Factors Influencing the Income of Micro, Small, and Medium Enterprises (MSMEs) in Minahasa Regency

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ARTICLE INFORMATION

ABSTRACT

This study investigates the factors influencing the income of Micro, Small, and Medium Enterprises (MSMEs) in Minahasa Regency. Specifically, it examines whether business capital, business location, training, and product promotion impact the income of these enterprises. The research encompasses 25 districts in Minahasa Regency and employs primary and secondary data, analyzed using multiple regression analysis. The independent variables include Capital (X1), Business Location (X2), Training (X3), and Promotion (X4), while the dependent variable is the income of MSMEs (Y). The objective is to determine the combined effect of business capital, location, training, and promotion on the income of MSEs in Minahasa Regency. The research findings indicate that capital, business location, training, and promotion significantly impact the income of MSME actors in Minahasa Regency. An adjusted R-square value of 0.648 suggests that these variables account for 64.80% of the income variation, while the remaining 35.20% is affected by other factors not considered in this model. Consequently, improving these factors can effectively increase the income of MSME actors in Minahasa Regency.

Keywords: Business Location; Capital; MSME Income; Promotion; Training

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the economic development of regions (Goenadhi et al., 2023a), including Minahasa Regency. These enterprises contribute significantly to employment, income generation, and regional economic growth. Empowering MSMEs is essential for stimulating local economic growth and improving the livelihoods of a substantial portion of the population (Goenadhi et al., 2023b). By supporting MSMEs, governments and organizations can contribute to poverty reduction, job creation, and overall community development. However, MSMEs often face challenges such as limited access to capital, inadequate training, and insufficient promotional support, which can hinder their financial performance and overall success (Lombogia et al., 2022).

Minahasa Regency, located in the province of North Sulawesi, Indonesia, is home to a vibrant community of MSMEs. These enterprises are diverse, ranging from manufacturing to services, and are a significant source of employment and income for the local population. Despite their importance, MSMEs in Minahasa Regency face various obstacles, including limited access to working capital, inadequate business training, and insufficient promotional support. Addressing these challenges is critical to unlocking the full potential of MSMEs in the region, thereby fostering sustainable economic development and improving the quality of life for the local community. By implementing targeted interventions and providing the necessary resources and support, stakeholders can enhance the resilience and growth prospects of MSMEs in Minahasa Regency.

Capital is a critical component for the financial health and operational efficiency of MSMEs, especially in regions like Minahasa Regency. It provides the necessary liquidity to cover day-to-day expenses, manage cash flow, and invest in growth opportunities (Bhattacharya, 2021). Without sufficient working capital, MSMEs may struggle to meet their financial obligations, leading to reduced profitability and potential business closure. The impact of working capital on MSME income is multifaceted, as it directly influences the ability to purchase raw materials, manage inventory, and maintain operational efficiency. In Minahasa Regency, where MSMEs face challenges such as limited access to capital, inadequate training, and insufficient promotional support, ensuring adequate working capital is even more crucial. By providing access to affordable credit and financial services, local governments and financial institutions can help these enterprises overcome liquidity constraints. This, in turn, can lead to increased production, higher income levels, and improved economic stability for the region.

The location of an MSME can significantly affect its income, particularly in regions like Minahasa Regency, where strategic positioning can lead to enhanced business performance. According to Syahputra et al. (2022), the initial stage of starting an MSME involves selecting a strategic location, as this significantly affects income optimization. A strategic location can provide proximity to markets, access to raw materials, and the availability of skilled labor, all of which are critical for operational success and financial performance. In Minahasa Regency, MSMEs situated in areas with favorable business environments tend to perform better financially compared to those in less favorable locations.

Training is essential for the development and growth of MSMEs, enhancing the skills and knowledge of entrepreneurs and enabling them to manage their businesses more effectively (Badriyah & Muhtarom, 2023). Comprehensive training programs can cover various aspects, including financial management, marketing, and operational efficiency. The impact of training on MSME income is significant, as it can lead to improved

decision-making, reduced costs, and increased productivity. Entrepreneurs who receive adequate training are better equipped to handle business challenges, innovate, and adapt to market changes, ultimately driving the success and sustainability of their enterprises.

