable, it is concluded that each questionnaire item is declared invalid.

2) Reliability Test

Priyatno (2017:65), Reliability test is an index that shows the extent to which a measuring instrument can be trusted or not. The method used to measure reliability is Cronbach's Alpha.

2152

International Journal of Social Science, Educational, Economics, Agriculture Research, and Technology (IJSET)
E-ISSN:2827-766X | WWW.IJSET.ORG

ANALYSIS OF BUSINESS LOCATION, BUSINESS CAPITAL AND PRODUCT PRICES ON BUSINESS INCOME IN MSMES IN MEDAN HELVETIA DISTRICT

M.Arief Maulana[1], Arasy Ayu Setiyani[2], Annisa Suvero Suyar[3].

The following are the criteria, namely:
a) Cronbach's Alpha value > 0.60, it is concluded that the variables used are stated as reliable (construct).
b) Cronbach's Alpha value < 0.60, it is concluded that the variables used are stated as unreliable (not construct).
c)

E. Classical Assumption Test

Priastama (2012:87), The classical assumption test is a statistical requirement that must be met in multiple linear regression analysis based on ordinary least square (OLS). Regression analysis that is not based on ordinary least square does not require classical assumption requirements. The following describes the classical assumption test, including:

1) Normality Test

Ghozali (2018:121), the normality test is carried out to see the normality of the data used, whether the data is normally distributed or not. The level of data normality is important because with normally distributed data, the data can be considered to represent the population (Priyatno, 2017:74). The method used is the Kolmogorov-Smirnov Test. The criteria are:
a) The Asym Sig 2 tailed value > 0.05, it is concluded that the data is normally distributed.
b) The Asym Sig 2 tailed value < 0.05, it is concluded that the data is not normally distributed.

2) Multicollinearity Test

Priyatno (2017:120), multicollinearity test means that between independent variables contained in the regression model there is a perfect or near perfect linear relationship (the correlation coefficient is high or even 1). The following are the criteria:
a) Tolerance value > 0.1 and VIF value < 10, it is concluded that the regression model does not show symptoms of multicollinearity.
b) Tolerance value < 0.1 and VIF value > 10, it is concluded that the regression model has symptoms of multicollinearity.

3) Heteroscedasticity Test

According to Ghozali (2018:125), the heteroscedasticity test is a condition where there is inequality of residual variance for all observations in the regression model. A good regression model is one that does not have heteroscedasticity problems (Priyatno, 2013:62). The method used to determine heteroscedasticity is Glejser, the criteria are:
a) Sig. value> 0.05, it is concluded that the regression model does not show symptoms of heteroscedasticity.
b) The sig. value < 0.05, it is concluded that the regression model shows symptoms of homoscedasticity.

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E-ISSN:2827-766X | WWW.IJSET.ORG

2153

4. RESULTS AND DISCUSSION

A. Research result

1. Descriptive Characteristics of Respondents

a) Descriptive Characteristics of Respondents Based on Gender

Table IV.1 Respondent Characteristics Based on Gender

Gender	Number of respondents	%
Man	66	57.39
Woman	49	42.61
Amount	115	100.00

source: processed data,
2024

The table above shows that the number of MSMEs in Medan Helvetia sub-district is dominated by men as much as 57.39% and women as much as 42.61%. This shows that MSME actors in running their businesses in the sub-district are more men than women, men have responsibilities to their families and have a better vision for the future than women.

b) Descriptive Characteristics of Respondents Based on Age

Table IV.2 Respondent Characteristics Based on Age

Age (years)	Number of respondents	%
20-30	28	24.35
31-40	49	42.61
41-50	38	33.04
Amount	115	100.00

source: processed data,
2024

The table above shows that the dominant UMKM business actors in Medan Helvetia sub-district are productive age, namely between 31-40 years old, as much as 42.61% compared to other ages. This condition shows that the age of UMKM actors is more productive age and has a strong desire to advance and develop in running their business so that this provides a better opportunity to develop a business in facing increasingly tight business competition in the future.

c) Descriptive Characteristics of Respondents Based on Education

Table IV.3 Respondent Characteristics Based on Education

Education	Number of respondents	%
High School	29	25.22
Diploma	38	33.04
Bachelor	48	41.74
Amount	115	100.00

Source: processed data,
2024

The table above shows that the number of MSME actors in Medan Helvetia sub-district is dominated by undergraduate education of 41.74% compared to high school and diploma education. This condition shows that with adequate education, they have better views and knowledge in running their business so that they can try to find ideas and potential opportunities to be developed to be even better so that they get better over time.

