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Analysis of The Impact of Digital Transformation and Business Capital on Income

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***Abstract*—** Digital transformation has changed the business landscape globally, including for Micro, Small, and Medium Enterprises (MSMEs) in the culinary sector. This study aims to analyze the effect of digital transformation and business capital on the income of culinary MSMEs in Baktijaya Village, Depok City. This research approach uses a quantitative method with data collection techniques through questionnaires to culinary MSME respondents in Depok City. The collected data were analyzed using PLS-SEM with the help of SmartPLS. The results of the study show that digital transformation has a positive and significant effect on the income of culinary MSMEs with T-Statistics value of 3.517. In addition, business capital also has a positive and significant effect on business income with T-Statistics value of 5.431. This study contributes to the understanding that the application of information and communication technology and adequate business capital can improve the financial performance of culinary MSMEs, increase operational efficiency, and market reach. The practical implications of this study are the importance of integrating digital technology and optimizing business capital in MSME development strategies in the current digital era, in order to encourage sustainable growth and increase business competitiveness in an increasingly competitive market. MSMEs must be flexible and keep up with the times to continue to maintain their existence and develop their businesses by digitizing.

***Keywords*—** Digital Transformation, Business Capital, Business Income, Culinary MSMES

I. INTRODUCTION

The Ministry of Cooperatives and Small and Medium Enterprises in collaboration with the Central Statistics Agency (BPS) to identify the current number of MSMEs through a comprehensive survey known as the 2023 Complete Data Collection of Cooperatives and MSMEs. The purpose of this survey is to build a Single database that covers all Cooperatives and MSMEs in Indonesia. Based on data from the Kemenkop UKM, the number of MSMEs in Indonesia has reached 67 million, which contributes to the absorption of around 97 percent of the national workforce. MSMEs in Indonesia play a crucial role as the main driver of the economy, with a contribution of 60.51% to the national Gross Domestic Product (GDP) ((Hartarto Airlangga, 2023). MSMEs in Depok have experienced significant growth in recent years in line with population growth because it borders the city of Jakarta, which is able to spur the economy for business actors. According to the Head of the MSME Division of the Depok City Cooperative and Market Service, there have been 1600 MSMEs that have been trained and provided assistance to entrepreneurs who have assets below 50 million and turnover below 500 thousand through training, workshops, and seminars that will help the running of the