Promotion is another critical factor that affects the income of MSMEs. Effective marketing strategies can increase visibility, attract more customers, and ultimately boost sales (Bondarenko & Vyshnivska, 2023). In a competitive market, promotional activities are essential for differentiating products or services and maintaining a strong market presence. By leveraging promotional tools such as social media, advertising, and public relations, MSMEs can enhance their brand recognition and customer loyalty.

The combined effect of working capital, business location, training, and promotion on MSME income is a complex interplay of various factors that collectively determine the financial performance and sustainability of these enterprises. Working capital is essential for maintaining liquidity and ensuring that daily operations run smoothly, allowing MSMEs to manage cash flow, purchase raw materials, and invest in growth opportunities. A strategic business location provides access to markets, raw materials, and skilled labor, directly influencing the operational efficiency and customer reach of an enterprise. Training equips entrepreneurs with the skills and knowledge needed for effective business management, enhancing decision-making capabilities, reducing costs, and boosting productivity. Promotion, through effective marketing strategies, increases visibility, attracts more customers, and differentiates products or services in a competitive market.

The interplay of these factors means that deficiencies in one area can impact others. For instance, inadequate working capital can limit the ability to take advantage of a prime business location or invest in necessary training and promotional activities. Conversely, a well-located business with adequate capital but lacking in marketing efforts may struggle to attract customers. Therefore, a holistic approach that addresses all these aspects is crucial for the success of MSMEs. In regions like Minahasa Regency, where MSMEs are vital to the local economy, understanding how these factors interact can inform targeted support strategies. By ensuring that MSMEs have access to sufficient capital, strategic locations, comprehensive training programs, and effective promotional tools, stakeholders can enhance the overall income and sustainability of these enterprises, driving economic growth and improving community livelihoods.

The research objectives are to analyze the effect of working capital, business location, training, and promotion on MSMEs' income in Minahasa Regency. Additionally, the study aims to analyze the combined effect of capital, business location, training, and promotion on the income of MSMEs in Minahasa Regency.

The significance of this research lies in its comprehensive analysis of the factors influencing the income of MSMEs in Minahasa Regency. By examining the effects of working capital, business location, training, and promotion on MSME income, the study aims to provide valuable insights into the individual and combined impacts of these variables. Understanding these dynamics is crucial for policymakers, business owners, and stakeholders who seek to enhance the financial performance and sustainability of MSMEs. The findings can inform targeted support and intervention strategies, such as improving access to capital, providing strategic location advice, offering comprehensive training programs, and developing effective promotional activities. Ultimately, this research contributes to the broader goal of stimulating local economic growth, reducing poverty, and improving the livelihoods of the population in Minahasa Regency by empowering MSMEs to achieve greater financial success and resilience.

LITERATURE REVIEW

MSMEs' Income

Income is the amount earned by individuals or households for their work performance over a specific period, whether daily, weekly, monthly, or yearly (Sukirno, 2016). According to Rahardja and Manurung (2020), income encompasses the total receipts, both monetary and non-monetary, of a person or household within a certain timeframe. This remuneration results from the use of production factors in generating goods and services, which includes wages for labor, rent for land and buildings, interest for capital use, and profits for entrepreneurship. Essentially, income can be understood as compensation for the utilization of these production factors in the production process.

Several factors influence the income of MSMEs. According to Artaman et al. (2015), these include the length of business operation, trading location strategies, and working hours. The duration a business has been in operation plays a crucial role in income generation. The longer the business operates, the more efficient and productive it becomes, leading to reduced production costs and increased income. Experience over time allows MSME operators to better understand consumer preferences and market dynamics, which can significantly boost their income. Trading location is another critical factor affecting MSME income. Strategic location selection can enhance visibility, access to raw materials, and proximity to target markets, all of which are essential for optimizing income. Effective trading location strategies foster competition and provide MSME actors with a competitive edge. Working hours also impact MSME income, as they are tied to the labor supply theory. Individuals' willingness to work longer hours in hopes of earning more income is influenced by various factors such as age, income levels, and business experience. These elements collectively determine the extent to which MSMEs can maximize their income through diligent and strategic business operations.