2154

ANALYSIS OF BUSINESS LOCATION, BUSINESS CAPITAL AND PRODUCT PRICES ON BUSINESS INCOME IN MSMES IN MEDAN HELVETIA DISTRICT

M.Arief Maulana[1], Arasy Ayu Setiyani[2], Annisa Suvero Suyar[3].

d) **Descriptive Characteristics of Respondents Based on Length of Business**
Table IV.4 Respondent Characteristics Based on Length of Business

Length of business (years)	Number of respondents	%
< 5	32	27.83
> 5 - 10	39	33.91
> 10	44	38.26
Amount	115	100.00

Source: processed data, 2024

The table above shows that the number of MSME actors in Medan Helvetia sub-district is dominated by the length of business that has been running for more than 10 years as much as 38.26% compared to the length of other businesses. This condition shows that these business actors are able to manage and run their businesses well and on target so that business activities can survive and continue during the period starting from the initial establishment of the business activities carried out.

B. Data Quality Test Results
a) Business Location Validity Test Results
Table IV.5 Results of Business Location Validity Test

Variables	Questionnaire Items	*Corrected Item-Total Correlation* rhitung	rtable	Conclusion
	Business location_1	.907		Valid
	Business location_2	.905		Valid
	Business location_3	.773		Valid
	Business location_4	.546		Valid
Business location	Business location_5	.735	.181	Valid
	Business location_6	.622		Valid
	Business location_7	.789		Valid
	Business location_8	.382		Valid
	Business location_9	.670		Valid
	Business location_10	.567		Valid

source: data processed by SPSS, 2024

Table IV.5 shows that all questionnaire items on the business location variable that have 10 statements of coefficient value rcount > rtable (0.181), so it is concluded that the questionnaire items on the business location variable can be declared valid so that they meet the validity assumption. This means that the existence of a business location used by MSMEs in running their business also determines the success of the business to encourage the desired increase in business income so that with the support of a strategic location it can make it easier for consumers to buy the desired products.

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E-ISSN:2827-766X | WWW.IJSET.ORG

2155

b) Results of Business Capital Validity Test
Table IV.6 Results of Business Capital Validity Test

Variabel	Item Kuesioner	Corrected Item-Total Correlation rhitung	rtabel	Simpulan
Capitalbusiness	Business capital_1	.613		Valid
	Business capital_2	.675		Valid
	Business capital_3	.757		Valid
	Capitalbusiness_4	.752	.181	Valid
	Business capital_5	.715		Valid
	Business capital_6	.513		Valid
	Business capital_7	.589		Valid
	Business capital_8	.748		Valid

data source processed SPSS,2024

Table IV.6 shows that all questionnaire items on the business capital variable that have 8 statements of coefficient value rhitung > rtable (0.181), so it is concluded that the questionnaire items on the business capital variable can be stated as valid so that they meet the validity assumption. This means that the existence of capital plays an important role for an entrepreneur to use capital in running and developing his business.

c) Product Price Validity Test Results
Table IV.7 Product Price Validity Test Results

Variables	ItemQuestionnaire	Corrected Item-Total Correlation rhitung	rtable	Conclusion
Price product	Priceproduct_1	.646		Valid
	Priceproduct_2	.384		Valid
	Priceproduct_3	.531		Valid
	Priceproduct_4	.550	.181	Valid
	Priceproduct_5	.413		Valid
	Priceproduct_6	.358		Valid
	Priceproduct_7	.322		Valid
	Priceproduct_8	.603		Valid

data source processed SPSS,2024

Table IV.7 shows that all questionnaire items on the product price variable that have 8 statements of coefficient value rhitung > rtable (0.181), so it is concluded that the questionnaire items on the product price variable can be stated as valid so that they meet the validity assumption. This means that the existence of product prices will determine consumer decisions to buy products sold by business owners so that if the price is affordable, it will be purchased by consumers and encourage an increase in the owner's business income.