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business(Wikantari et al., 2022). The growth and development of micro, small, and medium enterprises (MSMEs) are considered good for the industry every year. In 2021, the number of MSME actors in the city of Depok was 5,609 units(Alghani & Waluyo, 2022). In 2019, the Depok City government recorded the contribution of MSMEs to the Depok City GRDP of 60%. With this amount, it can be said that the contribution of MSMEs is relatively large in building the economy of Depok City (Pinem et al., 2021). One of the business sectors with the largest number of MSMEs in the city of Depok is the culinary sector. The total projection of the number of MSMEs in 2021 will reach 146,475. Businesses in the culinary sector will always be needed by the community because of the basic needs of everyone. Some of the reasons for MSMEs to do business in the culinary sector include large market potential, little capital required, various types of culinary, fairly simple business marketing, product development ideas often emerge and the potential for business development. However, over time, global competition is faced by most domestic MSMEs in Indonesia, whose products and sales are very localized and/or segmented. Trade liberalization increases the capacity of established foreign producers and retailers to penetrate markets into remote or underdeveloped markets. In response to these developments, local MSMEs are also finding it increasingly difficult to survive or even maintain their current business position. MSMEs have the potential to grow due to several factors that drive the progress of these MSMEs. These factors are internal and external. Internal factors include the willingness of MSMEs to develop, progress in learning, and the desire to excel. Meanwhile, external factors that enable MSMEs to develop include easy access to credit, economic development, and technological progress (Rifda Naufalin, 2020). The problems commonly faced by MSMEs as well as their weaknesses are limited capital for the business being run, inadequate human resource management, limited mastery of technology, limited raw materials, and marketing difficulties(Rifda Naufalin, 2020). The Indonesian Ministry of Finance (Kemenkeu) also stated that most MSMEs experience various challenges, such as difficulty moving up a class, minimal access to digitalization, difficulty penetrating the global market, and lack of financial services. The Neo Classical theory explains that the economic growth of a region will be largely determined by the region's ability to increase its production activities(Aji & Listyaningrum, 2021), one of the factors is digital transformation, MSME actors implement digitalization in their business because of the practicality of selling online (79.13%), wider exposure or traffic (72.83%) and the potential for faster business growth (69.69%) (Tulu set al., 2024). Digital transformation itself is a change in the way a job is handled using information technology to gain efficiency and effectiveness.(Jamaludin, 2020), in addition, digital transformation can increase the income of MSMEs(Eryc, 2022), the income obtained by MSMEs can occur every month(Damis & Harun, 2024). The use of digital media in business digitalization also requires capital for culinary MSMEs. In line with one of the pecking order theories, it states that companies that have a higher level of profit will result in a lower level of debt. In this case, the company must be selective in using funds. With this theory, it is the same as capital for income, if the business capital of business actors increases, they will add tools or goods sold with this, the income of business actors will increase, with the increase in the income of business actors, their debt levels are smaller(Sulistyanto et al., 2022). Capital is all forms of wealth that can be used directly or indirectly in the production process to increase output. Capital for trading can come from internal traders or other sources from traders, either in the form of loans from banks and non-bank institutions (Hamsiah et al., 2023). This business capital allows MSMEs to produce, market products, and develop their businesses in order to increase revenue. Lack of capital in MSMEs can hamper production, limit markets, and inhibit innovation which can result in decreased revenue and even business failure. In one study (Hamsiah et al., 2023) showed that business capital has a significant effect on income. The results of the study showed that if the business capital increases, the income obtained will also increase. Meanwhile, research according to (Alkumairoh & Warsitasari, 2022) business capital does not have a positive effect on MSME income because the amount of capital does not necessarily have an impact on increasing income. Based on the background description above, it can be concluded that digital transformation in business and business capital carried out by MSMEs have the potential to influence MSME income. Empowerment of digital transformation and business capital can be done by developing in the fields of marketing, operations, payments, and delivery. Several studies related to digital transformation and venture capital have been conducted previously, (Alkumairoh & Warsitasari, 2022) conducted a study on the impact of business capital, working hours, and business duration on the income of UMKM traders at Pasar Gambar, Wonodadi, Blitar. Both this research and others analyzed business capital and its effect on income. However, the location of this study was in Blitar, while other studies may have been conducted in different locations, like Depok. Using a quantitative approach with an associative method, the study concluded that business capital did not have a positive effect on the income of traders at Pasar Gambar. (Hasan et al., 2021) focused on the digital transformation of UMKM in the culinary sector in Jatinegara, East Jakarta. This study shared a similar focus on digital transformation and UMKM in the culinary sector, but it differed by adding business capital as an additional variable. The study used a qualitative approach with a multi-case method and found that digital transformation in culinary UMKM helped increase profits, particularly through higher sales and the arrival of new customers. (Aji & Listyaningrum, 2021) researched the impact of business capital, business location, and information technology on the income of UMKM in Bantul. Similar to other studies, the impact of business capital on income was explored, but this study also included digital transformation as another variable. The study used a quantitative method and found

