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Assessing the Key Factors Influencing the Closure Of Micro- Businesses

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ABSTRACT

Business closure, though complex to define, generally refers to the point at which a company ceases operations due to financial instability, managerial inefficiency, or external constraints. While extensive research has explored the causes of closure among larger enterprises, there remains a notable research gap concerning micro-businesses, particularly those operating in rural settings with limited resources and institutional support. This study aims to identify and analyze the key factors influencing the closure of micro-businesses in Townsite, Cabanglasan, Bukidnon. Specifically, it examines the effects of inappropriate location, lack of customer relations, lack of entrepreneurial skills, and poor business planning on the sustainability of micro-enterprises. Employing a quantitative research design, data were collected from 165 micro-business owners through a structured survey using a 4-point Likert scale. The data were analyzed using regression analysis to determine the extent to which each variable influences business closure. Results revealed that all four factors significantly contribute to micro-business closure ($p < 0.05$), with inappropriate location emerging as the most influential determinant. Businesses situated in remote or low-traffic areas experienced greater risks of failure. Additionally, a lack of customer relations and entrepreneurial skills further heightened closure risks, while poor business planning was also found to be a substantial contributor. The study provides practical implications for micro-business owners and policymakers. It underscores the importance of strategic location selection, enhanced entrepreneurial training, and customer engagement initiatives to improve business survival. Furthermore, collaboration among local stakeholders is essential to create a more sustainable and supportive business environment, ultimately reducing closure rates and promoting economic resilience in rural communities.

INTRODUCTION

Micro businesses are vital to local and national economies, especially in developing countries, where they contribute significantly to employment, income generation, and community empowerment. These small-scale enterprises, often run by individual entrepreneurs or families, are typically characterized by limited capital, low investment, and a small number of employees. Despite their potential to drive economic activity and reduce poverty, many micro businesses experience premature closure.

In the global context, micro businesses are often grouped with small and medium-sized enterprises, which are seen as a barometer for economic health. According to the European Commission (2020), Micro businesses account for more than 99% of all European Union (EU) enterprises, generating two-thirds of all employment and contributing 60% of value-added. These statistics emphasize the critical role of Micro businesses in fostering economic Growth, creating jobs, and ensuring social stability. In Germany, for instance, 99.7% of all companies are micro businesses, contributing significantly to employment and turnover (Storey & Greene, 2020). This global picture highlights the importance of small businesses in maintaining a healthy and dynamic economy. Micro-businesses are crucial to the Philippine economy, significantly impacting employment, income, and overall economic development (Philippine Statistics Authority,

2024). In 2019, they comprised 99.5% of all registered business establishments, accounted for 62.4% of the country's total employment, contributed 36% of gross value added and 25% of total exports (Philippine Statistics Authority, 2019). The Department of Trade and Industry defines micro-businesses as those with assets of PHP 3,000,000 or less and 1-9 employees (Department of Trade and Industry, 2020). These businesses contribute to economic development by generating employment and supporting local economies (Soriano, 2021; Abellana & Alonzo, 2025; Gonzales & Gevero, 2024). Moreover, micro-enterprises comprise approximately 89% of all businesses in the Philippines, emphasizing their vital role in driving economic growth, particularly in rural and underserved areas (Department of Trade and Industry, 2020).

However, despite their crucial role, these businesses often face challenges that hinder their growth and sustainability. Although micro businesses are considered the backbone of the economy, they do not appear to survive once they engage in foreign trade. Bautista and Manzano (2019) found that only six in every ten exporting Philippine micro businesses survive after their first year of operation. This figure drops to under four in every ten by the end of their fourth year. Thus, the authors urged supporting micro businesses for export. The authors emphasized that the policy should be directed toward increasing the capability

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of the firms and targeted appropriately so they may reach larger orders, either through financing or consolidation with other similar firms that have successfully complied with the product standards required by foreign buyers.

The business life cycle of micro enterprises generally follows four stages: startup, growth, maturity, and, in some cases, decline or renewal. Each stage presents unique challenges that can hinder the growth and sustainability of these businesses. According to the Department of Trade and Industry's MSME Development Plan 2023-2028 (DTI, 2023), Micro businesses were suggested to tailor interventions at each phase to address these challenges effectively.

