

The Influence Of Business Capital, Promotion, And Length Of Business On Msme Income (Case Study Of The Manco Cake Home Industry In Tambakmas Village, Kebonsari, Madiun)

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Abstract

This study aims to analyze the extent to which business capital, promotion, and business duration impact the income of Micro, Small, and Medium Enterprises (MSMEs) in the home industry of manco cakes in Tambakmas Village, Kebonsari District, Madiun Regency. The study used a quantitative approach with a survey method by distributing questionnaires to 34 MSME respondents who were determined using a saturated sampling technique. Data were analyzed using multiple linear regression with the help of SPSS, preceded by validity tests, reliability tests, descriptive statistical tests, and classical assumption tests (normality, multicollinearity, and heteroscedasticity). The results showed that all instrument items were declared valid and reliable. Simultaneously, business capital, promotion, and business duration had a significant effect on MSME income with a calculated F value of 24.711 and a significance of 0.000, and were able to explain 71.2% of the variation in MSME income ($R^2 = 0.712$). Partially, only the business duration variable significantly influences MSME income ($\text{Sig.} = 0.000$; $\beta = 0.740$), while business capital ($\text{Sig.} = 0.428$) and promotion ($\text{Sig.} = 0.948$) do not show a significant effect partially. This finding indicates that business experience is a dominant factor in determining income levels in traditional product-based MSMEs, while capital and promotion have not provided significant contributions individually in the context of this study.

Keywords: Business Capital, Promotion, Length of Business, MSME Income.

INTRODUCTION

MSMEs are a strategic sector that contributes to job creation and the formation of national GDP. The resilience of MSMEs has been proven since the 1998 Economic Crisis, thus strengthening their role through Law Number 20 of 2008 as drivers of public welfare, expanding employment opportunities, and equalizing income (Suryahadi et al., 2012).

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IJEBIR, Volume 05 Issue 06, 2026



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At the regional level, MSMEs are driving the economy, relying on local potential while preserving traditional products (Kuncoro, 2010; Rahayu & Day, 2015). One example is the manco cake home industry in Tambakmas Village, Madiun Regency, which is managed through generations using a simple business system (Sulistyo & Adiatma, 2020).

The income of manco cake MSMEs in Tambakmas Village varies, indicating differences in business management capabilities. Income is a key indicator of business success, influenced by both internal and external factors (Kasmir, 2017).

Business capital, promotion, and length of business are thought to influence MSME revenue. Capital supports production capacity (Mankiw, 2021), promotion increases market reach (Kotler & Keller, 2021), while length of business reflects experience, which can improve business performance when coupled with innovation.

Previous research has shown mixed results regarding the influence of business capital, promotion, and length of operation on MSME revenue. Therefore, this study aims to analyze the influence of these three variables, both partially and simultaneously, on the revenue of the manco cake home industry in Tambakmas Village and to provide theoretical and practical contributions.

Conceptual Framework

The conceptual framework in this study describes the relationship between the independent and dependent variables studied. The independent variables consist of Business Capital (X₁), Promotion (X₂), and Length of Business (X₃), while the dependent variable is MSME Income (Y).

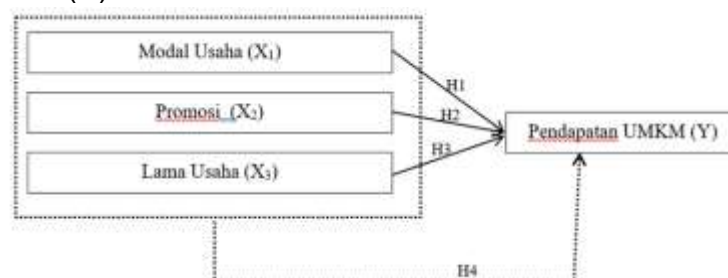


Figure 1: Conceptual Framework of the Research

Information:

- > :Partial Effect
- > :Simultaneous Effects

METHOD

This study uses a quantitative approach that aims to examine the relationship and influence between independent variables, namely business capital (X₁), promotion (X₂),

and length of business (X3), on the dependent variable, namely MSME income (Y) (Sugiyono, 2019). The study focused on MSME home industry manco cakes located in Tambakmas Village, Kebonsari District, Madiun Regency, by only examining internal business factors without including external factors such as macroeconomic conditions or government policies.

