Original Article

The Role of Intention in the Relationship between Perceived Behavioral Control and Affordable Loss Behavior of SME Owners in Jakarta, Indonesia

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Abstract: Entrepreneurs engage in acceptable loss behavior when making investments in their businesses. When an entrepreneur is faced with uncertainty, this course of action is more appropriate to ensure the survival of the company. The notion of planned behavior, which contends that human behavior can be predicted through intention, can help us understand this behavior as social creatures. Through attitudes towards behavior, arbitrary norms, and perceived behavioral control, behavioral intention can be predicted. The link between intention, affordable loss behavior, and perceived behavioral control is the main subject of this study. The sample was taken from Jakarta, Indonesia's SME population. The 200-person sample size includes SME owners working in the hospitality, retail, and service industries. The analysis's findings demonstrate that both direct and indirect predictions of behavior related to affordable loss may be made using the perceived behavior control variable. SME owners are encouraged to have a positive attitude and view affordable loss behavior as one of the actions that can be taken when facing a situation full of uncertainty.

Keywords: Affordable Loss, Behavioral Intention, Perceived Behavioral Control.

I. INTRODUCTION

The Covid-19 pandemic in 2020 has caused an economic crisis that has impacted SME businesses, including those in Indonesia. SME turnover has dropped to 83% [1]. Despite this, surviving SMEs continue to carry out various activities to maintain their businesses.

Sarasvathy [2] suggests that entrepreneurs can navigate uncertainty by taking risks they are prepared to lose and adapting to environmental changes. This is different from causation, which involves systematic analysis and integrative planning.

The first scale to assess effectuation and causality was created and put to the test by Chandler and his associates [3]. They contend that experimentation, affordable loss, and flexibility are the three interconnected sub-dimensions that make up effectuation, while pre-commitment is the key component of causality.

According to Ajzen [4], attitudes, subjective norms, and a sense of control can all be used to forecast human intentions, which are seen to be the main motivators of social behavior. As entrepreneurs are also social beings, their behavior can be explained by these three factors. The perceived ease or difficulty of carrying out the behavior is one of the variables that can predict intention and is considered to be a component of perceived behavioral control. It is presumable to represent prior experiences and upcoming challenges. Direct behavior prediction can also be done using perceived behavioral control.

In this study, SME owners in Jakarta's perceptions of their own behavioral control and intention to take reasonable risks are compared.

II. LITERATURE REVIEW

A) Theory of Planned Behavior

The Theory of Planned Behavior is intended to forecast and clarify how people behave in particular situations [4]. The purpose of the individual to carry out specific behaviors is the key component in the Theory of Planned Behavior. The intention is a sign of people's willingness to try their hardest and how much effort they intend to put into carrying out a specific behavior.

According to the Theory of Planned Behavior, there are three fundamentally distinct factors that influence intention. The first is the person's attitude towards the behavior, which refers to how much they think favorably or negatively about the behavior in question. The term attitude is tied to behavior in The Theory of Reasoned Action, hence it is referred to as attitude towards behavior rather than attitude towards objects, people, or organizations. Facts have already demonstrated that generic tendencies are typically poor indicators of behavior in particular contexts [4]. General attitudes are evaluated in respect to particular groups, institutions, and people that an individual is likely to engage with. Only indirectly are certain characteristics that are strongly related to behavior able to influence specific behavior, such as general attitudes and personality traits [5].

The second predictor is a social variable known as subjective norm, or perceived social pressure to engage in or refrain from engaging in a behavior. The third factor influencing intention is perceived behavioral control, which describes how easy or difficult it is to carry out a behavior and is thought to be a reflection of prior encounters and potential challenges. Direct behavior prediction is also possible with perceived behavioral control.

B) Affordable Loss

The concept of investing just what business owners can afford to lose, as opposed to projecting future financial returns, is known as the affordable loss strategy. This strategy is in accordance with the notion of creating the future rather than predicting it and enables entrepreneurs to concentrate on minimizing losses rather than maximizing revenues. One of the five principles of effectiveness is "affordable loss," which is defined as the amount of money that entrepreneurs can afford to lose and are prepared to spend in their businesses [6]. When making investments, entrepreneurs who are willing to accept a loss focus more on past losses than on potential future profits [6].