Several critical factors frequently cited in the literature contributed to business closure, and inappropriate location is one of them. A poor location can limit a business's visibility and accessibility, resulting in low customer foot traffic and reduced sales. Gartner (1985) points out that location significantly influences market reach and operational success, while Porter (2008) emphasizes its role in shaping competitive advantage. Equally important is the Lack of customer relations, which can diminish customer loyalty and long-term engagement. Kotler and Keller (2016) argue that effective customer relationship management is essential for customer retention, while Payne and Frow (2005) stress the strategic value of CRM in meeting customer expectations in competitive markets. In addition to external factors, internal shortcomings, such as a lack of entrepreneurial skills and poor business planning, also contribute to failure. Hisrich *et al.* (2016) assert that inadequate management, finance, and decision-making skills hinder business adaptability and performance. Sarasvathy (2001) further explains that making flexible, informed decisions is vital for navigating uncertainty. Without these skills, entrepreneurs are ill-equipped to manage challenges and seize opportunities. Poor business planning exacerbates these issues by leaving businesses without a clear strategic direction. Ries (2011) notes that many startups fail due to the absence of an adaptive plan, while Berry (2008) emphasizes that rigid or insufficient planning prevents businesses from responding effectively to changes. Together, these factors underscore the importance of Strategic foresight, customer focus, and entrepreneurial competence in achieving long-term business success.

Despite extensive research on business closures, a notable research gap exists, as most studies focus on larger companies and businesses in major cities, with little attention given to small-scale businesses, especially micro-businesses, which are more likely to close. While many studies look at the challenges of larger businesses, there are very few that focus on the specific problems faced by micro-businesses. These small businesses often struggle with limited resources and experience more difficulties, which makes them more prone to failure. The Lack of research specifically on micro-businesses means we do not fully understand the factors that lead to their closure. This gap makes it more challenging to develop practical

solutions or provide support for these businesses. Therefore, further research on micro-businesses and the reasons behind their closures is needed to provide valuable insights for business owners and policymakers. Addressing these research gaps would provide a more comprehensive understanding of business closure, offering valuable insights for entrepreneurs, policymakers, and researchers seeking to improve business sustainability. This study will employ statistical analysis, utilizing P-values, to objectively determine the most influential factors. A P-value of less than 0.05 was used as the threshold to indicate high statistical significance, meaning that any factor with a P-value below 0.05 will be considered to have a high influence on business closure (Fisher, 1925). This study aims to assess how the identified factors— inappropriate location, Lack of customer relations, Lack of entrepreneurial skills, and Poor business planning— influence the closure of Micro businesses.

LITERATURE REVIEW

Micro-Business Closure

The life cycle of every business is divided into four stages: Introduction, Growth, Maturity, and Decline (Pillemer, 2019). Usually, the introduction and growth stages of the life cycle of most businesses are slow, but with short maturity and quick decline stages (Weitzel & Jonsson, 2019). Although business closure is difficult to define, most definitions are closely related and focus on organizations and individuals (Jenkins & McKelvie, 2020). This also pertains to when a company ceases to exist, leaving investors and creditors in debt (Jenkins & McKelvie, 2019; Ucbasaran *et al.*, 2021). Business failure occurs when expenses exceed business revenue. If a business's reservoir is empty, it has failed because it will be considered bankrupt. Therefore, an enterprise may be regarded as a "failure" when it cannot meet its liabilities (Van Horne & Gaughan, 2019). A business can also be considered a failure if the overall set goals of management are not met (Business Week, 2019; Schaefer, 2019). If the business can no longer generate revenue and cannot continue operating under these conditions, or if it runs out of operating funds, it will be forced to close.

Micro-Business

Micro-businesses play a significant role in the Philippine economy due to their impact on employment, income, and overall economic development. According to the Philippine Statistics Authority, micro-businesses comprised 99.5 percent of all registered business establishments in 2019. They generate 62.4 percent of the country's total employment, contribute 36 percent of gross value added, and account for 25 percent of total exports (Philippine Statistics Authority 2024). The Department of Trade and Industry categorizes businesses based on their asset size and number of employees. Micro businesses are classified as those that have PHP 3,000,000 or less in assets and one to nine employees (Department of Trade and Industry, 2020). Micro-businesses in the Philippines contribute to economic

