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Determinants and Impact of Digital Transformation on Small Business Performance in the Jabodetabek Area

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ABSTRACT

Small business actors are currently facing many challenges, such as increased competition within the small business sector and the impact of the COVID-19 pandemic, which has disrupted traditional offline transactions. This presents significant challenges for small businesses, as they risk losing many customers who prefer in-person transactions. To survive, many small business owners have explored alternatives, such as selling products online or embracing digital platforms. This study aims to investigate how digital transformation impacts the performance of small businesses in the Jabodetabek area, focusing on the factors that influence successful digital transformation. The research finds that adopting digital transformation can enhance business performance, particularly when supported by key factors like human resources, social influence, financial literacy, information technology alignment, and digital literacy. Furthermore, this study highlights the role of digital transformation in enabling small businesses to thrive in a competitive and dynamic environment, providing a competitive edge. The findings demonstrate that digital transformation is crucial in maintaining business resilience and improving performance in the digital era.

Keywords : company performance; digital transformation; digital media; information technology; small business

INTRODUCTION

Innovation in developing businesses for small and medium and large business actors to be able to survive in carrying out their activities, one of the innovations that can be implemented is using digital technology or going digital (Febriyantoro & Arisandi, 2018). Another alternative for business actors is to implement digitalization during the Covid-19 pandemic which limits people's activities. In this pandemic era, it is not enough to just go digital, business actors must truly become part of digital itself.

With this step, people who doing buisness can remain successful in the middle of a pandemic or the new normal period. In addition, the key to maintaining business is by prioritizing marketing or promoting a product, it will be easier if you promote it using digital media or have switched to digital.

In carrying out digital transformation, small business actors have a goal to advance their business in a better direction, in this case the ability of human resources who work in their place of business is needed. According to (Becker & Huselid, 2006) human resource management as the main focus in the performance of an organization or company and human resource management as a solution to business problems. In human resource development, the main factors that influence digital transformation capacity are people (trust, dedication/sacrifice), technology (information technology expertise, strategic role of information technology), and information technology business alignment as well as the relationship between digital leadership capabilities and digital transformation capabilities (Kwon & Park, 2017).

The role of digital transformation for human resources in running a business, where business leaders can apply the spirit of digital transformation and believe that digital transformation can bring change in their business, then they can build business networks and search for new markets to improve their business performance and add benefits. for small business actors and provide benefits for employees, where the benefits are in the form of new knowledge on the use of digital media and information technology that aims to improve business or business performance. Digital transformation can be understood both as a societal phenomenon and as a method for business development. The use of digital technology by organizations in the formation of new digital value streams or how organizations use digital to transform from existing business models to newer models (Magnusson, Elliot, & Hagberg, 2021).

In this area, the increasing role of digital as a strategy, both alone and as an integral part of a broader business strategy. As noted by (Bharadwaj, El Sawy, Pavlou, & Venkatraman, 2013) The choice of path to digital transformation appears to depend on the industry's existing dependence on digital technology. But there are some industries that can currently be considered exceptions to the digital transformation requirement (Magnusson et al., 2021). Several literature review studies attempt to uncover the phenomenon of digital transformation by revealing the concept. Digital transformation can be understood as "the transformation of socio-technical structures previously mediated by non-digital artifacts or relationships to those mediated by digital artifacts and relationships" (Yoo, Lyytinen, Boland, & Berente, 2010), which refers to the optimization of organizational processes with the aim of operational excellence by data-driven workflows (Lederer, Knapp, and Schott, 2017), and by using technology to radically increase a company's performance (Westerman, Calméjane, Bonnet, Ferraris, & McAfee, 2011).

Digital transformation is a very relevant phenomenon although research into it is still rather young. A review of the literature to date reveals that implementing digital transformation brings many benefits to small businesses, large enterprises, and the entire industry/economy. Empirical evidence shows digital transformation can enable innovation, resulting in cost savings and increased productivity. However, total commitment from companies or actors, especially small businesses internally and externally, is needed to reap these advantages or benefits. Because small businesses have a significant impact on the contribution to gross domestic product, especially the formal and informal industry/economy, it is important to identify the factors that determine the implementation of digital transformation in small businesses. A systematic analysis of research publications on the factors influencing digital transformation shows the rapid growth of interest in the topic of digital transformation over the past few years. Qualitative analysis to identify factors that have the potential to influence the digital transformation of small businesses allows research to identify a series of main factors and categorize them into determinants of digital transformation, namely human factors, social influences, financial literacy, information technology alignment, technology risks and digital literacy, and impacts. digital transformation on small business performance.