2156

International Journal of Social Science, Educational, Economics, Agriculture Research, and Technology (IJSET)
E-ISSN:2827-766X | WWW.IJSET.ORG

ANALYSIS OF BUSINESS LOCATION, BUSINESS CAPITAL AND PRODUCT PRICES ON BUSINESS INCOME IN MSMES IN MEDAN HELVETIA DISTRICT

M.Arief Maulana[1], Arasy Ayu Setiyani[2], Annisa Suvero Suyar[3].

d) Results of Business Income Validity Test

Table IV.8 Results of Business Income Validity Test

Variables	Questionnaire Items	Corrected Item-Total Correlation rhitung	rtable	Conclusion
	Business income_1	.500		Valid
	Business income_2	.485		Valid
	Business income_3	.748	.181	Valid
Income business	Business income_4	.304		Valid
	Business income_5	.674		Valid
	Business income_6	.672		Valid
	Business income_7	.647		Valid
	Business income_8	.527		Valid

source: data processed by SPSS, 2024

Table IV.8 shows that all questionnaire items on the business income variable that have 8 statements of coefficient value rhitung > rtable (0.181), so it is concluded that the questionnaire items on the business income variable can be stated as valid so that they meet the validity assumption. This means that business income will be the main goal of business owners in running a business so that each month the business income target will be made and realized in business activities to market their products.

e) Reliability Test Results

Table IV.9 Reliability Test Results Reliability statistics

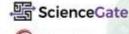| Variables	Croncbach's Alpha	Coefficient value standard	Conclusion
Business location_X1	.907		Reliable
Business capital_X2	.892	0.6	Reliable
Product price_X3	.766		Reliable
Business income_Y	.840		Reliable

source: data processed by SPSS, 2024

Table IV.9 shows that for the variables of business location, business capital, product price and business income have a Croncbach's Alpha value > 0.6 so it is concluded that the variables used are reliable. This means that the majority of respondents gave relatively stable and consistent average answers between one questionnaire and another for each research variable.

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2157

Normality Test Results

Table IV.10 Kolmogorov Smirnov Test Results

One Sample Kolmogorov Smirnov Test		Unstandardized Residual
N		115
Normal Parameters	Mean	.0000000
	Std Deviation	3.10695048
Most Extreme	Absolute	.106
Differences	Positive	.087
	Negative	-.106
Kolmogorov Smirnov Z		1.141
Asymp.Sig. (2-tail)		.148

source: data processed by
SPSS, 2024

Table IV.10 above shows the results of the Kolmogorov Smirnov test which has a significance value (Asymp. Sig.2-tailed) of 0.148 so that the significance value of 0.148 > 0.05, it is concluded that the residual value is normally distributed and meets the normality assumption.

f) Multiple Linear Regression

Table IV.13 Multiple Linear Regression Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20,421	4.055		5.036	.000
	Business location_X1	.189	.062	.091	1,874	.028
	Business capital_X2	.226	.083	.262	2,713	.008
	Product price_X3	.136	.091	.135	1,749	.031

a. Dependent Variable: Business income_Y
Source: data processed by SPSS, 2024

Table IV.13 of the multiple linear regression equation, the following is the equation:

$$Y = 20.421 + 0.189 X1 + 0.226 X2 + 0.136 X3$$

The following is an explanation of the multiple linear regression equation above, namely:

1. If everything in the independent variables is considered zero, then the business income (Y) is 20.421.
2. If there is an increase in business location by 1 (one) unit, then business income (Y) will increase by 0.189 (18.90%).
3. If there is an increase in business capital of 1 (one) unit, then business income (Y) will increase by 0.226 (22.60%).
4. If there is an increase in the product price by 1 (one) unit, then business income (Y) will increase by 0.136 (13.60%).