development by generating employment and supporting local economies (Soriano, 2021). However, despite their crucial role, these businesses often face challenges that hinder their growth and sustainability. Limited access to financial resources, inadequate managerial expertise, and insufficient government support are common obstacles (Detienne & Wennberg, 2022). Although micro businesses are considered the backbone of the economy, they do not appear to survive once they engage in foreign trade. Bautista and Manzano (2019) found that only six in every ten exporting Philippine micro businesses survive after their first year of operation. This figure drops to under four in every ten by the end of their fourth year. Thus, the authors urged supporting micro businesses for export. The focus, they emphasized, should be directed toward increasing the capability of the firms, targeted appropriately so they may reach larger orders, either through financing or consolidation with other similar firms that have successfully complied with the product standards required by foreign buyers.

Factors Affecting Business Closure

Inappropriate Location. Location is a vital factor that influences the success of businesses, regardless of their size. It directly affects operational costs, revenue, and the ability of a company to effectively reach and serve its customers. Choosing an unsuitable location can have serious negative effects, often resulting in low customer traffic, poor sales performance, and, ultimately, business closure. According to Sherman and Seidel (2019), the success or failure of small businesses is largely dependent on their location. If the area lacks accessibility for customers, is oversaturated with similar establishments, or has an insufficient population relative to the business's scale, the likelihood of survival is minimal (Sherman & Seidel, 2019). Pickle and Abrahamson (2023) and Mbonyane (2021) further explain that many small business owners often select their locations based on cost or convenience. In most cases, decisions are influenced by the proximity to their homes or affordable rental rates rather than the market potential of the area to sustain profitability. Similarly, Schaefer (2019) highlights that the success of small businesses is closely tied to choosing the right location. When determining where to establish a business, owners should consider factors such as rental expenses, customer foot traffic, accessibility, neighborhood safety, and the target consumer base (millforbusiness.com, 2020). Moreover, businesses should ensure that their locations remain convenient and easily accessible to customers, even during peak hours. Schaefer (2019) emphasizes that for many local enterprises, the location is a key determinant of success.

Lack of Customer Relations refer to a business or individual's failure to establish and maintain positive relationships with customers, often leading to decreased performance and customer dissatisfaction. This issue typically stems from ineffective communication, inadequate customer support, and a general inability

to understand or respond to customer needs. Such shortcomings result in a loss of trust and loyalty, which can ultimately drive customers away. Every business bears the responsibility of meeting customer expectations, as customers are considered essential stakeholders (Benn *et al.*, 2019). This responsibility extends beyond merely selling products or providing services—it requires nurturing strong, long-term customer relationships. According to The Small Business Advisor (2023) and Mbonyane (2020), the failure of many small businesses can be attributed to a lack of consistent interaction with customers, absence of special promotions, infrequent price adjustments, and failure to introduce new product features. Another major concern in customer relations is the lack of effective communication channels that allow customers to voice their complaints or feedback to business owners (Mbonyane, 2021). This communication breakdown often leads to dissatisfaction, weakening the relationship between the business and its customers (Mbonyane, 2020). Customer relations are a crucial aspect of business management (DiScipio, 2019). Small businesses that neglect this area often fail to grasp customer behavior (MacDonald, 2019), primarily due to poor communication between employees and customers. Strengthening communication can significantly enhance business performance by attracting customers, fostering loyalty, and improving profitability (Soliman, 2023). The absence of effective customer relationship practices negatively affects profitability and limits a business's ability to deliver value to its target market (Babu, 2022). Therefore, small businesses must implement strong customer relationship management strategies to retain existing customers and attract new ones. As noted by Sibanda and Ndhlela (2019), while maintaining customer relationships can be challenging, success in this area provides a vital competitive advantage.

Lack of Entrepreneurial Skills. In a business context, a lack of entrepreneurial skills refers to the absence of essential abilities to identify opportunities, manage risks, innovate, market effectively, and adapt to changing market conditions—factors that are critical for sustaining business growth and success. Many small business owners lack the necessary skills to manage their enterprises efficiently (Lotich, 2019). Consequently, numerous small businesses fail due to the absence of foresight and management capabilities required for proper business operations (Bushe, 2019). Cromie and John (2021) emphasize that the skills essential for business growth and development differ from those needed during the planning and launching stages. Therefore, possessing entrepreneurial skills is vital for both establishing and managing a business to prevent failure (Cromie & John, 2020). According to Timmons and Spinelli (2021), entrepreneurship represents a mindset and approach that involves recognizing opportunities, exercising balanced leadership, and adopting a holistic view of business development. A deficiency in entrepreneurial skills prevents small businesses from leveraging opportunities