The business performance of small business actors is experiencing a decline due to competitiveness among small business actors and the ongoing COVID-19 pandemic. The COVID-19 pandemic period has become a trigger for business actors to apply information technology and digital media, so that digital transformation of small business actors can be accelerated so as to improve business performance supported by human factors, social influence, financial literacy, information technology alignment, technology risk, digital

literacy, digital transformation and company performance where in this study I developed a theory of resource based view (RBV) by including technology, organization and environment (TOE) and technology adaptation, this model is based on convergence or integration in RBV, and these resources are specifically developed with TOE and technology adoption facilitated by digital transformation. The technological aspects in this study are technology alignment, digital literacy and technological risk, while the organizational aspects, namely human factors and environmental aspects are social influences, so that the model that exists in this study is formed.

Literature Review

A. Relationship between Digital Transformation and Company Performance.

Digital transformation is a continuous process of using new digital technologies in the daily life of organizations (Warner & Wäger, 2019). Due to the unique nature of digital technology, digital transformation presents many challenges for managers and decision makers. Digital transformation is characterized by changes and transformations that are driven and built on a technological foundation. Within an enterprise, digital transformation is defined as an organization's shift to big data, analytics, cloud, mobile and social media platforms (Nwankpa & Roumani, 2016).

Through digital transformation, organizations can integrate digital technology in many aspects of their operations and are also able to engage customers with emerging digital innovations (Aral & Weill, 2007). Having traditional information technology capabilities implies the ability to transition to emerging digital transformations (Anand, Fosso Wamba, & Sharma, 2013). Anecdotal evidence suggests that companies that have successfully implemented digital transformation are superior in generating revenue using existing resources (Westerman, Bonnet, & McAfee, 2014) Therefore, companies that have embraced digital transformation can effectively take advantage of the pervasive digital connections and communications between key partners. As digital transformation improves, companies can achieve improved customer offerings through greater customization, reduced sales costs and customer satisfaction (Brynjolfsson & Hitt, 2000; Mithas, Krishnan, & Fornell, 2005).

The conclusion obtained from the definition of digital transformation is the application or process of change using new technology in everyday life where the technology is applied in an organization or company, changes towards digital need to be supported by resources that can help change towards digital. Companies that use more digitally embedded business processes can benefit from higher performance from their information technology capabilities. Digital technology shows that digitization can positively affect a company's performance. Digital transformation as a whole has an important role in improving company performance, by utilizing digital technology a company can run its business or business much more easily and comfortably, this affects every business venture, from small businesses to large companies where every entrepreneur can market products, transacting, and communicating with partners can be fulfilled properly if using or utilizing available technology, in order to improve business performance.

B. Relationship between human factors and digital transformation

Human resource management has a primary focus on organizational performance which emphasizes the role of human resource management as a solution to business problems (Becker & Huselid, 2006). Human resource management is a strategic asset for the company that contributes to the company's competitive advantage. Technology that has affected human resources needs to be driven by human factors that exist within itself,

so that human factors and technological factors are part of human resource management that can be developed to be able to carry out certain activities and be combined into the most important factors affecting the formation of governance. manage information technology for digital transformation.

Human factors is the application of psychological and physiological principles to the engineering and design of products, processes, and systems. The goals of human factors are to reduce human error, increase productivity, and increase safety and comfort with a particular focus on interactions between people. Human factors have confirmed that they have communication and trust between employees, commitment in business cooperation, and enthusiasm to face challenges, which are directly related to corporate culture (Kwon & Park, 2017).

The conclusion drawn from the human factor being part of human resources is that human resource management is a company asset that contributes so that the company becomes more competitive then combined with the available technological aspects, the application of the technology needs to be driven by the human factor itself which aims to improve productivity, convenience in using technology to improve company performance.