2158

International Journal of Social Science, Educational, Economics, Agriculture Research, and Technology (IJSET)
E-ISSN:2827-766X | WWW.IJSET.ORG

ANALYSIS OF BUSINESS LOCATION, BUSINESS CAPITAL AND PRODUCT PRICES ON BUSINESS INCOME IN MSMES IN MEDAN HELVETIA DISTRICT

M.Arief Maulana[1], Arasy Ayu Setiyani[2], Annisa Suvero Suyar[3].

g) Partial Test Results

Table IV.14 Partial Coefficients Test Results

Model		Standardized Coefficients	t	Sig.
		Beta		
1	(Constant)		5.036	.000
	Business location_X1	.091	1,874	.028
	Business capital_X2	.262	2,713	.008
	Product price_X3	.135	1,749	.031

a. Dependent Variable: Business income_Y
Source: processed dataSPSS, 2024

In this study, the number of research samples was n = 115 so that ttable = 1.658 was obtained at sig 0.05. From Table IV.16 below, the results of the partial test can be described as follows:

a. Business location partially has a positive and significant effect on business income in MSMEs in Medan Helvetia sub-district (tcount value > ttable, 1.874 > 1.658 at sig. 0.000 < 0.05), so the research hypothesis H1 is accepted.
b. Business capital partially has a positive and significant effect on business income in MSMEs in Medan Helvetia sub-district (tcount value > ttable, 2.713 > 1.658 at sig. 0.000 < 0.05), so the research hypothesis H2 is accepted.
c. Product prices partially have a positive and significant effect on business income in MSMEs in Medan Helvetia sub-district (tcount value > ttable, 1.749 > 1.658 at sig. 0.000 < 0.05), so that the research hypothesis H3 is accepted.

h) Simultaneous Test Results

Table IV. 15 Simultaneous Test Results
ANOVA

Model	Sum of	df	Mean	F	Sig.
1 Regression		3		15,251	.002a
	156,185		52,062		
Residual	1100.458	111	9.914		
Total	1256.643	114			

a) *Predictors: (Constant)*, Product price_X1, business capital_X2, product price_X3
b) *Dependent Variables:*Business income_Y
    Source: data processed by SPSS, 2024

In this study, the number of samples n = 115, where the value of df (1) = k – 1 = 4 - 1 = 3 and the value of df (2) = n–k = 115 – 4 = 111, then obtained Ftable = 2.69 at sig.0.05. While the value of Fcount = 15.251 at sig.0.000. From table IV.15 it can be concluded that business location, business capital, and product price together have a significant effect on business income (Fcount value> Ftable, 15.251> 2.69 at sig. 0.000<0.05), so that the research hypothesis H4 is accepted.

2159

International Journal of Social Science, Educational, Economics, Agriculture Research, and Technology (IJSET)
E-ISSN:2827-766X | WWW.IJSET.ORG

i) **Results of the Determination Coefficient Test (R2)**

Table IV.16 Coefficient of Determination Results (R2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R	F Change
1	.689ₐ	.474	.452	1.14866	.474	15.251

a. *Predictors: (Constant), Harga produk_X1, modal usaha_X2, hara produk_X3*

b. *Dependent Variable: Pendapatan usaha_Y*

Sumber: data diolah SPSS, 2024

Table IV.16 shows the determination coefficient value of R = 0.689, meaning that there is a strong correlation between business location, business capital and product price with business income in UMKM Medan Helvetia District. The adjusted R2 value = 0.452 means that business income in UMKM Medan Helvetia District can be explained by business location, business capital and product price by 45.2% and the remaining 54.8% is explained by other variables not studied such as promotion, consumer loyalty, consumer satisfaction and so on.