in production and technological innovation, including the creation of new products, processes, and markets (Timmons & Spinelli, 2023). Entrepreneurship plays a central role in modern business development. Entrepreneurial skills are foundational to the profitability and success of small enterprises (Marivate, 2020). These competencies are essential for making strategic decisions that promote the long-term sustainability of a business. Small business managers equipped with entrepreneurial abilities can anticipate risks, drive growth, and enhance both wealth and overall well-being (Abdul, 2019). Poor Business Planning often results in a lack of direction, confusion, and wasted resources, making it difficult for businesses to identify problems, monitor progress, and make informed decisions. It is recognized as one of the leading causes of business failure today (Schaefer, 2019). A comprehensive business plan should clearly define the company's mission, cost structure, target market, potential external risks, strategies to mitigate those risks, and an assessment of its strengths and weaknesses (Schaefer, 2019). The formulation of such a plan must be grounded in data collection and analysis of key performance indicators derived from comparable businesses (Mehralizadeh & Sajady, 2020). Burns and Dewhurst (2021), as cited in Mbonyane (2022), assert that "most small businesses fail because their plans are sales-focused and need to shift toward meeting customer needs." Many small business owners struggle to plan effectively (Carter, 2019). They often rely too heavily on short-term sales for survival and neglect the importance of forecasting and preparing for future challenges, such as emerging competitors or new products that may capture customer interest (Mbonyane, 2020). A study by the Small Business Development Centre in the USA revealed that inadequate

business planning accounts for 90% of small business failures (Bushe, 2019). One major factor contributing to this issue is the lack of strategic planning. Strategic planning is vital because it provides a clear roadmap for business operations and sets measurable milestones to track progress (Gartenstein & Seidel, 2019). Without it, small businesses face significant uncertainty and struggle to achieve their objectives effectively (Gumel, 2020).

MATERIALS AND METHODS

This study utilized a quantitative research design to assess the key factors influencing business closure among Micro Businesses. A descriptive approach was used to examine the influence of independent variables, such as Inappropriate location, Lack of customer relations, Lack of entrepreneurial skills, and Poor business planning, on the dependent variable, micro-business closure. This study was conducted at the Townsite of Barangay Poblacion, Cabanglasan, located in the eastern part of Bukidnon, Philippines. Most residents are engaged in farming, entrepreneurship, or local trade. The study focused on this barangay due to its unique location and demographic profile, which provides a rich data source for research. The study applied convenience sampling. The respondents were 287 micro-business owners who met the selection criteria. The study focused on the businesses that have been operational for at least 1 year. The research instrument was adopted and modified from Denton (2020) and Pretoria (2019). Regression analysis is utilized to assess the significant influence of the factors on business closure.

RESULTS AND DISCUSSION

Table 1 shows that the Inappropriate location of the

Table 1: Mean Distribution of the Respondents' Assessments on Inappropriate Location

Indicators	SD	MEAN	Interpretation
1 The location of the micro-business plays an important role in its success or failure.	0.52	3.68	Very High Influence
2 Some key factors in selecting an appropriate location for a micro-business are the buyer population and the number of competitors.	0.57	3.38	Very High Influence
3 Selecting the wrong location for a micro-business, such as one that is too far from potential customers, can result in low customer turnout and ultimately hinder the business's survival.	0.63	3.50	Very High Influence
TOTAL	0.57	3.52	Very High Influence

Note: 1.00 – 1.75 – Strongly Disagree; 1.76-2.5- Disagree; 2.51-3.25- Agree; 3.26-4- Strongly Agree

business is the most highly influential factor. A poor location can lead to insufficient customer turnout and reduced sales, critical for micro-business survival. The proximity to the target market and competition are crucial for sustained success. The data reflect a very high influence, with mean scores ranging from 3.38 to 3.68. The mean score of 3.52 suggests that, on average, participants agree that location greatly influences micro-

business success. However, because the standard deviation is relatively small, 0.57, this implies that the opinions are fairly consistent among the participants—there is not a large spread of opinions. Most people seem to agree on the importance of the location for a micro-business's success. The success of small businesses depends on the location of the business (Schaefer, 2019). When selecting the location for a micro business, the owner needs to

consider the rental cost, the traffic, the convenience of the buyers, the crime rate in the neighborhood, the target consumers, etc. (millforbusiness.com, 2020). The

business needs to be located where customers can easily access it, even during rush hours. According to Schaefer (2019), the location of most local businesses is critical to