Capital

Capital, defined as the principal money used for trading, lending, and other financial activities, includes property, goods, and other assets that can be utilized to produce wealth (Adri, 2023). It serves as the foundational resource for businesses and individuals to engage in economic activities, taking various forms such as cash, machinery, buildings, or raw materials, all of which are integral to the production process and income generation.

Effective capital management is instrumental in driving business growth and ensuring long-term sustainability. By strategically allocating financial resources, businesses can bridge short-term financial obligations, invest in operational enhancements, and seize emerging opportunities. Adequate working capital empowers enterprises to optimize inventory management, expedite production processes, and fulfill customer demands promptly. Furthermore, it serves as a safety net during economic downturns, enabling businesses to weather financial storms and maintain operational continuity. Ultimately, robust capital management fosters resilience, innovation, and competitive advantage, propelling businesses towards sustained success.

For MSMEs, access to capital is often a significant challenge. Limited access to financial resources can hinder their ability to expand operations, upgrade technology, and improve product quality. This limitation can restrict their competitive edge and growth potential. Therefore, ensuring that MSMEs have access to adequate capital is essential for their development and the broader economic health of regions like Minahasa Regency. Empowering MSMEs with capital not only supports their individual growth but also

stimulates local economic development, creates jobs, and enhances the livelihoods of the community.

Business Location

A business location, defined as the place where a business or business activity is conducted (Fitriyani et al., 2019), is a critical determinant of an enterprise's success. The choice of location affects accessibility, visibility, and convenience for customers, employees, and suppliers, making it a fundamental strategic decision. A well-chosen location can enhance a business's market presence, attract a steady stream of customers, and facilitate smooth operations.

Several factors influence the selection of a business location. Proximity to target markets ensures that the business is accessible to its primary customer base, which can drive sales and customer loyalty. Transportation links are crucial for the efficient movement of goods and for ease of access for employees and customers. The availability of skilled labor is another vital consideration, as it affects the quality of the workforce and operational efficiency. Local regulations and business environment, including zoning laws, taxes, and incentives, can also impact the decision. Additionally, the presence of competitors and complementary businesses in the area can influence customer traffic and market opportunities.

In the context of MSMEs, the selection of a business location is even more critical. MSMEs typically operate with limited resources, making it imperative to maximize the benefits derived from their location. A strategic location can help MSMEs to increase their visibility, attract more customers, and reduce costs associated with logistics and transportation.

In regions like Minahasa Regency, the business location's significance is amplified due to the diverse economic activities and the varied needs of the local population. MSMEs in Minahasa Regency benefit from choosing locations that align with their operational requirements and market strategies. A location that provides good infrastructure, ease of access, and a supportive business environment can significantly contribute to the growth and sustainability of MSMEs. Therefore, by carefully evaluating and selecting the optimal business location, MSMEs can position themselves for growth and long-term success, contributing to the broader economic development of the region.

Training

Training is a series of individual activities systematically designed to increase skills and knowledge, enabling participants to achieve professional performance in their field (Blanchard & Thacker, 2023). Effective training programs are essential for personal and professional development, as they provide individuals with the necessary tools and competencies to excel in their roles. These programs can range from on-the-job training and workshops to seminars and formal education courses, each tailored to address specific skill gaps and industry requirements.

Training emerges as a critical catalyst for the growth and sustainability of Micro, Small, and Medium Enterprises (MSMEs), particularly in resource-constrained environments. The adaptability and skill set of the workforce directly impact an MSME's competitive edge. Comprehensive training programs addressing financial management, marketing, operations, and customer service are essential for building a robust foundation. Beyond individual skill enhancement, training fosters a skilled and knowledgeable workforce, empowering entrepreneurs and contributing to regional economic growth. By prioritizing training and development, MSMEs not only bridge skill gaps but also cultivate a dynamic workforce capable of navigating the complexities of a rapidly changing business

landscape. This strategic investment in human capital ultimately drives innovation, efficiency, and long-term success.

