

AFFORDABLE LOSS OF SMEs FRANCHISEE: THE ROLE OF PERCEIVED UNCERTAINTY AND LEARNING FROM CRISIS EXPERIENCE

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ABSTRAK

Penelitian ini menginvestigasi pengaruh *attitudes*, *subjective norms* dan *perceived behavioral control* terhadap perilaku *affordable loss* melalui intensi dan efek moderasi dari persepsi ketidakpastian dan pembelajaran dari pengalaman krisis dalam hubungan antara intensi dengan perilaku *affordable loss* dari terwaralaba usaha kecil dan menengah (UKM) di Jakarta, Bogor, Depok, Tangerang dan Bekasi (Jabodetabek). Kemampuan intensi untuk memprediksi perilaku, bergantung pada kestabilan kondisi dalam rentang waktu antara intensi dengan perilaku yang terjadi. Faktor yang dapat memengaruhi adalah persepsi ketidakpastian dan pembelajaran dari pengalaman krisis. Sejumlah peneliti menyarankan tindakan efektif yang salah satunya adalah perilaku *affordable loss* sebagai langkah yang dapat dijalankan oleh wirausaha ketika menghadapi situasi lingkungan bisnis yang tidak stabil. Penelitian mengenai perilaku *affordable loss* dari terwaralaba UKM belum banyak dilakukan. Populasi dari penelitian ini adalah terwaralaba yang merupakan pemilik UKM di Jabodetabek. Ukuran sampel ditentukan sebesar 200 responden yang dipilih secara purposif dan data dianalisis dengan menggunakan Partial Least Square (PLS). Hasil analisis menunjukkan bahwa *attitudes* dan *perceived behavioral control* memengaruhi perilaku *affordable loss* melalui intensi, sementara *subjective norms* tidak demikian. *Perceived behavioral control* tidak memengaruhi perilaku *affordable loss* secara langsung. Efek moderasi dari persepsi ketidakpastian dan pembelajaran dari pengalaman krisis dalam hubungan antara intensi dengan perilaku *affordable loss* bersifat positif namun lemah. Hasil penelitian ini diharapkan dapat menambah referensi dalam hal aplikasi *Theory of Planned Behavior* yang dikaitkan dengan perilaku *affordable loss* terwaralaba UKM. Selain itu juga diharapkan dapat memberikan masukan bagi regulator mengenai strategi dan program bagi terwaralaba usaha kecil yang berbasis pada perilaku wirausaha.

Kata Kunci: *attitude*, *subjective norms*, *perceived behavioral control*, *affordable loss*, persepsi ketidakpastian, pembelajaran dari pengalaman krisis

ABSTRACT

This study explores how attitudes, subjective norms, and perceived behavioral control affect the affordable loss behavior of small and medium-sized enterprise (SME) franchisees in Jakarta Greater Area, Indonesia. The research examines the relationship between intention and affordable loss behavior and how perceived uncertainty and learning from crisis experiences impact this relationship. The stability of conditions in the period between intention and behavior determines the ability of intention to predict the behavior. Factors such as perceived uncertainty and learning from crisis experiences can influence the perceptions. While affordable loss behavior is suggested as a step that entrepreneurs can take when facing an unstable business environment, not much research has been done on SME franchisees' affordable loss behavior. The sample size for this research comprised 200 respondents who were selected purposively, and the data was analyzed using Partial Least Square (PLS). The findings indicate that attitudes and perceived behavioral control significantly influence affordable loss behavior through intention, while subjective norms do not. Perceived behavioral control does not directly impact affordable loss behavior. Finally, the moderating effect of perceived uncertainty and learning from crisis experiences on the relationship between intention and affordable loss behavior is positive but weak. The results of this research can add references in terms of the application of the Theory of Planned Behavior which is related to the affordable loss behavior of SME franchisees. Apart from that, it is also hoped that it can provide input to regulators regarding strategies and programs for small business franchisees based on entrepreneurial behavior.

Keywords: *attitude, subjective norms, perceived behavioral control, intention, affordable loss, perceived uncertainty, learning from crisis experience.*

1. INTRODUCTION

The Covid-19 pandemic has severely affected the Indonesian economy. In 2020, the economy experienced a moderate contraction with a 2.1% fall in GDP. However, according to the quarterly growth of seasonally-adjusted GDP, the activity of economic started to rise since the third quarter of the year (ADB, 2022).

This situation results in uncertainty for owners of small and medium enterprises (SMEs) and is difficult to predict. The pandemic has had such a strong and negative impact. In Indonesia, SME sales turnover fell by 83% (Purnomo et al., 2020). The pandemic has drastically changed the lives and livelihoods of many people at national, regional, and global levels. Lockdowns and quarantine measures, such as temporary business closures, social distancing, and travel bans, have significantly impacted SMEs. They have also reduced the delivery of production and services. A 2020 ADB study, including Indonesia, has found that SME sales and revenues fell significantly and immediately after the pandemic was declared in March 2020. Many businesses have laid-off employees to survive and faced working capital shortages in the beginning stages of recovery. For companies, it has become challenging to continue their operations (Shinozaki, 2022).