Table 2: Mean Distribution of the Respondents’ Assessments on Lack of Entrepreneurial Skills

Indicators	SD	MEAN	Interpretation
7 Many micro-business owners fail to recognize market trends or shifts, limiting their ability to adapt and stay competitive due to a lack of entrepreneurial insight.	0.63	3.49	Very High Influence
8 The absence of leadership and people-management skills in many micro-business owners leads to poor team performance and high turnover, which negatively affects overall productivity.	0.63	3.44	Very High Influence
9 Micro-business owners who lack entrepreneurial skills often struggle to make timely decisions, causing missed opportunities and setbacks in business growth.	0.58	3.62	Very High Influence
TOTAL	0.61	3.51	Very High Influence

Note: 1.00 – 1.75 – Strongly Disagree; 1.76-2.5- Disagree; 2.51-3.25- Agree; 3.26-4- Strongly Agree

the business’s success.

Table 2 shows that the Lack of entrepreneurial skills such as market insight, leadership, and timely decision-making, ranks third in influencing micro-business closure. Micro-business owners who fail to recognize market trends or lack strong leadership can struggle to adapt to changes, leading to poor business performance and eventual closure. The mean scores for these factors range from 3.44 to 3.62, indicating a very high influence. The mean score of 3.51 shows a very high influence on business success due to a lack of entrepreneurial skills (Abellana & Alonzo, 2025). The total SD of 0.61 reflects that while there is strong agreement among respondents about the importance of entrepreneurial skills, there is still some variation in how much participants emphasize

different aspects of the issue. Meyer and Scheinberg (2022) highlight that those lacking entrepreneurial skills, including market awareness, leadership, and strategic decision-making, is a key predictor of business failure. The research shows that micro-business owners who fail to recognize emerging trends or make timely decisions often miss opportunities, leading to business stagnation or closure. The most important and basic business skills required to operate small businesses and obtain profit successfully are entrepreneurial skills (Marivate, 2020). These skills are needed to implement strategic decisions that result in the long-term sustainability of the business. Managers of small businesses with entrepreneurial skills ensure the generation of growth, wealth, and well-being by calculating the risk ahead of time (Abdul, 2019).

Table 3: Mean Distribution of the Respondents’ Assessments on Lack of Customer Relations.

Indicators	SD	MEAN	Interpretation
4 Most micro-businesses fail due to a lack of customer relations.	0.54	3.50	Very High Influence
5 Most micro-businesses lack daily contact with customers, lack special promotions, and Lack of new features.	0.64	3.47	Very High Influence
6 Most micro-businesses lack proactive customer service, such as not addressing customer concerns promptly or failing to follow up after purchases, which can cause customers to feel undervalued and lead them to seek out competitors.	0.68	3.46	Very High Influence
TOTAL	0.62	3.47	Very High Influence

Note: 1.00 – 1.75 – Strongly Disagree; 1.76-2.5- Disagree; 2.51-3.25- Agree; 3.26-4- Strongly Agree

Table 3 shows that Lack of Customer relations emerged as a very high influential factor. The failure to maintain strong customer relationships, offer special promotions, or proactively address customer concerns can significantly harm the business. When customers feel undervalued or neglected, they may switch to competitors, leading to a potential loss of revenue and business closure. The data shows a very high influence, with mean scores between 3.46 and 3.50. The mean score of 3.47 still suggests that a lack of customer relations greatly influences micro-

business success. The total standard deviation of 0.62 is slightly higher than the SDs for the individual indicators, reflecting some spread in the opinions across all three indicators. The higher SD values, ranging from 0.54 to 0.68, indicate that, although most people agree that customer relations are crucial, there is a wider variety of opinions on how customer relations issues manifest. Kusumawati and Budi (2022) emphasize that effective customer relationship management (CRM) is essential for retaining micro-business customers. The study shows

that businesses that fail to interact with customers, offer promotions, or manage customer relationships. Complaints tend to lose their customer base, leading to financial difficulties and potential closure. Intense communication between the business staff and the customers improves the performance of the business because it attracts the customers, keeps their loyalty,

and increases the business's profitability (Soliman,2023). Lack of customer relations affects small businesses' profitability and prevents value delivery to the targeted customer (Babu,2022). Small businesses must implement customer relationship management to retain and attract new customers. Most small businesses struggle to attract and retain customers (Sibanda & Ndhela, 2019).