DISCUSSION

A. The Influence of Business Location on Business Income in MSMEs in Medan Helvetia District

Based on the results of statistical tests conducted, it can be said that the location of the business partially has a positive and significant effect on business income in Medan Helvetia sub-district. This shows that the existence of a business location for an MSME business actor plays an important role in making it easy for consumers to access products quickly and save time. With a strategic location, consumers will easily remember and search for the location when they want to come to the location to buy the desired product. In addition, the location of the business used to run its business will determine the extent to which the company's ability to develop its business and encourage efforts to obtain business income.

B. The Influence of Business Capital on Business Income in MSMEs in Medan Helvetia District

Based on the results of statistical tests conducted, it can be said that business capital partially has a positive and significant effect on business income in Medan Helvetia sub-district. This shows that business owners need to maintain and provide sufficient and adequate business capital so that the capital will have a greater opportunity for business owners to use in developing their businesses. With sufficient capital, business owners will easily determine the right policies and efforts to achieve their main goal, namely increasing business income. The existence of this business capital is an important point because without sufficient capital, it is unlikely that the owner can take policies related to business continuity which are intended to be able to advance and develop in the face of increasingly tight business competition. Therefore, business owners must maintain the company's capital so that it is available sufficiently and smoothly for the smooth operation of the company in the future.

C. The Influence of Product Prices on Business Income in MSMEs in Medan Helvetia District

Based on the results of statistical tests conducted, it can be said that the price of the product partially has a positive and significant effect on business income in Medan Helvetia sub-district. This shows that business owners need to maintain the price of the product sold to consumers so that it is relatively stable and affordable and able to compete with the prices of other competitors. With affordable prices and not easily or quickly changing, this makes consumers interested in buying products sold by the company. Therefore, the price of this product will also

2160

International Journal of Social Science, Educational, Economics, Agriculture Research, and Technology (IJSET)
E-ISSN:2827-766X | WWW.IJSET.ORG

ANALYSIS OF BUSINESS LOCATION, BUSINESS CAPITAL AND PRODUCT PRICES ON BUSINESS INCOME IN MSMES IN MEDAN HELVETIA DISTRICT

M.Arief Maulana[1], Arasy Ayu Setiyani[2], Annisa Suvero Suyar[3].

determine the extent to which the company's ability to obtain the desired income. Conversely, if the price changes frequently and cannot be reached by most consumers, this condition makes consumers uninterested and less interested in buying the product, resulting in the desired business income being difficult to achieve.

5. CONCLUSION

Based on the results of the tests that have been carried out and the discussion presented above, the following conclusions can be presented, namely:

1. Business location partially has a positive and significant effect on business income in MSMEs in Medan Helvetia District.
2. Partially, business capital has a positive and significant effect on business income in MSMEs in Medan Helvetia District.
3. Product prices partially have a positive and significant effect on business income at MSMEs in Medan Helvetia District.
4. Business location, business capital and product prices simultaneously have a significant effect on business income in MSMEs in Medan Helvetia District.

Suggestion

The suggestions that can be conveyed in this research are:

1. In the future, business owners can maintain and preserve the desired business income so that it can be achieved optimally by maximizing the business capital they have in sectors that are profitable for the business and setting product prices that are affordable and able to compete with other competitors.
2. Business owners should continue to maintain the business location used to run their business so that it is always easy for consumers to find and access so that this can make it easier for consumers to come and buy the product.
3. Business owners should improve their managerial abilities to manage business capital appropriately so that the capital is actually used for business activities and business progress in the future.
4. Business owners should be able to maintain the price of the products offered to consumers so that they always follow market prices and are affordable for consumers so that many consumers will be interested in buying the product.
5. For other researchers, they can use other variables to obtain more systematic research results regarding business income such as promotions, consumer satisfaction and consumer loyalty so that in the future the expected research results can be obtained.

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2161

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2162

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ANALYSIS OF BUSINESS LOCATION, BUSINESS CAPITAL AND PRODUCT PRICES ON BUSINESS INCOME IN MSMES IN MEDAN HELVETIA DISTRICT

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2163

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