C. Relationship between Social Influence and Digital Transformation

Social influence is about one's strategy to persuade others to influence decisions to behave. This is supported by the closest people such as family, friends and the work environment (Wang & Chou, 2016). According to (Venkatesh, Thong, & Xu, 2012) social influence is someone who makes customers feel confident and confident when they have to use a product or service. Based on several expert opinions,

According to (Shin, 2009) emphasized that one should not ignore the intrinsic subjectivity of security training and suggested a positive relationship between social influence and self-confidence. The benefits and characteristics of new technologies are discussed in social networks that are accessed by potential users. In general, using an innovation is seen as a form of public consumption, this form which is strongly influenced by the people close to it. Those who still have doubts or feel insecure about innovations will definitely consult their social networks before engaging in new technologies (Lopez-Nicolas & Molina-Castillo, 2008).

The conclusion obtained from social influence or social influence is the strategy of a group or person to influence others to use a product or service through the messages conveyed.

D. Relationship between Financial Literacy and Digital Transformation

Financial literacy, as the ability to use knowledge and skills to manage one's financial resources effectively. At the company level, financial literacy emphasizes the ability of owners/managers to be able to deploy their financial skills and knowledge into the company's operations. The concept of financial literacy for SMEs emerged from the small nature and few owners of SMEs which created a way to easily transfer their skills into strong businesses (Mabula & Han, 2018).

Financial literacy at the individual and corporate levels is the key to sound financial management. At the company level, given the small nature of the organization, managers or owners have been able to transfer their knowledge and skills into corporate practice, managers or SME owners who know about finance, are able to use financial resources optimally, know and understand reliable sources of financing. , able to implement a sound business budgeting, planning and control, implementing a good system for obtaining, processing, storing and disseminating financial reports (Mabula & Han, 2018). The

literature gives us a lot of real evidence about financial literacy to financial practices at the individual level (Abreu & Mendes, 2010) and at the company level (Danso & Adomako, 2014). The conclusion obtained from financial literacy is that knowledge of finance is the key to a healthy management, management or owner of a small business who knows financial knowledge can apply business budgets and use financial resources optimally to improve company performance.

E.Relationship between Information Technology Alignment and Digital Transformation

The strategic linkage between information technology and business means that business strategies, objectives and requirements are aligned to implement information technology in a timely manner (Reich & Benbasat, 1996) and have always been a fundamental concern of management. Strategic linkages show how information technology is linked to business and how business can be aligned with information technology (Smaczny, 2001). Many companies have adopted information systems, but only emphasize the technical point of view rather than the needs of company or business management, and that they cannot support the company's strategy. The fact that the relationship between information technology and business is important for reducing this gap and achieving the strategic goals of companies has been known since the late 1970s.

Knowledge sharing between business and information technology executives is defined as the ability to deeply understand and participate in the core processes of others and to respect their own contributions and challenges. The construction of shared knowledge (Nelson, 1996) is the same concept. On the other hand, (Reich & Benbasat, 1996) presented hypotheses and related literature on each factor, suggesting a strategic relationship between information technology plans and business plans as social aspects. It has identified domain knowledge sharing, planning sophistication, successful experience of information systems, organizational size and environmental uncertainty as the main influencing factors, and analyzed the differences by organizational type. The conclusion drawn from the alignment of information technology is the ability to understand deeply on a technology and its application to an individual or organization. In aligning information technology and business strategy, it is necessary to pay attention to the direction to be achieved clearly, commitment, communication, and integration of existing functions within the organization.

F. Relationship between Risk Technology and Digital Transformation

Managing technology risk through technological capabilities, this is necessary for small business actors or companies, where along with the very fast development of technology, it is also balanced by the risks that can arise due to the development of a technology.

After studying the literature on technology risks, most of the research found and focused on cybersecurity and internal control issues (Pfeiffer, 2015). According to (Pfeiffer, 2015) there are six interrelated risk categories namely cybersecurity, legal, operational, financial, reputational and social. The conclusion drawn from technological risk is that business actors or companies need to be aware of the dangers of a technology that can cause losses for business actors or companies, technological risk develops along with the development of a technology, technological risk can be formed from actions people, system failures, failed internal processes and external events.