Table 4: Mean Distribution of the Respondents' Assessments on Poor Business Planning.

Indicators	SD	MEAN	Interpretation
10 Most entrepreneurs of micro-businesses do not plan properly.	0.63	3.49	Very High
11 A lack of proper forecasting and planning often results in micro-business owners missing key opportunities for expansion, as they do not have the strategic foundation to capitalize on them.	0.63	3.44	Very High
12 Many micro-business owners focus too much on day-to-day tasks and neglect long-term business planning, which ultimately stifles growth and limits their competitive edge.	0.58	3.40	Very High
TOTAL	0.61	3.44	Very High

Note: 1.00 – 1.75 – Strongly Disagree; 1.76-2.5- Disagree; 2.51-3.25- Agree; 3.26-4- Strongly Agree

Table 4 shows that in Poor business planning Micro-business owners who focus too much on daily operations without planning for long-term growth often fail to recognize expansion opportunities or adapt to market changes, leading to business stagnation or closure. The data shows a very high influence, with mean scores ranging from 3.40 to 3.49. The total SD of 0.61 suggests a moderate amount of variability in how respondents view the specific aspects of poor business planning. While most people agree that Lack of planning and forecasting hinders business growth (Alonzo et al., 2025), there is some divergence in how strongly they emphasize each factor. Brinckmann and Hoegl (2021) examine the role of business planning in micro-business success. They

found that micro-businesses that lack formal business plans or fail to plan for future growth and challenges are more likely to face financial instability and ultimately close. Strategic business planning is important because it provides the road map for the execution of the business and identifies the milestones that indicate whether the business is progressing as planned (Gartenstein & Seidel, 2019). Consequently, a lack of strategic business planning prevents small businesses from achieving good performance because there are many uncertainties that the business will encounter, and there will also be no guidance for the business to attain its goals (Gumel, 2020).

Table 5 indicates that all identified factors—inappropriate

Table 5: Mean Distribution of the Respondents' Assessments on Poor Business Planning.

Variables	Overall Mean	Interpretation
Inappropriate Location	3.52	Very High Influence
Lack of Entrepreneurial skill	3.51	Very High Influence
Lack of customer relations	3.47	Very High Influence
Poor Business Planning	3.44	Very High Influence

Note: 1.00 – 1.75 – Strongly Disagree; 1.76-2.5- Disagree; 2.51-3.25- Agree; 3.26-4- Strongly Agree

location, Lack of entrepreneurial skill, Lack of customer relations, and poor business planning—greatly influence business closure. Among these, inappropriate location ranks highest, suggesting it is the most significant contributor to business failure. Del Pilar et al. (2020) study investigated critical failure factors among microbusinesses in Cebu, Philippines, highlighting that poor location was also recognized as a contributing factor to business failure. This underscores the importance of strategic location selection in ensuring the sustainability of microbusinesses. This is followed closely by a lack of entrepreneurial skills, emphasizing the importance of knowledge and competencies in managing a

business. Weak customer relations also play a crucial role, as businesses that fail to engage effectively with customers are likely to close. Lastly, while slightly lower in mean score, poor business planning still substantially influences business sustainability. These findings align with research by Jayasekara et al. (2020), which highlights entrepreneurial skills, location, and customer relations as key determinants of business success or failure. Similarly, Twin (2023) notes that poor business planning, inadequate management, and Lack of customer focus are among the primary reasons businesses fail. The data implies the need for micro-business owners to strategically address these factors to mitigate the risk of closure and improve

overall business performance. Addressing these factors strategically is essential for improving business survival rates.

As shown in Table 6, the respondents' business closure assessment had a very high influence on assessing micro-business closure ($x = 3.35$, $SD = 0.73$). This high mean

value indicates that respondents consistently perceive these factors as critical determinants of business closure. The total standard deviation of 0.73 suggests that there is a significant variability in the responses. While most respondents agree these factors are important, the higher standard deviations in some indicators indicate a

Table 6: Mean Distribution of the Respondents' Assessments on Poor Business Planning.