Promotion
Promotion is a strategic imperative for MSMEs to stimulate sales and attract potential customers (Manggala et al., 2021). By effectively communicating their value propositions, MSMEs can build brand recognition, foster customer loyalty, and gain a competitive edge. A well-executed promotional strategy involves a multi-faceted approach, encompassing traditional and digital marketing tactics.

Advertising, public relations, social media marketing, and participation in trade shows are essential tools for increasing brand visibility and reaching target audiences. Moreover, targeted promotions tailored to specific customer segments can enhance customer engagement and drive conversions. In today's digital landscape, leveraging online platforms is crucial for MSMEs to connect with a wider customer base and build relationships.

By investing in strategic promotions, MSMEs can not only boost short-term sales but also cultivate long-term growth and sustainability. Successful promotional campaigns contribute to increased market share, enhanced brand reputation, and ultimately, the overall success of the enterprise.

Research Hypotheses
Figure 1. Research Framework
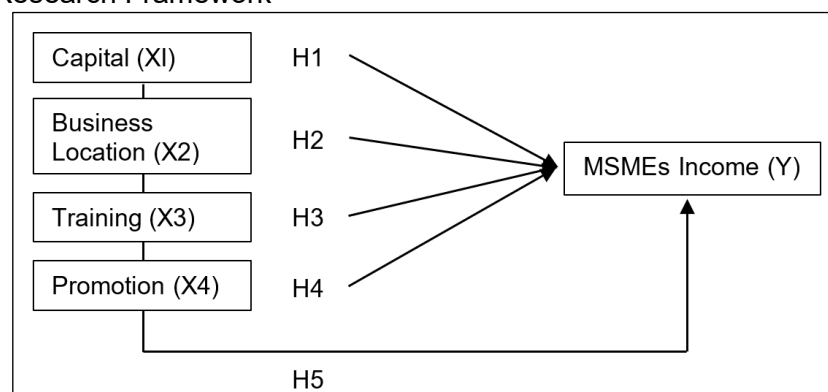
The conceptual framework underpinning this study is presented in Figure 1. Based on this framework, the following hypotheses were formulated.

H1: Capital has a partial effect on the income of MSMEs in Minahasa Regency.
H2: Business location has a partial effect on the income of MSMEs in Minahasa Regency.
H3: Training has a partial effect on the income of MSMEs in Minahasa Regency.
H4: Promotion has a partial effect on the income of MSMEs in Minahasa Regency.
H5: Capital, business location, training, and promotion have a simultaneous effect on the income of Micro and Small Enterprises in Minahasa Regency.

RESEARCH METHOD

Types and Data Sources
This research adopted a quantitative approach, drawing on both primary and secondary data sources. The study focused on all 25 districts in Minahasa Regency, using a non-probability sampling method known as accidental sampling to select participants. To

ensure the reliability of the data, the study targeted a sample size of at least 30 participants, in line with the Central Limit Theorem.

The primary objective of the research was to explore the relationships between various independent variables and the income of micro and small enterprises in Minahasa Regency. The independent variables examined included Capital (X1), Business Location (X2), Training (X3), and Promotion (X4), while the dependent variable was the Income (Y) generated by these enterprises. The study aimed to identify key factors influencing business success in the region. Data were collected using a Likert-scale questionnaire, with indicators tailored to the specific variables under investigation (see Table 1).

Table 1. Variables Indicator for Likert-Scale Questionnaire

Variable			Indicator
X1	Capital	1.	Capital utilized by MSMEs in Minahasa Regency District
		2.	Services for MSMEs in Minahasa Regency District
X2	Business Location	1.	Strategic business location with consumer or buyer accessibility.
		2.	Business location rental costs.
		3.	Security.
X3	Training	1.	Education of MSME owners in Minahasa Regency District
		2.	Intensity of participation in MSMEs training in Minahasa Regency District
		3.	Knowledge and skills related to MSMEs in Minahasa Regency District
X4	Promotion	1.	Media used for the promotion of MSMEs in Minahasa Regency District
		2.	Cost of promoting MSMEs in Minahasa Regency District
Y	Income	1.	Average Daily Income of MSMEs in Minahasa Regency District
		2.	Average Monthly Income of MSMEs in Minahasa Regency District
		3.	Adequacy of financing for goods and services in the district