G. Relationship between Digital Literacy and Digital Transformation

The rapid advancement of digital technology has resulted in new literacy dimensions such as digital literacy. According to (Reedy & Goodfellow, 2014), digital literacy is related to information literacy and overlaps with the concept of information

literacy. Digital literacy includes the ability to find and use information (otherwise known as information literacy) but more than that includes communication, collaboration and teamwork, social awareness in the digital environment, understanding of electronic security and the creation of new information. The importance of digital literacy cannot be ignored in today's modern workplace, as stated by (Eshet, 2004) digital literacy is a survival skill in the digital era. The conclusions drawn from digital literacy include the ability to find and use information and use digital media, communication tools, or networks in finding, evaluating, using, creating information and using it in a healthy, wise, intelligent, careful, precise, and effective manner. and obey the law in order to foster communication and interaction in daily life.

The novelty of this research lies in its comprehensive approach to analyzing the impact of digital transformation on small business performance in the Jabodetabek area, particularly during the COVID-19 pandemic. Unlike previous studies that primarily focus on technology adoption or organizational change, this study integrates human factors, social influence, financial literacy, information technology alignment, technology risks, and digital literacy into a unified model. Additionally, the use of the Resource-Based View (RBV) theory combined with Technology-Organization-Environment (TOE) and technology adoption theories offers a novel framework for understanding how these factors collectively influence business performance. This multi-dimensional perspective provides fresh insights into how small businesses can leverage digital transformation to improve their operations, contributing new knowledge to the field of digital business strategy.

RESEARCH METHOD

Data

The type of data used in this research is primary data. Primary data is data obtained from original sources, which is defined as the first source from which the data was obtained. The data in this study were obtained from the distribution of questionnaires to respondents, namely small business actors in the Greater Jakarta area (Jakarta, Bogor, Depok, Tangerang, and Bekasi). The number of questionnaires distributed was 500 questionnaires to small business actors which were distributed through the heads of the small business community from each region in Greater Jakarta, the questionnaires obtained and deserved to be processed in this study were 307 questionnaires, the sample of this research is operated through the SmartPLS 3.0 software.

Methodology

Validity Test Using Outer Model

Validity test was conducted to find out how many questions were valid and in this study. Validity testing is carried out with the outer model using the SmartPLS version 3.0 software. the measurement can be seen and declared valid if the outer loading value > 0.6 then the indicator is declared valid. And for the measurement of the validity test using the Kaiser Meyer Olkin of Measure Sampling Adequacy (KMO MSA) which functions whether an indicator used can confirm a construct or a variable. If the Kaiser Meyer Oikin Measure of Sampling Adequacy (KMO MSA) value is > 0.6 then factor analysis can be performed (Hair, Sarstedt, Hopkins and Kuppelwieser, 2014).

Reliabillity Test

Cronbach's alpha value is used to strengthen the reliability test carried out. The expected value of Cronbach's alpha for all constructs is > 0.60 (Garson, 2016)

Composite Reliability Test

The value of composite reliability shows internal consistency, namely a high composite reliability value indicates the consistency value of each indicator in measuring the construct. The expected composite reliability value is > 0.70. (Henseler, Ringle, & Sarstedt, 2012).

Average Variance Extracted (AVE) Test

The average variance extracted (AVE) value is used to measure the amount of variance captured by the construct compared to the variance caused by measurement errors. The AVE value can be declared valid if the value is > 0.5.

Structural Model Test (Inner Model)

The purpose of the structural model test is to see the correlation between the measured constructs which is the t test of the partial least square itself. According to (Abdillah & Hartono, 2015) the structural model (inner model) is a structural model to predict causality relationships between latent variables. In evaluating the structure of the model in this study, the coefficient of determination (R2) and path coefficient were used. The coefficient of determination on the construct is called the R-square value. structural model (inner model) is a structural model to predict how much the independent variable hypothesized in the equation is able to explain the variance of the dependent variable. The magnitude of R2 is never negative and is at most equal to one ($0 \leq R \leq 1$). The greater the value of R2, the better the resulting model. Then the next step is the estimation of the path coefficient, which is the path coefficient value in the structural model or the magnitude of the relationship or influence of the latent construct, which is obtained by the bootstrapping procedure. path coefficients is a research method used to test the strength of direct and indirect relationships between various variables.