Since information concerning investment losses is readily available, investing within one's means is the preference of business owners. Additionally, the entrepreneur has influence over this endogenous information [6]. Contrarily, data on returns from business investments is exogenous, ambiguous, untrustworthy, and outside of the entrepreneur's control. As a result, the justifiable loss is consistent with the idea that important businesspeople prefer to shape the future rather than forecast it [7].

This explanation leads to the conclusion that the primary variable in behavior prediction is intention. Attitudes towards behavior, subjective norms, and perceived behavioral control which are the only variables examined in this study all predict intention. Thus, the following formulation of the hypothesis is possible:

H1: perceived behavioral control can positively predict affordable loss behavior.
H2: perceived behavioral control can positively predict affordable loss behavior through behavioral intention.

III. METHOD

A) Study Area

This research was conducted in Jakarta, Indonesia, in May-July 2023, covering areas namely Central, West, East, North, and South Jakarta.

B) Sample

The survey includes 200 SME owners in culinary, retail, and services sectors. Respondents were purposively sampled using non-probability method.

C) Analysis Technique

Partial least squares (PLS) analysis was used to process the data, and SmartPLS 4 was used in the process.

D) Research Instrument

The research utilized a questionnaire, with research variable operationalization presented in Table 1.

Table 1: Operationalization of Variables

No	Variable	Indicator
1.	Perceived Behavioral Control (PBC)	1. Having full control over the business to take action based on bearable losses. 2. Having the ability to take action based on a loss that can be borne. 3. Having the confidence to take action based on a bearable loss. 4. Having the knowledge to take action based on the loss that can be borne. 5. Having the skills to take action based on a bearable loss.
2.	Intention (I)	1. Entrepreneurs will take action based on losses that can be borne. 2. Entrepreneurs are ready to take action based on losses that can be borne for the business to run. 3. Entrepreneurs will carry out various businesses so that they can take action based on losses that can be borne for the business to run. 4. Entrepreneurs are serious about taking action based on losses that can be borne for the business being run.

3.	Affordable Loss (AL)	1. Entrepreneurs are careful not to use up more resources than can be tolerated at a loss. 2. Entrepreneurs are careful not to risk more money than they are willing to lose from this venture. 3. Entrepreneurs are careful not to risk more money otherwise the business will be in financial trouble if things don't go as expected.

IV. RESULTS AND DISCUSSION

A) Results

a. Convergent Validity

Convergent validity includes measurements of outer loading and average variance extracted (AVE). Outer loading is the correlation between latent variables (constructs) and their indicators [8]. Loading factors more significant than or equal to 0.7 are acceptable. As presented in Table 2, all indicators have met convergent validity based on outer loading.

Table 2: Outer Loading

	Affordable Loss	Intention	PBC
AL1	0,898		
AL2	0,891		
AL3	0,904		
I1		0,834	
I2		0,869	
I3		0,878	
I4		0,88	
PBC1			0,803
PBC2			0,876
PBC3			0,883
PBC4			0,839
PBC5			0,846

A structural model with outside loading and a route coefficient is also shown in Figure 1. Because perceived behavioral control accounts for 46.6% of the variability in intentions and other factors account for the remaining 53.4%, the coefficient of determination for the intention variable is 0.466. The affordable loss coefficient of determination is 0.379, which indicates that perceptions of behavioral control and intention can account for 37.9% of its variability, with other factors accounting for the remaining 62.1%.
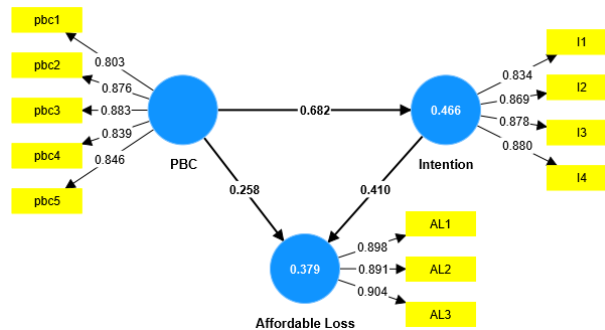

Fig 1. Structural Model

Meanwhile, the average variance extracted (AVE) measurement, as presented in table 3, also meets the requirements, which is greater than 0.5 [8].