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that business capital had a significant positive effect on UMKM income—additional capital allowed for more goods to be sold, thus increasing revenue. (Rani, 2019) examined the effect of capital and business duration on the income of traders at Pasar Minggu, a traditional market. This study focused on business capital and its impact on income, similar to other studies, but the location was specific to Pasar Minggu, and it did not focus on the culinary sector. Using a descriptive method, the study concluded that business capital had a significant positive effect on traders' income, as capital was essential for conducting business or trade. (Hasna Indarti Titasari, 2024) looked at the influence of e-commerce and digital payments on the income of UMKM in Yogyakarta. This study also examined the role of digital transformation but focused specifically on e-commerce and digital payments. Unlike other studies, this one was conducted in Yogyakarta, while others were based in different locations like Depok. The study used a quantitative approach with primary data and found that e-commerce and digital payment systems had a significant positive effect on UMKM income in Yogyakarta. (Nugroho, 2024) researched the impact of digital technology on the income of UMKM in Dusun Serut. This study analyzed aspects of digital transformation, focusing on digital technology and social media's impact on income. The location of this study was different from others. Using a survey method and questionnaires, the study found that the adoption of computer innovations had a positive effect on UMKM income and transactions with customers. (Priyo Nugroho et al., 2022) studied the role of digitalization in the sustainability of halal culinary UMKM during the COVID-19 pandemic. This research also examined digitalization within the UMKM sector, particularly the culinary field, but it was conducted in a different location and used a different methodology. The study used a descriptive qualitative approach and found that the use of digital applications significantly boosted the number of orders and increased income for halal culinary UMKM. (N.N.R. Suasih, P.Y.Wijaya, 2022) researched the factors that determine digital transformation in UMKM in Indonesia, specifically in the fashion sector in Bandung. While this study focused on digital transformation, it differed in the specific sector (fashion) and location (Bandung). It used a descriptive quantitative method and concluded that leadership behavior and organizational formalities were key factors driving digital transformation in UMKM, especially regarding digital media usage. (Sularsih Prodi Akuntansi & Tinggi Ilmu Ekonomi Gempol, 2022) studied the impact of digital transformation and financial technology on the income of UMKM in Pasuruan during the COVID-19 pandemic. This study also focused on the effect of digital transformation but added innovation performance and covered a different location and research objects. Using a descriptive quantitative approach, the study found that both digital transformation and financial technology had a significant positive effect on UMKM income in Pasuruan. From previous research that has been conducted, it can be concluded that there has been no research related to the influence of digital transformation and business capital on income in MSMEs in Depok City, this study aims to analyze the influence of digital transformation and business capital on income fpr case study of culinary UMKM in Baktijaya Village, Depok City.

II. Literature Review

A. Competitive Advantage

Competitive advantage according to Porter in (Santoso, 2023) is the ability of a company to achieve economic benefits above the profits that competitors in the market in the same industry can achieve. Companies that have a competitive advantage will have the ability to understand market structure and be able to determine effective marketing strategies.

B. Income

Income is an increase or addition to assets and a decrease or reduction in a company's liabilities which is the result of operational activities or the procurement of goods and services to the public or consumers in particular(Damis & Harun, 2024). Business income consists of 2 types, namely: Operational income originating from the company's core activities or activities that are directly related to the main business and Non-operational income originating from the company's activities but not related to the company's main activities (Erawati & Pramelia, 2022).

C. Digital Transformation

According to (N.N.R. Suasih, P.Y.Wijaya, 2022) Digital transformation is a change in the method of handling a job using information technology to make it more effective and efficient. Digital transformation can refer to a process of change to the future (irreversible change) which is based on the significant use of information and communication technology to provide added value to organizations and corporations. Digital transformation demands a radical change from conventional business processes to digital business processes. With this digital transformation, it is also one way to adapt flexibly to changes in society (Putri et al., 2023).

Digital transformation is the combined effect of several digital innovations produced by the actors involved, structures, practices, values, and beliefs that change, threaten, replace and complement the existing rules of the game in organizations, ecosystems, industries or other fields (Putra et al., 2023). According to Loebbecke & Picot (Verhoef et al., 2021) digital evolution consists of three stages, namely digitalization, digitalization, and digital transformation. According to Iklima Farhani and Harmon (N.N.R. Suasih, P.Y.Wijaya, 2022), there are several indicators of digital transformation in MSMEs, including: Online Marketing, Digital sales, Digitalization of operational activities, Digitalization of audits, Visualization technology, Ease of transactions

D. Business capital

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Capital is all forms of wealth that can be used directly or indirectly in the production process to increase output. Capital for trading can come from internal traders or other sources from traders, either in the form of loans from banks and non-bank institutions(Hamsiah et al., 2023). Sources of business capital are own capital, savings, selling less productive assets, foreign capital (Muhammad Rifa`i, 2022). According to (Purwanti, 2012) overall business capital is divided into three parts, namely: 1) Investment capital, Investment capital is funds allocated for long-term needs in a business. Unlike business capital used for daily operations, investment capital generally has a greater value and decreases over time. This is because investment capital is used to purchase assets whose value can decrease over time, such as machinery, equipment, or buildings.2) Working capital, Working capital is business capital that must be spent to make or buy merchandise. This working capital can be spent every month or at certain times. 3) Operational capital, Operational capital is business capital that must be spent to pay monthly operating costs, such as paying employee salaries, electricity, and so on.