Hypothesis Testing in PLS

Hypothesis testing is done by looking at the probability value. For probability values, the p-value with an alpha of 5 percent is less than 0.05 (Henseler, Ringle, & Sarstedt, 2012; Hair et al, 2014). The path coefficient or estimated path coefficient is an evaluation of the coefficient value, including the real effect through bootsrapping and the magnitude of the coefficient value. The path coefficient value is declared to be influential if it shows the P-Value value is smaller than 0.05.

Test Model Fit

Table 1 Model Fit

Assessment	Criteria
Model Fit Test	SRMR < 95 Bootstrap Quantile Percent
	NFI, $0 \leq NFI \leq 1$
Estimated Model	SRMR < 0.08

This table contains indicators on the measurement of model fit including in the assessment column there is a model fit test and estimated model, then in the criteria column there are SRMR and NFI indicators.

SRMR (The standardized root mean square residual) is a measure of the approximate fit of the model to the researcher. SRMR it measures the difference between the observed correlation matrix and the implied-model correlation matrix. In other words, the SRMR reflects the average magnitude of the difference, with lower SRMR being more suitable. According to convention, the model has a good fit when the SRMR is less than 0.08 (Hu & Bentler, 1998). Some studies use a softer cutoff, which is less than 0.10 (Dijkstra, T. K., & Henseler, J., 2015). the model fit criteria can be either the Bentler-Bonett index or the normed fit index (NFI). NFI returns a value between 0 and 1. The

closer the NFI is to 1, the better the match. (Lohmöller, 2013) provides detailed information on the NFI computation of the PLS path model. NFI represents an incremental match measure. Thus, its main drawback is that it does not penalize the complexity of the model. The more parameters in the model, the larger (ie better) the NFI result. It is for this reason that this measure is not recommended Lohmöller (1989).

RESULT AND DISCUSSION

The validity test in this study uses the Kaisser Meyer Oikin of Sampling Adequacy (KMO MSA) which functions whether an indicator used can confirm a construct or a variable. If the Kaiser Meyer Oikin Measure of Sampling Adequacy (KMO MSA) value is > 0.6 then factor analysis can be performed (Hair, Hult, Ringle, & Sarstedt, 2017).

Table 2 Validity and Reliability Test Results on Research Instruments

No	Variabel	Indicator	Cronbach's α	Loading Factor	KMO	Bartlett Test		Description
						Chi-Square	Sign	
1.	Human factor	HF1	0,950	0,913	0,821	20628	0,000	Valid dan Reliable
		HF2		0,943				
		HF3		0,945				
		HF4		0,947				
2.	Social Influence	SI1	0,907	0,914	0,757	155.42	0,000	Valid dan Reliable
		SI2		0,918				
		SI3		0,791				
		SI4		0,910				
3.	Financial Literacy	FL1	0,915	0,936	0,755	101.28	0,000	Valid dan Reliable
		FL2		0,913				
		FL3		0,927				
4.	Information Technology Alignment	ITA1	0,939	0,903	0,832	179.08	0.000	Valid dan Reliable
		ITA2		0,946				
		ITA3		0,923				
		ITA4		0,917				
5.	Technology Risk	TR1	0,834	0,891	0,603	75.142	0,000	Valid dan Reliable
		TR2		0,942				
		TR3		0,756				
6.	Digital Transformation	DT1	0,922	0,884	0,715	165.56	0,000	Valid dan Reliable
		DT2		0,889				
		DT3		0,927				
		DT4		0,906				
7.	Company Performance	CP1	0,928	0,909	0,783	165.50	0,000	Valid dan Reliable
		CP2		0,927				
		CP3		0,897				
		CP4		0,917				
8.	Digital Literacy	DL1	0,929	0,854	0,794	221.47	0,000	Valid dan Reliable
		DL2		0,844				
		DL3		0,894				
		DL4		0,908				
		DL5		0,921				

This table describes the results of the validity and reliability tests of each variable used by using the Kaisser Meyer Oikin of Sampling Adequacy (KMO MSA) indicator and the Kaiser Meyer Oikin Measure of Sampling Adequacy (KMO MSA) > 0.6 then factor analysis can be done.

Reliability test is a tool used to measure the consistency of the questionnaire which is an indicator of a variable or construct. A questionnaire is said to be reliable or reliable if a person's answer to a question is consistent or stable over time (Ghozali, 2017).