Indicators	SD	MEAN	Interpretation
1 The business experienced decreased measurements, such as sales, workforce, and profits.	0.64	3.50	Very High Influence
2 The business's capital reaches zero. It can no longer meet financial obligations to debt holders, employees, or suppliers, and resorts to or is forced into bankruptcy or liquidation.	0.67	3.33	Very High Influence
3 Ceased operation due to outright insolvency/or when a business has ceased operations to stop continued losses.	0.70	3.43	Very High Influence
4 The entire business exists in the industry.	0.77	3.29	Very High Influence
5 Discontinuance of business for any reason or bankruptcy or failing to "make a go of it".	0.65	3.43	Very High Influence
6 Not having made a profit for the previous three years.	1.00	3.09	High Influence
TOTAL	0.73	3.35	Very High Influence

Note: 1.00 – 1.75 – Strongly Disagree; 1.76-2.5- Disagree; 2.51-3.25- Agree; 3.26-4- Strongly Agree

more diverse range of opinions. The highest SDs, like 1.00 for Indicator 6, reflect the fact that there is more disagreement or diversity in how participants perceive the influence of specific business closure indicators, such as Lack of profitability. The data implies the need for micro-business owners to strategically address these factors to mitigate the risk of closure and improve overall business performance. The data suggests that businesses experiencing a decrease in key measurements such as sales, workforce, and profits (Indicator 1) are likely to close. A mean of 3.50 indicates that respondents perceive this factor as critical to business closure. The standard deviation of 0.64 shows moderate variation in respondents' opinions, suggesting a general agreement that performance metrics such as declining sales, profits, and employee numbers are strong indicators of potential closure.

A business exhausts its capital and can no longer meet financial obligations— leading to bankruptcy or liquidation (Indicator 2). This is another very high influence factor with a mean score of 3.33. The standard deviation of 0.67 is slightly higher than the previous indicator, reflecting more variation in how respondents view the significance of financial insolvency. The financial strain this factor reflects is universally recognized as a critical point at which many businesses fail or go bankrupt. Businesses that cease operations due to insolvency or to mitigate further losses (Indicator 3) are also seen as highly influenced by this factor, with a mean score of 3.43. This suggests that insolvency leading to the cessation of operations is another major factor in business closures. The standard deviation of 0.70 indicates some variability in how respondents view this factor's impact, but it still falls within the high-influence level.

The closure or exit of a business from an entire industry (Indicator 4), with a mean score of 3.29, indicates that when a business exits its entire industry, it has a very high influence on closure. This response is slightly lower than the others but still indicates a high perceived influence on business failure. The standard deviation of 0.77 is the highest in the data, reflecting broader opinions on this factor. Bankruptcy or voluntary discontinuance of operations due to insufficient financial viability (Indicator 5), with a mean score of 3.43, confirms that these actions are perceived as highly influential in business closure. This factor reflects a business's formal cessation due to a voluntary decision or financial distress. The standard deviation of 0.65 indicates moderate agreement among respondents about the weight of this indicator. The inability to make a profit over multiple years (Indicator 6), with a mean of 3.09, reflects a high influence on business closure, with this factor being slightly less impactful than the others. The standard deviation of 1.00 is notably higher, indicating a wide range of responses. Some respondents might see this as a more significant warning sign, while others may regard it as a more gradual indicator of potential closure rather than an immediate cause.

Based on the regression statistics derived from 165 observations, there is a strong positive influence with an R-squared of 0.899 between the independent and dependent variables under examination. The R Square value of 0.508 suggests that the model explains approximately 50.8% of the variance in the dependent variable. The adjusted R-squared, which accounts for the number of predictors, is 0.394, indicating a slightly more conservative estimate of the variance explained. With a standard error of 0.060, the model's predictions

Table 7: Summary Output of the Regression Statistics on the Level of Influence of the Key Factors on Business Closure from the Respondents' Assessment.

Summary Output	
Regression Statistics	
Multiple R	0.899328507
R Square	0.50874094
Adjusted R Square	0.393959463
Standard Error	0.060099114
Observations	165

Table 8: Significant relationships between the Perceived Usefulness to the Intention to adopt digital marketing

ANOVA					
	df	SS	MS	F	Significance F
Regression	4	20.74741945	3.585703922	27.65224027	0.00
Residual	160	14.34281569	0.129671372		
Total	164	35.09023514			

are relatively precise, indicating a good fit to the observed data.