E. Conceptual Description

This research framework uses independent and dependent variables as in Figure 1.

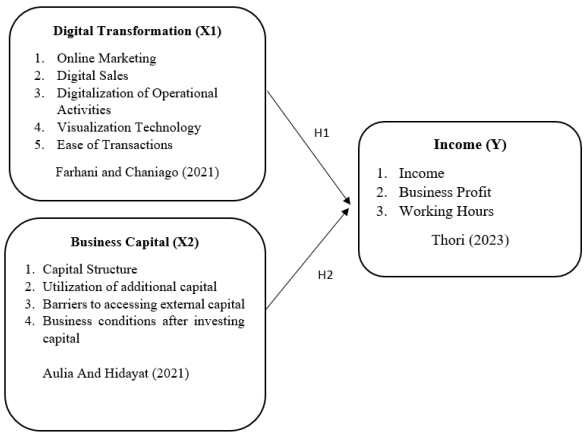

Figure 1. Research Framework

The independent variables are Digital Transformation and Business Capital against the dependent variable in this study is the Income of Culinary MSMEs in Baktijaya Village.

III. Methodology

The population in this study consisted of all owners or workers of culinary MSMEs operating in Baktijaya Village. Data collected directly by researchers is called primary data.

This study uses a nonprobability sampling method because the exact population cannot be identified with certainty. In sampling, the researcher used purposive sampling, which is a sampling technique based on certain considerations. The sample criteria in this study are:

1. Owners/employees of culinary micro businesses in Baktijaya Village, Depok City,
2. Businesses that have been operating for at least 2 years,
3. Businesses that have implemented digitalization in their operations,
4. Businesses that are still operating until 2024.

Because the population size is not known with certainty, the number of samples is determined using the Slovin formula in equation (1) with a tolerance limit of 10% error (90% confidence level).

$$n = \frac{N}{(1 + Ne^2)} \qquad (1)$$

Information (1):
n = Minimum Sample
N = Population Sample
e = margin of error

Based on the calculation, the number of samples needed is 70 people.

The primary data required is the results of a questionnaire distributed to all respondents who meet the established criteria. The Likert Scale is a tool for measuring attitudes, opinions, and perceptions of individuals or groups towards social phenomena. With the Likert Scale, the variables to be measured are expressed through several indicators. Each item in an instrument using the Likert Scale allows respondents to provide answers that vary from strongly agree to strongly disagree or from very positive to very negative. Data editing is the stage of checking the original data that has been collected. In this study, researchers reviewed the collected data to determine whether there were any errors made by the respondents. Data coding is one of several steps in research that involves assigning a code, such as a number, to each response given by a respondent. In the data coding process, each answer is classified and marked with the appropriate code. Data is processed by giving a score or value to the results of the questionnaire that has been answered by the respondent. The assessment given is calculated based on a Likert scale. There are several stages carried out to analyze data,

1. Outer Model / Construct Validity Test
   a. Validity Test
      In addition, it also ensures that the relationship is weaker with other variables.
   b. Reliability Test
      However, it should be noted that the use of Cronbach's Alpha tends to produce lower values, so it is more advisable to use Composite Reliability. As a benchmark, the Composite Reliability value should be greater than 0.70. However, it should be noted that the use of Cronbach's Alpha tends to give lower values, so it is more advisable to use Composite Reliability.
2. Inner Model / Structural Model
   The next step in evaluating the model is to look at the structural model which is also called the inner model. After looking at the R-Square value, it is necessary to look at the F-Square value for the effect size.