The reliability test in this study uses Cronbach's Alpha value, the question indicator is said to be reliable if the Cronbach'Alpha value is > 0.6 (Garson, 2016). Table 3 shows the results of Cronbach's Alpha values for each variable.

Table 3 Reliability Test Results on Research Instruments

No	Variable	Cronbach'α
1	Human Factor	0,950
2	Social Influence	0,907
3	Financial Literacy	0,915
4	Information Technology Alignment	0,939
5	Technology Risk	0,834
6	Digital Transformation	0,922
7	Company Performance	0,928
8	Digital Literacy	0,929

This study will explain the data analysis and discussion of the influence of human factors, social influences, financial literacy, information technology alignment, technology risks, digital literacy on company performance with digital transformation as a moderating variable.

Validity and reliability tests were conducted on 307 respondents to find out how many questions or indicators were valid and reliable in this study. Validity and reliability testing was carried out with the outer model using the SmartPLS version 3.0 software. the measurement can be seen and declared valid if the outer loading value > 0.70 then the indicator is declared valid, but for research in the early stages of developing a measurement scale the loading value of 0.50 to 0.60 is considered adequate (Chin, 1998 in Ghozali, 2014).

The value of composite reliability shows internal consistency, namely a high composite reliability value indicates the consistency value of each indicator in measuring the construct. The expected composite reliability value is greater than 0.7.

Average variance extracted (AVE) is used to measure the amount of variance captured by the construct compared to the variance caused by measurement errors. AVE can be used as a convergent and divergent validity test. The AVE reflects the average communality for each latent factor in the reflective model. In an adequate model, the AVE should be greater than 0.5 (Hock & Ringle, 2010).

Table 4 describes the results obtained from the measurement loading factor, averaged variance extracted, composite reability and chronbach's alpha.

Table 4 Measurement Model Evaluation Results

Variable	Indicator	Laoding Factor	Average Variancy Extracted	Composite Reability	Chronbach's Alpha
Human factor	HF1	0,719	0,701	0,903	0,856
	HF2	0,868			
	HF3	0,880			
	HF4	0,872			
Social Influence	SI1	0,760	0,624	0,869	0,799

	SI2	0,813			
	SI3	0,786			
	SI4	0,800			
Financial Literacy	FL1	0,845	0,708	0,879	0,794
	FL2	0,851			
	FL3	0,828			
Information Technology Alignment	ITA1	0,851	0,695	0,901	0,854
	ITA2	0,831			
	ITA3	0,835			
	ITA4	0,819			
Technology Risk	TR1	0,786	0,629	0,836	0,705
	TR2	0,823			
	TR3	0,769			
Digital Transformation	DT1	0,849	0,722	0,921	0,886
	DT2	0,870			
	DT3	0,884			
	DT4	0,849			
Company Performance	CP1	0,840	0,745	0,890	0,834
	CP2	0,868			
	CP3	0,842			
	CP4	0,715			
Digital Literacy	DL1	0,846	0,722	0,928	0,904
	DL2	0,853			
	DL3	0,874			
	DL4	0,823			
	DL5	0,852			

R Square is the value of the endogenous latent change which is the variability of the endogenous construct which can be explained by the variability of the endogenous construct. The value of R Square is used to measure the level of variation of changes in exogenous variables, namely human factors, social influences, financial literacy, information technology alignment, technology risk, digital literacy on endogenous variables, namely digital transformation variables and company performance variables. Chin (1998) Höck and Ringle, 2006) described results above the 0.67, 0.33 and 0.19 thresholds to be "substantial", "moderate" and "weak". R-square here will be considered to have a medium strength or effect. From the results of calculations with the help of SmartPLS software, the results obtained are as follows in table 5 below.

Table 5 describes the results of the r - square value consisting of digital transformation variables and company performance

Table 5 Result Value R – Square

Variable	Value R Square
Digital Transformation (Y)	0,576
Company Performance (Z)	0,554

Based on table 5, the R Square value for digital transformation is 0.576 or 57.6 percent. This means that the variables of human factors, social influence, financial literacy, information technology alignment, technology risk, digital literacy are able to explain the construction of digital transformation by 57.6 percent and the remaining 42.4 percent is explained by other variables that are not included in the variable. this study, while the value of R Square for company performance is 0.554 or 55.4 percent. This

means that the variables of human factors, social influences, financial literacy, information technology alignment, technology risk, digital literacy and digital transformation are able to explain the construction of company performance by 55.4 percent and the remaining 44.6 percent is explained by other variables which not included in this study.