The population of this study was all 34 small and medium enterprises (SMEs) operating in the home industry of manco cakes in Tambakmas Village. This study used a saturated sampling technique (census), meaning that if the population size was less than 100, the entire population was sampled. Thirty-four questionnaires were deemed suitable for use in data analysis, resulting in a final sample size of 34 respondents.

The data used were primary data obtained through questionnaire distribution and supported by interviews with owners or business owners of MSMEs in the home industry of manco cakes. The questionnaire was compiled based on operational definitions of variables and measured using a Likert scale of 1–5, with response options ranging from strongly disagree to strongly agree. Each variable was measured using five statement items arranged based on relevant indicators, as presented in Table 1.

Table 1. Operational Definition of Variables

Variables	Indicator	Scale	Reference Source
Business Capital (X1)	1. Capital structure 2. Utilization of additional capital 3. Barriers to access to capital 4. Business conditions after additional capital	Likert (1–5)	(Thori, 2023)
Promotion (X2)	1. Promotional message 2. Promotional media 3. Promotion time 4. Promotion frequency	Likert (1–5)	(Kotler & Keller, 2021)
Length of Business (X3)	1. Years of service 2. Level of knowledge and skills 3. Mastery of work and equipment	Likert (1–5)	(Salim et al., 2024)

Variables	Indicator	Scale	Reference Source
MSME Income (Y)	1. Income for liabilities and development 2. Owner satisfaction 3. Operational activities 4. Payment for services and work	Likert (1–5)	Fitriani, V & Ramadhani, SN (2025)

The data were analyzed using SPSS through the stages of validity testing (Pearson correlation, compared with r table at $df = n-2$), reliability testing (Cronbach's Alpha with a threshold of 0.6), descriptive statistical testing, classical assumption testing (normality using Shapiro-Wilk, multicollinearity using Tolerance and VIF values, heteroscedasticity using scatterplot graphs), and multiple linear regression analysis with the equation $Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$. Hypothesis testing was carried out through the t test (partial), F test (simultaneous), and coefficient of determination (R^2) at a significance level of 5% (Ghozali, 2011).

RESULTS AND DISCUSSION

Validity Test Results

In this study, the validity test was conducted using the Pearson Product Moment correlation on all statement items in the four research variables, with an r table value of 0.338 ($n = 34$, $\alpha = 5\%$). The test results showed that all 20 statement items were declared valid because the calculated r value of each item was greater than the r table.

Table 2. Validity Test Results

Variables	Statement Items	r Count	r Abel	Information
Venture capital	X1.1	0.801	0.338	Valid
	X1.2	0.785	0.338	Valid
	X1.3	0.707	0.338	Valid
	X1.4	0.607	0.338	Valid
	X1.5	0.796	0.338	Valid
Promotion	X2.1	0.814	0.338	Valid
	X2.2	0.823	0.338	Valid
	X2.3	0.724	0.338	Valid
	X2.4	0.717	0.338	Valid
	X2.5	0.798	0.338	Valid
Length of Business	X3.1	0.818	0.338	Valid
	X3.2	0.783	0.338	Valid
	X3.3	0.754	0.338	Valid
	X3.4	0.765	0.338	Valid
	X3.5	0.775	0.338	Valid
MSME Income	Y1.1	0.878	0.338	Valid
	Y1.2	0.844	0.338	Valid
	Y1.3	0.791	0.338	Valid
	Y1.4	0.883	0.338	Valid
	Y1.5	0.87	0.338	Valid

The Business Capital variable has a calculated r value ranging from 0.607 to 0.801, the Promotion variable between 0.717 to 0.823, and the Length of Business variable between 0.754 to 0.818. The highest calculated r value is shown by the MSME Income variable, which is between 0.791 to 0.883, which indicates that the items in this dependent variable have very strong internal consistency with their constructs.