Table 3: Average Variance Extracted

	Average Variance Extracted (AVE)
Affordable Loss	0,806
Intention	0,749
PBC	0,722

b. Discriminant validity

As seen in table 4 below, discriminant validity is related to the idea that various construct assessments shouldn't be strongly correlated [9]:

Table 4: Cross Loading

	Affordable Loss	Intention	PBC
AL1	0,898	0,589	0,532
AL2	0,891	0,464	0,451
AL3	0,904	0,512	0,456
I1	0,469	0,834	0,652
I2	0,561	0,869	0,615
I3	0,497	0,878	0,557
I4	0,496	0,880	0,527
PBC1	0,436	0,531	0,803
PBC2	0,487	0,588	0,876
PBC3	0,466	0,587	0,883
PBC4	0,422	0,576	0,839
PBC5	0,469	0,614	0,846

c. Reliability

Alpha or composite reliability must be more significant than 0.7 as a general rule of thumb, while a value of 0.6 is generally acceptable [10]. Based on Table 5, all variables have achieved the required levels of reliability.

Table 5: Reliability

	Cronbach's alpha	Composite reliability (rho a)	Composite reliability (rho c)
Affordable Loss	0,880	0,890	0,926
Intention	0,888	0,890	0,923
Perceived Behavioral Control	0,904	0,905	0,928

d. Path coefficient analysis

The results of path analysis, as presented in Table 6, show that perceived behavior control influences intention positively (path coefficient = 0.682) and is significant (P-values = 0.000 < 0.05). Likewise, intention influences affordable loss positively (path coefficient = 0.410) and significantly (P-values = 0.000 < 0.05). The same thing is also shown where perceived behavioral control influences affordable loss positively (path coefficient = 0.258) and is significant (P-values = 0.005 < 0.05).

Table 6: Path Coefficient

	Original sample (O)	P-values
PBC -> Intention	0,682	0,000
Intention -> Affordable Loss	0,410	0,000
PBC -> Affordable Loss	0,258	0,005

The outcomes of the indirect impact testing between the variables for intention, affordable loss, and perceived behavioral control are shown in Table 7. The results show an indirect effect of intention in the relationship between perceived behavioral control and affordable loss which is positive (path coefficient = 0.280) and significant (P-values = 0.000).

Table 7: Indirect Effect

	Original sample (O)	P-values
PBC -> Intention -> Affordable Loss	0,280	0,000

B) Discussion

Perceived behavior control can be utilized to forecast affordable loss behavior for SME owners in Jakarta based on the analysis's findings. The evidence is consistent with hypothesis 1. This is in line with The Theory of Planned Behavior's [4] claim that behavior may be predicted using perceptions of behavioral control. Certain behaviors are influenced by how easy or difficult a behavior is considered to be.

Meanwhile, affordable loss behavior can also be predicted through intention using perceived behavioral control. The evidence is in favor of hypothesis 2. This is consistent with The Theory of Planned Behavior's [4] assertion that intention is the primary predictor of behavior. Thus, the affordable loss behavior of SME owners in Jakarta can be predicted directly and indirectly through intention, using perceived behavior control variables.

V. CONCLUSION

According to the analysis's findings, the following can be said:

1. Affordable loss behavior can be predicted favorably and considerably using perceived behavioral control.
2. Behavioral intention can be effectively and significantly used to anticipate affordable loss behavior using perceived behavioral control.
3. SME owners should maintain a positive outlook and embrace affordable loss behavior when dealing with uncertain situations.

VI. REFERENCES

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