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3. Hypothesis Testing (Bootstrapping)
   This bootstrapping procedure involves resampling the entire sample. With this bootstrap resampling method, to determine the significance, the t-value is used as much as 1.65 (significance level = 10%), 1.96 (significance level = 5%), and 2.58 (significance level = 1%). Meanwhile, the P Value is considered significant if its value is ⩽ 0.

IV. Results and Discussion

A. Results of Outer Model Analysis

In this section, we will start from the results of the outer model analysis.

1. Convergent Validity

At this stage, there are two value criteria to be evaluated, namely loading factor or outer loading and AVE. In addition, the AVE value must be greater than 0.5. The results of the outer loading value in this study can be seen in Table 1:

Table 1.Outer Loading Before Adjustment

	Digital Transformation (X1)	Business capital(X2)	Operating Revenue(Y)
X1.1	0.713		
X1.2	**0,694**		
X1.3	0,727		
X1.4	0,727		
X1.5	0,747		
X1.6	0,790		
X1.7	0,754		
X1.8	0,761		
X1.9	0,720		
X1.10	0,703		
X1.11	0,716		
X2.12	0,768		
X2.1		**0,441**	
X2.2		0,734	
X2.3		0,765	
X2.4		0,757	
X2.5		**0,237**	
X2.6		0,752	
X2.7		0,799	
X2.8		0,790	
Y.1			**0,689**
Y.2			0,746
Y.3			0,745
Y.4			**0,679**
Y.5			0,788
Y.6			0,738

Based on Table 1, it is known that the outer loading value on item X1.2 is 0.694, X2.1 is 0.441, X2.5, is 0.237, Y.1 is 0.689, and Y.4 is 0.679 which is invalid because the value is less than 0.7. Therefore, items XI.2, X2.1, X2.5, and Y.1 must be adjusted so that all items can obtain outer loading according to the convergent validity requirements to proceed to the next stage. The results of adjustment several statements can be seen in the following Table in Table 2:

Table 2. Outer Loading Value After Adjustment

	Digital Transformation (X1)	Business capital(X2)	Operating Revenue(Y)
X1.1	0.713		
X1.3	0,727		
X1.4	0,727		
X1.5	0,747		
X1.6	0,790		
X1.7	0,754		
X1.8	0,761		
X1.9	0,720		
X1.10	0,703		
X1.11	0,716		
X2.12	0,768		
X2.2		0,734	
X2.3		0,765	
X2.4		0,757	
X2.6		0,752	
X2.7		0,799	
X2.8		0,790	
Y.2			0,746
Y.3			0,745
Y.5			0,788
Y.6			0,738

Based on Table 2, it can be seen that all values of each variable item are above 0.7 (>0.7) and can be seen to have met the requirements. Therefore, there is no need to adjustment items again, because all values are valid. The next evaluation stage to measure convergent validity can be seen from the AVE value. The results of the AVE value in this study are as Table 3.

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Table 3. AVE Value

	Variable	Average Variance Extracted
X1	Digital Transformation	0.549
X2	Business capital	0.594
Y	Operating Income	0.648

It can be concluded that all AVE values of each variable are valid and meet the requirements with values above 0.5 which proves that the latent variable can explain an average of around 0.5 or 50% of each indicator variant or statement item. These results indicate that the relationship between the latent variable and each indicator has a high correlation.

2. Discriminant Validity

At this stage there are two value criteria to be evaluated, namely the cross-loading value and the Fornell-Larker Criterion value. The rule of thumb for evaluating discriminant validity is that the cross-loading value must be greater than 0.7 for each variable and the correlation value between latent constructs in the Fornell Larker Criterion must be greater than 0.7. The results of the discriminant validity test can be determined in Table 4.