Reliability Test Results

In this study, the reliability test was conducted using the Cronbach's Alpha method with a critical limit of 0.6.

Table 3. Reliability Test Results

Variables	Number of Items	Cronbach's Alpha	r Critical	Information
Venture capital	5	0.794	0.6	Reliable
Promotion	5	0.834	0.6	Reliable
Length of Business	5	0.838	0.6	Reliable
MSME Income	5	0.906	0.6	Reliable

All variables were declared reliable, with Cronbach's Alpha values above 0.6, with the highest value being 0.906 for the MSME Income variable, which is considered to be quite reliable. These results indicate that the questionnaire instrument used produced consistent and reliable measurements.

Descriptive Statistics

Table 4. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
MODAL USAHA	34	9	24	18.06	4.292
PROMOSI	34	9	24	18.56	4.378
LAMA USAHA	34	9	24	19.12	4.169
PENDAPATAN UMKM	34	9	25	19.68	5.091
Valid N (listwise)	34				

Descriptive statistics show that the average respondent's answers for all variables were relatively similar, ranging from 18 to 20. The MSME income variable had the highest standard deviation (5.091), indicating the greatest variation in respondent answers compared to other variables.

Normality Test Results

Table 5. Normality Test

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Unstandardized Residual	.140	34	.089	.876	34	.001

a. Lilliefors Significance Correction

The results of the normality test showed a Kolmogorov-Smirnov significance value of 0.089 (>0.05), indicating that the model residuals were normally distributed. Thus, the normality assumption in the regression model was met.

Multicollinearity Test Results

Table 6. Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.476	3.190		-.149	.882		
	MODAL USAHA	.152	.189	.128	.803	.428	.379	2.640
	PROMOSI	.008	.116	.007	.066	.948	.981	1.019
	LAMA USAHA	.903	.194	.740	4.658	.000	.380	2.629

a. Dependent Variable: PENDAPATAN UMKM

The results of the multicollinearity test show that all variables have a Tolerance value > 0.10 and VIF < 10 . Thus, the regression model does not experience multicollinearity so that the relationship between independent variables does not interfere with the estimation of the regression coefficient.

Heteroscedasticity Test Results

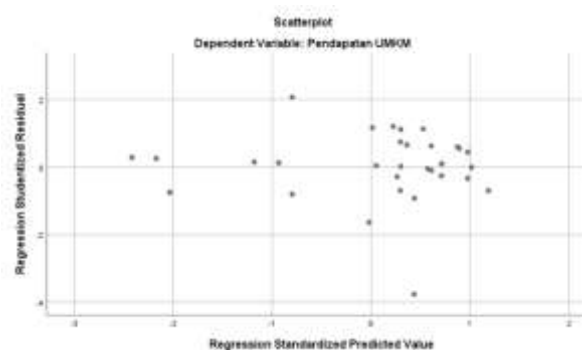


Figure 2: Heteroscedasticity Test Results

The heteroscedasticity test results show that the points on the scatterplot are randomly distributed around the number 0 without forming any particular pattern. Therefore, the regression model does not experience heteroscedasticity, thus meeting the homoscedasticity assumption and is suitable for analysis.

Multiple Linear Regression Analysis and Hypothesis Testing

Based on the results of data processing, the following multiple linear regression equation was obtained:

Table 7. Results of Multiple Linear Regression Test Hypothesis

Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.476	3.190		-.149	.882
	MODAL USAHA	.152	.189	.128	.803	.428
	PROMOSI	.008	.115	.007	.066	.948
	LAMA USAHA	.903	.194	.740	4.656	.000

a. Dependent Variable: PENDAPATAN UMKM

$$Y = -0.476 + 0.152X_1 + 0.008X_2 + 0.903X_3 + e$$

The regression results show that business capital ($\beta = 0.152$; sig. = 0.428) and promotion ($\beta = 0.008$; sig. = 0.948) do not significantly influence MSMEs' income, so H1 and H2 are rejected. On the other hand, business duration ($\beta = 0.903$; $t = 4.656$; sig. = 0.000) has a positive and significant effect on income, so H3 is accepted. The business duration variable is also the most dominant factor (Beta = 0.740), indicating that business experience plays an important role in increasing MSMEs' income through loyal customers, marketing networks, and better competitive capabilities.