Research Analysis Model
The Multiple Regression Analysis model is used to observe the effect of Capital (X1), Business Location (X2), Training (X3), and Promotion (X4) on the Income of MSMEs (Y) in Minahasa Regency District. The Multiple Regression Analysis equation is:

$$Y = f(X_1 . X_2 . X_3 . X_4)$$

The econometric model can be expressed as:

$$Y = \propto + \beta_1 . X_1 + \beta_2 . X_2 + \beta_3 . X_3 + \beta_4 . X_4 + \varepsilon$$

Where:
Y = Income
X_1 = Capital
X_2 = Location Business
X_3 = Training
X_4 = Promotion
$\propto$ = Constanta
β = Regression Coefficient
ε = Standard Error = Interfering Error.

RESULTS

Validity Test
Table 2. Validity Test Results

Variable	Indicator	Pearson Correlation	Description
Capital	Capital 1	0.881**	Validity
	Capital 2	0.795**	Validity
	Capital 3	0.587**	Validity
Business Location	Business Location 1	0.861**	Validity
	Business Location 2	0.873**	Validity
	Business Location 3	0.847**	Validity
Promotion	Promotion 1	0.866**	Validity
	Promotion 2	0.572**	Validity
	Promotion 3	0.685**	Validity
Income	Income 1	0.923**	Validity
	Income 2	0.923**	Validity
	Income 3	0.881**	Validity
	Income 4	0.442**	Validity

Source: Processed Data (2022)

A questionnaire was employed to assess the validity of the research instrument. Items were considered valid if the calculated correlation value (r) exceeded the critical r-table value. Based on the obtained data in Table 2, the correlation was significant at the 0.01 level (two-tailed), indicating a strong relationship between the variables.

Reliability Test
Table 3. Reliability Test

Variable	Cronbach's Alpha	Description
Capital	0.642	Reliable
Business Location	0.815	Reliable
Promotion	0.610	Reliable
Income	0.801	Reliable

Source: Result Output SPSS ver. 2023

A Cronbach's Alpha reliability test was conducted to assess the internal consistency of the research instrument. With a Cronbach's Alpha value exceeding 0.60 for all variables (Capital, Business Location, Training, Promotion, and Income) which can be seen in Table 3, the reliability of the measurement scale was established.

Classical Assumption Test
Multicollinearity Test
Table 4. Multicollinearity Test

Model	Unstandardized Coefficients		Standardized Coefficient	T	Sig.	Collinearity	Statistics
	B	Std Error	Beta			Tolerance	VIF
(Constant)	-4.523	2.447	-	-1.848	0.071	-	-
1 Capital (X1)	1.146	0.149	0.686	7.680	0.000	0.978	1.022
Business Location (X2)	0.234	0.101	0.208	2.36	0.025	0.980	1.020
Training (X3)	0.734	0.293	0.228	2.502	0.016	0.936	1.066

Promotion (X4)	0.357	0.168	0.193	2.117	0.040	0.936	1.069
a. Dependent Variable: Income (Y)							

Source: SPSS Output (2023)

A multicollinearity test was conducted to assess the independence of the independent variables. Tolerance values below 0.10 or VIF values exceeding 10 indicate multicollinearity. The results in Table 4 revealed no evidence of multicollinearity, as tolerance values were greater than 0.10 and VIF values were less than 10 for all independent variables (Capital, Business Location, Training, and Promotion). This indicates that the independent variables are not highly correlated with each other.

Autocorrelation Test
According to Ghozali (2020), the absence of autocorrelation is indicated by a Durbin-Watson statistic falling between the lower (dL) and upper (dU) critical values. These critical values are determined based on the sample size (n) and the number of independent variables (k) at a specified significance level (typically 5%).