The ANOVA results provide statistically significant evidence for the collective influence of the identified key factors on respondents' assessments of business closure. The results show a highly significant model ($p < 0.00$) with an F-statistic of 27.65. The regression explains 20.74

out of 35.09 total variance, while the remaining 14.34 is Unexplained (error). With a mean square error of 0.1297, the model indicates that all independent variables significantly influence business closure. The results suggest that the key factors are crucial in determining business survival.

The data in Table 9 shows the P-value of each identified

Table 9: Regression Analysis on the Level of Influence of the Key Factors on Business Closure from the Respondents' Assessment.

Independent Variables	Dependent Variable	
	Business Closure	
	P-Value	Remarks
Inappropriate Location	0.00	Significant
Lack of Entrepreneurial Skills	0.01	Significant
Lack of Customer Relation	0.02	Significant
Poor Business Planning	0.04	Significant

key factor, such as the Inappropriate Location, Lack of Customer Relationship, Lack of Entrepreneurial Skills, and Poor Business Planning. The P-value of the Inappropriate Location is 0.00, the Lack of Customer Relation is 0.02, the Lack of Entrepreneurial Skills is 0.01, and the Poor Business Planning is 0.04. P-value prevails, and a value above 0.05 indicates no significant influence between the two variables. If below, there is a significant influence. The data show that an inappropriate location (0.0) significantly influences business closure. The success of a micro-business is a function of its location (Schaefer, 2019). When selecting a location for a business, the owner needs to consider the rental cost, traffic, the buyers' convenience, the neighborhood's crime rate, target consumers, etc. (Millforbusiness, 2020). Lack of Customer Relations (0.02) significantly influences business closure. Lack of Relations affects the probability of small businesses and prevents value delivery to the targeted customers (Babu, 2022). Lack

of Entrepreneurial Skills (0.01): Its P-value indicates a highly significant influence on business closure. These skills are needed for implementing strategic decisions that result in the long-term sustainability of the business. Managers of small businesses with entrepreneurial skills ensure the generation of growth, wealth, and well-being by calculating the risk ahead of time (Abdul, 2019). The Poor Business Planning has a P-value of 0.04. Strategic planning is important because it provides the road map for the execution of the business and identifies the milestones that indicate whether the business is progressing as planned (Gartenstein & Seidel, 2019). Consequently, a lack of strategic planning prevents small businesses from achieving good performance because there are many uncertainties that the business will encounter, and there will also be no guidance to attain its goals (Gumel, 2020). To conclude, the research rejects the null hypothesis that there is no significant influence on the key factors influencing micro business closure. The study identifies

several important factors, such as inappropriate location, Lack of customer relations, Lack of entrepreneurial skills, and poor business planning, that influence business closure. By rejecting the null hypothesis, the research highlights that these factors are important and must be considered to understand why micro businesses close. The findings suggest that business owners need to pay attention to these factors to reduce risks and increase the chances of their business surviving.

CONCLUSION

This study examines the key factors contributing to micro-business closure, identifying inappropriate location, Lack of customer relations, Lack of entrepreneurial skills, and poor business planning as the primary causes. The findings show that the inappropriate location is the most influential factor in business closure. Micro-businesses in hard-to-reach or less visible areas are more likely to face financial difficulties, often leading to closure. Businesses that fail to establish themselves in accessible or high-traffic locations are at a greater risk of failure. While poor business planning is identified as one of the contributing factors, it is considered the least influential compared to others. However, this does not mean that it is unimportant. The study still shows that weak planning can make it difficult for business owners to manage long-term growth or adapt to market changes, further increasing the risk of closure.

Additionally, a lack of customer relations and entrepreneurial skills plays a significant role in the survival of micro-businesses. Business owners who fail to build strong customer relationships or lack the skills to navigate changing market conditions are more likely to face challenges that could lead to business failure. By highlighting these key factors, the study provides valuable insights into the causes of business failure and the challenges faced by micro-business owners. The findings suggest that addressing these issues is crucial for enhancing business sustainability and preventing closure in the competitive micro-business landscape.

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