t-test (Partial Test)

Table 8. Results of the t-Test (Partial Test)

Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.476	3.190		-.149	.882
	MODAL USAHA	.152	.189	.128	.803	.428
	PROMOSI	.008	.115	.007	.066	.948
	LAMA USAHA	.903	.194	.740	4.656	.000

a. Dependent Variable: PENDAPATAN UMKM

The t-test results show that only the length of business has a positive and significant effect on MSME income ($t = 4.656$; sig. = 0.000), making it the most dominant variable. Conversely, business capital ($t = 0.803$; sig. = 0.428) and promotion ($t = 0.066$; sig. = 0.948) do not significantly influence MSME income.

F Test (Simultaneous) and Coefficient of Determination**Table 8. F Test Results (ANOVA)**

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	608.992	3	202.997	24.711	.000 ^b
	Residual	246.449	30	8.215		
	Total	855.441	33			

a. Dependent Variable: PENDAPATAN UMKM

b. Predictors: (Constant), LAMA USAHA, PROMOSI, MODAL USAHA

The F test results show a calculated F value of 24.711 with a significance of 0.000 < 0.05, so the regression model is declared feasible. Simultaneously, business capital, promotion, and business duration have a significant effect on MSME income, so the fourth hypothesis (H4) is accepted. The large value of the Sum of Squares Regression (608.992) compared to the Sum of Squares Residual (246.449) indicates that the model is able to explain most of the variation in MSME income.

Table 9. Results of the Determination Coefficient Test (R Square)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.844 ^a	.712	.683	2.966

a. Predictors: (Constant), LAMA USAHA, PROMOSI, MODAL USAHA

b. Dependent Variable: PENDAPATAN UMKM

An R value of 0.844 indicates a strong relationship between the independent variables and MSME revenue. An R Square value of 0.712 means that 71.2% of the variation in MSME revenue is explained by the model, while 28.8% is influenced by other factors. The Adjusted R Square of 0.683 indicates that the model has good ability to explain revenue variation.

DISCUSSION**The Influence of Business Capital on MSME Income.**

Based on the test results, the Business Capital variable (X1) was proven to have no significant influence on the income of home-based manco cake entrepreneurs in Tambakmas Village, with a significance value of 0.428 which exceeds the 0.05 limit so that the first hypothesis (H1) was declared unproven. This result at first glance seems to contradict the Resource-Based View which places financial capital as the main driver of production capacity (Barney, 1991), but it is quite reasonable when considering the special characteristics of the object being studied. The average value and standard deviation of Business Capital in Table 7 show that the capital scores between



entrepreneurs are relatively homogeneous, with a uniform business scale at the micro and household levels. The relatively equal capital conditions between entrepreneurs make this variable less able to explain differences in income levels, because the variations in income that occur are more influenced by other factors outside of the amount of capital alone.

These results align with the findings of Salim et al. (2024) on MSMEs in Banguntapan District, who also found that business capital did not significantly influence MSME income. However, these findings differ from the research findings of Firmania et al. (2020) and Polandos et al. (2019), which found that capital had a positive and significant effect on business actor income. This difference indicates that the influence of business capital on income is contextual and highly dependent on the characteristics of the research object, business scale, and the sector studied. For MSMEs based on traditional products with a relatively uniform business scale, such as manco cakes, the ability to efficiently manage owned capital appears to be more decisive than the amount of capital itself.

The Influence of Promotion on MSME Income.

The test results show that the Promotion variable (X_2) does not show a significant influence on MSME Income, reflected in the significance value of 0.948 which is far above the threshold of 0.05, so H_2 is rejected. The very small regression coefficient (0.008) and the standard Beta value which is close to zero (0.007) show that the contribution of promotion to income is barely visible in the regression model built. As described in the background, most of the manco cake MSMEs in Tambakmas Village still rely on traditional promotion methods, namely word of mouth communication, by utilizing digital promotional media which is still limited. The limited variation of promotional strategies used between business actors causes this variable to be less able to explain the differences in income levels that occur.