Table 5. Autocorrelation Test

Model's Summary[b]					
Model	R	R Square	Adjusted Square	R Standard on the Estimate	Durbin-Watson
1	0.805[a]	0.648	0.617	0.985	1.845
a. Predictors: (Constant), Promotion (X4), Capital (X1), Location Business (X2), Training (X3)					
b. Dependent Variable: Income (Y)					

The Durbin-Watson test was conducted to assess autocorrelation. The calculated Durbin-Watson (DW) statistic of 1.6739 falls between the lower critical value (dL) of 1.845 and the upper critical value (dU) of 2.3261 (see Table 5). Therefore, it can be concluded that there is no evidence of autocorrelation in the model.

Heteroscedasticity Test
Heteroscedasticity was assessed through visual inspection of the scatterplot and statistical testing. The scatterplot did not exhibit a clear pattern of heteroscedasticity, with data points evenly distributed above and below the zero point on the Y-axis (Ghozali, 2020). These findings were confirmed by the statistical test results, indicating the absence of heteroscedasticity in the relationship between the independent variables (Capital, Business Location, Training, and Promotion) and the dependent variable (Income).

Multiple Regression Analysis
A multiple regression analysis was conducted to examine the influence of capital, business location, training, and promotion on the income of micro and small enterprises in Minahasa Regency. Primary data was collected from these enterprises to assess the relationships between the independent and dependent variables. The analysis employed Ordinary Least Squares (OLS) regression using statistical software.

Table 6. Multiple Regression Results

Coefficients[a]							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity	Statistics
	B	Std Error	Beta			Tolerance	VIF
(Constant)	-4.523	2.447	-	-1.848	0.071	-	-
1 Capital (X1)	1.146	0.149	0.686	7.680	0.000	0.978	1.022
Business Location (X2)	0.234	0.101	0.208	2.326	0.025	0.980	1.020
Training (X3)	0.734	0.293	0.228	2.502	0.016	0.938	1.066
Promotion (X4)	0.357	0.168	0.193	2.117	0.040	0.936	1.069
a. Dependent Variable: Income (Y)							

Source: Results Output SPSS, 2023

Multiple regression analysis was employed to examine the relationship between independent variables and the dependent variable. The model is expressed as follows:

$$Y = -4,523 + 1,146X1 + 0,234X2 + 0,734X3 + 0,357X4 + e$$

The constant value of -4.523 in Table 6 indicates that when all independent variables (capital, business location, training, and promotion) are zero, the dependent variable (income) decreases by 4.523 units. For each unit increase in capital (X1), income increases by 1.146 units, holding other variables constant. Similarly, a one-unit increase in business location (X2) leads to a 0.234 unit increase in income. Additionally, a one-unit increase in training (X3) and promotion (X4) results in income increases of 0.734 and 0.357 units, respectively.

Statistical Test
T-test
To determine the influence of independent variables on the dependent variable, a t-test was conducted. The null hypothesis (H0) posits no significant relationship between the independent and dependent variables, while the alternative hypothesis (H1) suggests a significant influence. A t-value exceeding the critical t-value at a significance level of 0.05 indicates a rejection of the null hypothesis and acceptance of the alternative, implying a significant effect. Conversely, a t-value less than the critical t-value leads to the acceptance of the null hypothesis, suggesting no significant influence.

$$\text{t-table} = \left(\alpha/4; n - k - 1 \right)$$
$$= \left(0.05/2; 50 - 4 - 1 \right)$$
$$= 0.025; 47 = (2.0141)$$

A partial test, utilizing a t-test, was conducted to assess the individual influence of each independent variable on the dependent variable. This analysis determines the extent to which each variable contributes to explaining the variation in the dependent variable. The t-test results were compared against a critical t-value of 2.0141 to determine statistical significance.