Table 4. Cross Loading Value

	X1	X2	Y
X1.1	0,709	0,344	0,372
X1.3	0,728	0,334	0,45
X1.4	0,707	0,367	0,427
X1.5	0,764	0,439	0,485
X1.6	0,784	0,556	0,527
X1.7	0,756	0,47	0,475
X1.8	0,762	0,418	0,454
X1.9	0,744	0,376	0,539
X1.10	0,71	0,336	0,328
X1.11	0,708	0,461	0,403
X2.12	0,775	0,457	0,472
X2.2	0,562	0,725	0,539
X2.3	0,375	0,778	0,49
X2.4	0,497	0,749	0,551
X2.6	0,448	0,749	0,434
X2.7	0,326	0,819	0,462
X2.8	0,369	0,801	0,488
Y.2	0,494	0,517	0,784
Y.3	0,518	0,509	0,794
Y.5	0,472	0,55	0,808
Y.6	0,491	0,506	0,832

Based on Table 4, it can be seen that none of the values in the variable indicators have a higher correlation with other variables and the value of each indicator with the underlying latent variable has been more than 0.7. This means that the indicators in their own blocks such as variable X1, variable X2 and variable Y are better than the indicators in other blocks. The next evaluation stage to measure discriminant validity can be seen from the Fornell-Larker Criterion value in Table 5.

Table 5. Fornel-Larker Criterion

	X1	X2	Y
Digital Transformation (X1)	0,741	0,564	0,614
Business capital (X2)		0,771	
Income (Y)		0,647	0,805

Based on Table 5, it can be seen that the Fornerr-Larker Criterion value of each variable is higher than the value between other variable constructs and it can also be seen that the value of each variable is more than 0.7 (> 0.7). From both the results of the cross-loading value and the Fornerr-Larker Criterion value in the PLS Algorithm calculation, it can be concluded that the results of the discriminant validity test are valid and meet the requirements.

3. Reliability Test

The next stage in the analysis of the outer model PLS Algorithm is to conduct reliability testing. The reliability test of the construct can be assessed from the Cronbach's alpha and Composite Reliability values in Table 6.

Table 6. Composite Reliability and Cronbach Alpha

	Cronbach's alpha	Composite Reliability
Digital Transformation (X1)	0.918	0.931
Business capital (X2)	0.863	0.898
Operating Income (Y)	0.818	0.880

Based on Table 6, it can be seen that the Cronbach's Alpha value for the digital transformation variable is 0.918, the business capital variable is 0.863, and the business income variable is 0.818. These values meet the requirements because they are greater than 0.7. Therefore, the measurements used in this study will remain consistent if retested with the same measurement instrument.

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B. Results of Inner Model Analysis

After analyzing the outer model, the next stage that will be carried out is analyzing the inner model. The measurement of this model can be known from the R-Square and F-Square values obtained in this study.

1. R-Square (R^2)

The R^2 value is used to measure how strongly the dependent variable is predicted from the independent variable. The result R^2 for operating income is 0.509, it shows that the R-Square value on the dependent variable influenced by the independent variable is 0.509. This means that the Digital Transformation (X1) and Business Capital (X2) variables are able to explain the Business Income (Y) variable by 50.9%. The R-Square value of 0.509 (<0.75) indicates that the measurement model in this study is moderate.

2. F-Square (F^2)

The next stage that needs to be analyzed in the inner model is the F-Square value. The F-Square value will show the substantial influence of the independent variable on the dependent variable construct. F^2 values of 0.02 0.15 and 0.35 are interpreted that each variable has a weak, moderate, or strong influence at the structural level. Result for F^2 can be seen in Table 8.

Table 7. F-Square

Variable Relationship	F-Square
Digital Transformation -> Operating Income	0.185
Business capital -> Operating Income	0.271

Table 7 shows that the digital transformation variable (X1) on business income has a moderate influence because its value is 0.185 > 0.15. While the business capital variable (X2) on business income also has a moderate influence with a value of 0.271 > 0.15.

C. Hypothesis Testing

After conducting the outer and inner model analysis, the results have been obtained, then the last stage that must be carried out is the hypothesis test. The results of bootstrapping resampling that need to be seen at this stage are the output path coefficient, T-value, and P-value. In addition, the independent variable will be declared significant if the T statistic> T Table with a significance level of 5%. The result for each variable relationship can be seen in Table 8.