This finding differs from the research conducted by Thori (2023) and Diana et al. (2026), which found that promotion had a positive and significant effect on MSME revenue. This difference is thought to be due to differences in the intensity and diversity of promotional channels used; in these studies, the subjects generally utilized more varied promotions, including digital media and participation in joint marketing activities, resulting in greater promotional variation among business actors and a better explanation for revenue variation. In the context of the Kue Manco (Manco) MSME, which still relies on conventional promotions with relatively uniform intensity, efforts are needed to develop promotional strategies—particularly the use of digital media—so that promotion's role in increasing revenue can be more optimal in the future.



The Influence of Business Length on MSME Income.

The test results show that the variable Length of Business (X3) is proven to have a positive and significant influence on MSME Income, with a significance value of 0.000 which is far below 0.05, so that H3 is accepted. In fact, among the three independent variables, Length of Business appears as the most influential factor, marked by the highest standard Beta value of 0.740. This finding is in line with the Resource-Based View perspective which views length of business as a representation of knowledge-based resources, where the accumulation of experience of business actors over time increases production efficiency, understanding of consumer preferences, and the ability to retain loyal customers (Barney, 1991).

These results reinforce the findings of previous studies, including Firmania et al. (2020) who found that business duration had a positive and significant effect on the income of traditional market traders, Salim et al. (2024) who found a similar finding in MSMEs in Banguntapan District, and Siboro et al. (2025) who found that business duration had a positive and significant effect on the income of MSMEs in Medan City. However, these findings differ from the research of Polandos et al. (2019) who found that business duration had no significant effect on the income of MSMEs in East Langowan District. This difference confirms that the effect of business duration on income is highly dependent on the extent to which accumulated experience is actually converted into productive capabilities by the entrepreneur. In the manco cake MSME, which is managed from generation to generation, business experience appears to be a very valuable knowledge asset, both in maintaining product quality and taste, production process efficiency, and in maintaining a network of loyal customers. Therefore, it is natural that this variable is the most dominant predictor of income.

The Simultaneous Influence of Business Capital, Promotion, and Length of Business on MSME Income.

The F-test results show that Business Capital, Promotion, and Length of Business simultaneously have a significant effect on MSME Income (Sig. = 0.000 < 0.05), so H4 is accepted, with a contribution of 71.2 percent to the variation in MSME Income. This finding indicates that although only Length of Business has a significant effect partially, the three variables together remain a relevant internal resource unit in explaining MSME income performance, as emphasized in the Resource-Based View framework that competitive advantage and business performance are determined by a combination of the integrated use of financial resources, marketing capabilities, and knowledge-based resources (Barney, 1991). The remaining 28.8 percent of variation that has not been explained by this model opens up space for further research to examine other factors

outside the model, such as product innovation, selling price, production costs, business location, and the use of digital technology.

CONCLUSION

Referring to the series of analyses presented, it can be concluded that business capital and promotion, when tested separately, have not been proven to have a significant effect on the income of home-based manco cake entrepreneurs in Tambakmas Village, Kebonsari District, Madiun Regency. This is in contrast to the length of business, which individually actually has a positive and significant effect, while also appearing as the most influential variable in this research model. Simultaneously, business capital, promotion, and business length have a significant effect on MSME income with the ability to explain 71.2% of the variation in income. These results imply that the increase in income of MSMEs producing manco cakes is determined more by the accumulated experience of entrepreneurs than by the amount of capital or the intensity of promotion alone. Therefore, entrepreneurs need to optimize their experience through product innovation and improved management strategies, in addition to continuing to improve capital management and expanding promotional reach, especially through the use of digital media, so that these two factors can contribute more significantly to increasing income in the future. Future research is recommended to add other variables such as business location, production costs, or the use of digital technology to enrich the understanding of the determinants of income for traditional product-based MSMEs.

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