The path coefficient or estimated path coefficient is an evaluation of the coefficient value, including the real effect through bootsrapping and the magnitude of the coefficient value. The path coefficient value is declared influential if it shows the P-Value value is smaller than 0.05. The following table 6 shows the results of calculating path coefficients with the help of SmartPLS software using the boostrapping method.

Table 6 explains the path coefficient values of each path, in this study there are 7 coefficient paths, of which 6 paths are influential with values less than 0.05 and 1 path has no effect with values greater than 0.05.

Table 6 Result of path coefficient value

	Sample Mean	P - Values	Description
HF→DT	0,133	0,056 [a)]	Influential
SI→DT	0,138	0,014	Influential
FL→DT	0,036	0,543	Not Influential
ITA→DT	0,304	0,001	Influential
TR→DT	0,200	0,003	Influential
DL→DT	0,204	0,000	Influential
DT→CP	0,747	0,000	Influential

Note: [a)] significant at = 10% or 0,100

Based on table 6 has shown the value of the path coefficient which is the result of the relationship between variables or constructs. The human factor variable (HF) affects the digital transformation variable (DT) with a P Value of 0.056, The value of the P value is still acceptable because it is still within normal limits when conducting research in the social field, the reference from the normal limit value, namely the P Value, has a value of 0.1 (alpha level of 10 percent). The social influence variable (SI) affects the digital transformation variable with a P Value of 0.014. The financial literacy variable (FL) has no effect on the digital transformation variable (DT) with a P Value of 0.543. The information technology alignment variable (ITA) has an effect on the digital transformation variable (DT) with a P Value of 0.001. the technology risk variable (TR) affects the digital transformation variable (DT) with a P Value of 0.003, then the digital literacy variable (DL) affects the digital transformation variable (DF) with a P Value of 0.000, then the influence of the last coefficient path value where the digital transformation variable (DT) affects the company's performance variable (CP) with a P Value of 0.000.

Table 7 describes the results of the model fit values based on the SRMR, Chi - Square and NFI indicators.

Table 7 Result of Model Fit Value

	Saturated Model	Estimated Model
SRMR	0,060	0,070
Chi - Square	1324,220	1364,165
NFI	0,784	0,778

Based on table 7 shows the value of SRMR (The standardized root mean square residual) has a resulting value of 0.060 in the saturated model and the estimated model

value of 0.070, this result indicates that the model used by the researcher is a model with a good fit, because the value of the saturated model is smaller than 0.08 that is equal to 0.060.

The model fit criteria can be either the Bentler-Bonett index or the normed fit index (NFI) (Bentler and Bonett, 1980). NFI returns a value between 0 and 1. The closer the NFI is to 1, the better the match. Lohmöller (1989) provides detailed information on the NFI computation of the PLS path model. NFI represents an incremental match measure. Thus, its main drawback is that it does not penalize the complexity of the model. The more parameters in the model, the larger (ie better) the NFI result. It is for this reason that this measure is not recommended by Lohmöller (1989).

Based on table 7 shows the value of the NFI (Normal Fit Index) has a resulting value of 0.784 in the saturated model and the estimated value of the model is 0.778, these results indicate that the model used by the researcher is a model with a good fit, because the value of the NFI (Normal Fit Index)) is close to 1.

CONCLUSION

Based on the results of the tests and analyzes that have been carried out, the following conclusions can be drawn 1) Simultaneously human factors, social influences, financial literacy, information technology alignment, technology risk and digital literacy simultaneously affect digital transformation. 2) Variables that partially affect digital transformation are human factors, social influences, information technology alignment, technology risk and digital literacy. These five variables have an effect on increasing the degree of digital transformation of small business actors where small business actors who have the value of human factors, social influence, information technology alignment, technology risk and high digital literacy tend to have a high degree of digital transformation. 3) Digital transformation affects the performance of companies (small businesses) where small business actors who have a high degree of digital transformation tend to have high company performance (small businesses). 4) Alignment of information technology is identified as a variable that has a large influence on digital transformation and, in turn, on the performance of companies (small businesses).

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