Table 8. Variable Relationship

	Original Sample (O)	Sample Mean (M)	Standard deviation (STDEV)	T Statistics (O/STDEV)	P Values
(X1) -> (Y)	0.365	0.365	0.104	3.517	0.000
(X2) ->(Y)	0.441	0.444	0.081	5.431	0.000

Based on Table 8, it can be seen that the T statistic value for the relationship between variable X1 and Y is 0.3517 and the relationship between variable X2 and Y is 5.431. It can be seen that each variable relationship has met the requirements, because the value is >1.96. Furthermore, the results of the hypothesis test can be seen in the following Table 9:

Table 9. Hypothesis Testing

Hypothesis	T Statistics	P values	Information
Hypothesis 1: Digital Transformation (X1) -> Business Revenue (Y)	3,517	0,000	Accepted
Hypothesis 2: Business Capital (X2) -> Business Income (Y)	5,431	0,000	Accepted

Based on Table 9, the results of hypothesis testing on each assessment criteria of the bootstrapping process can be concluded as follows:

1. Hypothesis 1

The effect of digital transformation (X1) on business income (Y). The formulation of the hypothesis proposed in this study is as follows:

H1: There is a positive and significant effect between digital transformation (X1) on business income (Y) in MSMEs in Baktijaya Village Depok City. Based on the hypothesis testing through bootstrapping that has been explained above, it is known that the results of the T-statistic value of 3.517> 1.960 indicate that the relationship between the construct of digital transformation and business income has a significant effect. In addition, the P-value resulting from the relationship between these two variables is 0.000 ⩽ 0.05 which indicates that the relationship in this hypothesis is accepted because the P value is less than 0.05. These results indicate that digital transformation has a positive effect on MSME business income. Thus H1 is accepted. It can be seen that by UMKM carrying out digital transformation, it can affect its business income because by carrying out digital transformation, it can enable UMKM to access a wider market through online sales, for example with an e-commerce platform and expand marketing capabilities with online marketing through its business social media. Furthermore, UMKM is also able to increase the efficiency of its sales process and business operations through digitalization using applications that support its business

operations related to special applications for stock management, accounting, and others.

2. Hypothesis 2

The effect of business capital (X2) on business income (Y). The formulation of the hypothesis proposed in this study is as follows:

H2: There is a positive and significant effect between business capital (X2) on business income (Y) in MSMEs in Baktijaya Village, Depok City. Based on the hypothesis testing through bootstrapping that has been explained above, it is known that the T statistic value of 5.431> 1.960 shows that the relationship between the digital transformation construct and business income has a significant positive effect. In addition, the P value resulting from the relationship between these two variables is 0.000 ⩽ 0.05 which indicates that the relationship in this hypothesis is accepted because the P value is less than 0.05. These results indicate that business capital has a positive effect on MSME business income. Thus H2 is accepted. The business capital variable can affect the income of MSMEs because it allows MSMEs to expand their businesses by adding branches, improving the quality of products or services, adopting the technology and infrastructure needed for their business operations, and investing in effective marketing strategies to increase their business income.

V. Conclusion

Digital transformation has a positive and significant effect on business income for culinary MSMEs in Baktijaya Village, Depok City, which obtained a T-statistic value of 3.517> 1.960 and P-values 0.000 < significance level of 0.05. These results are also in line with Eryc's research which found that there is an influence of digital transformation on the performance of MSMEs which has an impact on increasing income. Business capital also has a positive and significant effect on business income for culinary MSMEs in Baktijaya Village, Depok City, which obtained a T-statistic value of 5.1431> 1.960 and P-values 0.000 < significance level of 0.05. The results of this study are in line with the results of (Hamsiah et al., 2023) research which stated that business capital has a significant effect on income. Likewise with the research of (Cahyani et al., 2023) which stated that business capital has a significant effect on the income of the Bopung Mask Craft Center MSME. For further research, a more in-depth analysis can be carried out on the Impact of Digital Transformation on Customer Relationships related to how digital transformation improves customer relationships and loyalty, thus having a positive impact on revenue.

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