F-test

Table 7. F-test

ANOVA[a]						
Model		Sum Squares	df	Mean Square	F	Sig.
1	Regression	80.399	4	20.100	20.735	0.000[b]
	Residual	43.621	45	0.969		
Total		124.020	49			
a. Dependent Variable: Income (Y)						
b. Predictors: (Constant), Promotion (X4), Capital (X1), Location Business (X2), Training (X3)						

Sources: SPSS Output, 2023

The F-test results in Table 7 indicate a significant relationship between the independent variables (Capital, Business Location, Training, and Promotion) and the dependent variable (Income). The obtained F-statistic value (20.735) exceeds the critical F-table value (2.57) at a significance level of 0.000, which is well below the commonly accepted alpha level of 0.05. This result leads to the rejection of the null hypothesis (H0) that posits no significant joint effect of all independent variables on income. Conversely, the alternative hypothesis (H1) is accepted, suggesting that Capital, Business Location, Training, and Promotion collectively have a statistically significant positive influence on the income of micro and small enterprises in Minahasa Regency.

Coefficient of Determination Test
The coefficient of determination (R-squared) is 0.648, indicating that 64.8% of the variation in income for MSMEs can be explained by the four independent variables (capital, business location, training, and promotion). The remaining 35.2% of the variation is attributed to other factors not included in this study. These findings suggest that while the studied variables significantly influence income, other factors also contribute to the overall income levels of these enterprises.

DISCUSSION

The Effect of Capital on MSMEs' Income in Minahasa Regency
Capital is a crucial factor that affects the income of traders; the more capital traders have, the greater their potential income (Atun, 2016). Sufficient capital ensures the smooth running of business operations, enabling traders to invest in inventory, equipment, and other necessary resources that drive sales and profitability. In contrast, insufficient capital hampers business activities, leading to operational disruptions and lower income. In this study, trader capital is derived from both personal funds and loan capital, highlighting the importance of financial resources in business success.

The study results show that the capital variable significantly affects income, thereby validating H1. This positive relationship between capital and income indicates that traders with more financial resources can better manage their businesses and achieve higher earnings. These findings are consistent with previous research by Aji and Listyaningrum (2021), which demonstrated that capital positively and significantly impacts the business income of MSMEs in Bantul Regency. Their study revealed that access to adequate capital allows businesses to expand, improve product quality, and enhance customer service, all of which contribute to increased revenue.

This study aligns with the research by Dewi (2019), Mariam & Yuliani (2022), and Syafii et al. (2024), all of which identify capital as a key factor positively influencing MSME income. Collectively, these elements contribute significantly to the growth and profitability of MSMEs. Access to capital empowers businesses to seize growth opportunities,

improve efficiency, and maintain a competitive edge in the market. By securing adequate funding, MSMEs can ensure long-term viability and success, ultimately boosting the income and economic well-being of traders in Minahasa Regency and beyond.

The Effect of Business Location on MSMEs' Income in Minahasa Regency

The business location holds the potential to either enhance or undermine the business strategy of MSMEs in Minahasa Regency. Choosing a strategic location is one of the key factors influencing the success of MSMEs in this region. The assumption is that a more strategic business location leads to higher sales levels, which in turn positively affects the business's income (Syahputra et al., 2022). A well-chosen business location ensures visibility, accessibility, and convenience for customers, which can significantly drive foot traffic and consumer interest.

The study results demonstrate a significant positive relationship between business location and business income, thus confirming H2. The t-value for business location is 2.326, which exceeds the critical t-value of 2.0141 at the 0.05 significance level. This finding underscores the critical role of a strategic business location in driving the profitability of MSMEs. The geographical placement of a business can influence operational efficiency, cost management, and overall market competitiveness.

These results align with previous research by Atun (2016) and Syafii et al. (2024), which also highlighted the positive impact of business location on MSME income. Atun (2016) emphasized that businesses in prime locations benefit from increased customer access and market opportunities, while Syafii et al. (2024) noted that strategic locations reduce logistics costs and enhance supply chain efficiency. Collectively, these studies suggest that investing in a strategic business location is crucial for long-term sustainability and growth, as it provides a competitive edge in attracting and retaining customers, ultimately leading to higher income and business success for MSMEs.

The Effect of Training on MSMEs' Income in Minahasa Regency

Training is intricately linked to human resource management, encompassing various aspects such as planning, organizing, directing, supervising, and evaluating. For businesses trading goods and services within the micro and small enterprise sector in Minahasa Regency to achieve optimal income, it is imperative to enhance and develop the quality and performance of their human resources. One viable approach is to provide comprehensive education and training tailored to the specific demands of their jobs (Indarti, 2021).

The study results indicate that training significantly impacts income, with a p-value of 0.016, which is less than the significance level of 0.05, and a t-count of 2.502, which surpasses the t-table value of 2.014. These findings confirm the hypothesis that training is a crucial factor influencing business outcomes, thereby validating H3. The results are consistent with previous research by Kwartawaty et al. (2023) and Mariam & Yuliani (2022), demonstrating that training significantly enhances the income of MSME actors in Minahasa Regency. The data reveal a marked difference in income levels before and after the training, underscoring the importance of continuous skill development and professional growth for these business actors.

The Effect of Promotion on MSMEs' Income in Minahasa Regency

The effect of promotion on the income of MSMEs in Minahasa Regency is a critical factor in the success of their marketing programs. For MSME actors in this region, the quality of their products and services is essential. The underlying assumption is that if

consumers are unaware of a product and uncertain of its usefulness, they will not purchase it from the manufacturer. Promotion serves to stimulate consumer interest and drive purchases, thereby increasing sales and ultimately income (Seturi, 2022).

The study results indicate that promotion significantly affects the income of MSMEs in Minahasa Regency. The positive coefficient for promotion reveals that an increase in promotional activities correlates with higher income for micro and small enterprises. Specifically, a one-unit increase in promotional efforts is linked to a 0.357 unit increase in income, validating H4. This suggests that effective marketing and promotional strategies are vital in driving business revenue. Consistent with the findings of Sulistyaningsih et al. (2024), this study underscores the importance of e-marketing strategies in revenue growth for MSMEs. By leveraging digital platforms and online channels, businesses can reach a broader customer base, enhance brand visibility, and ultimately boost their bottom line. These strategies not only expand market reach but also enable businesses to engage with consumers more effectively, fostering loyalty and encouraging repeat purchases.

The Effect of Capital, Business Location, Training, and Promotion on MSMEs' Income in Minahasa Regency

Income is the result of selling goods or services owned by market traders. Traders' income is determined by the sales of the goods and services they produce and the price per unit of each product. Before starting a micro or small business in Minahasa Regency, good management is crucial for the smooth operation and development of the business, ultimately increasing income. The key factors in determining the income of business actors in this research include capital, business location, training, and promotion.

The results of the research show that these variables—capital, business location, training, and promotion—have a significant effect on the income of MSME actors in Minahasa Regency which supports H5. The F-test results indicate an F-value of 20.735 with a significant value of 0.000, which is smaller than the threshold of 0.05. The adjusted R-square is 0.648, meaning that 64.80% of the variation in income is explained by these variables. The remaining 35.20% is influenced by other variables not included in this research model.

In the current situation, where the world is adapting after the COVID-19 pandemic, MSME business actors also benefit directly, but almost all levels of society are affected and are adjusting to the new circumstances. To maximize the improvement of MSME actors in Minahasa Regency, promotions, especially through mass media and social media, are essential. Social media helps to keep people informed about regional and global developments and alleviates the boredom of those in Minahasa Regency.

CONCLUSION

Based on research results regarding the factors influencing MSMEs' income in Minahasa Regency, several conclusions can be drawn. Firstly, capital has a positive and significant effect on the income of MSMEs actors. Similarly, business location significantly impacts their income, with strategically located businesses earning more. Training also positively influences income, as it enhances the skills and capabilities of business actors. Promotion is another critical factor, as effective marketing strategies lead to increased sales and income. Collectively, capital, business location, training, and promotion significantly affect the income of MSME actors in Minahasa Regency.

This study suggests that MSME actors should conduct regular market research to stay abreast of business developments and adapt accordingly. For the government, both regional and central, there is a need to focus on policies and initiatives that increase community income, specifically targeting MSMEs at all levels. Researchers are encouraged to increase the sample size in future studies to enhance the robustness and generalizability of their findings.

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The authors declared no potential conflicts of interest.

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