Sarasvathy (2001) suggests that entrepreneurs are more suited to acting “effectuation” in an environment full of uncertainty, turbulence, and continuous change. Effectuation explains why entrepreneurs face the risks only to the scope that they are ready to take loss (affordable loss) and maintain the capability to adapt to changes brought by the environment. They seek for new business opportunities derived from changes and also learn-by-doing.

Effectuation logic is also reported to develop in unstable operating environments that are hard to predict, because it makes it possible to react quickly to the changes that occur in the environment (Sarasvathy & Dew, 2005). Continuous learning is also an essential part of effectuation logic because the operating environment changes also mandate the companies to change and learn new methods in order to respond to the changing situations (Sarasvathy, 2001).

In uncertain condition, it is not easy to draw statistical conclusions. In addition, there is no efficient method in calculating the expected return for a particular action. Entrepreneurs choose behavioral alternatives based on affordable loss rather than analyzing them and choosing the largest expected return (Chandler et al., 2011). Entrepreneurs also keep the flexibility, experiment, and seek to exercise control over the future by establishing cooperations and pre-commitments with potential stakeholders (Chandler et al., 2011).

Affordable loss has been introduced as a response to the weaknesses of investment models based on expected returns to explain entrepreneurial investment under conditions of uncertainty (Sarasvathy, 2001). Martina (2019) states that affordable loss is an interaction between ability and will, whereas loss aversion is a mechanism that triggers the transition from the ability to will. Investing according to abilities is the preferred choice for entrepreneurs because information about the negative side of investment is easy to access. Furthermore, this information is endogenous and under the entrepreneur's control (Dew et al., 2009). On the other hand, information regarding entrepreneurial investment profits is exogenous, uncertain, unreliable, and outside the entrepreneur's control. Thus, the affordable loss aligns with the logic

that entrepreneurs would rather influence or create the future than predict it (Sarasvathy & Dew, 2003).

Affordable loss has a vital role in experiencing uncertain situations (Dew, 2009; Martina, 2020); this includes creative logic (Schlesinger & Kiefer, 2012), managing future losses on a small scale, allowing actors to continue experimenting to gain an advantage and gather helpful information within limited time to adjust future actions instantly.

Research on affordable loss behavior in response to crisis caused by the pandemic was performed by Haneberg (2020) in Norway. The survey performed among restaurant and bar businesses show that the first disaster of COVID-19 had a negative influence on the SME businesses existence. The results reveal that the negative influence of pandemic gave rise to uncertainty and learning from the crisis experience. Uncertain situations lead to affordable loss, and learning from the crisis experiences can direct to experimental behavior.

He and Li's (2023) research in China links implementation intention with affordable loss and subsequent entrepreneurial actions in individuals over 18 who intend to build a business. The research results show that entrepreneurial implementation intentions have a positive and significant relationship with subsequent entrepreneurial actions, while affordability loss can mediate the influence of implementation intentions on subsequent entrepreneurial actions.

Meanwhile, environmental uncertainty moderates the relationship between affordable loss and subsequent entrepreneurial actions negatively, and there is an indirect influence of entrepreneurial implementation intentions on subsequent entrepreneurial actions. Entrepreneurial action can be increased by environmental uncertainty at low level.

The study generates new insights toward the literature on the Rubicon model's action phase in entrepreneurship by using affordability loss and uncertainty. This also supports the literature on affordable loss by examining how environmental uncertainty conditions can impact the affordable loss on entrepreneurial actions. In addition, the negative moderating role of environmental uncertainty opens new possibilities for explaining environmental uncertainty.

Research by Roach, Ryman, and Makani (2016) on SMEs in the United States operating in the manufacturing sector, namely computers and electronics, with several employees ranging from five to 250 employees, linked affordable loss to innovation and performance orientation. The results of the analysis show that affordable loss does not mediate the influence of innovation orientation on product or service innovation but directly affects performance.

One of the SMEs is those who run a franchise business by acting as franchisees in small and medium scale businesses. Previous research on affordable loss behavior mainly was aimed at SMEs and was still limited to franchisees run by SMEs.

The development of the franchise industry in Indonesia shows that this business continues to grow even in unfavorable economic conditions. In 2021, from 120 foreign franchises and 107 local franchises with 93,372 outlets employing 628,622 people, this industry will be able to grow by 3% (national.kontan.co.id). Meanwhile, according to the Indonesian Franchise & Licensing Association, at the start of the pandemic, 983 (17 percent) of the 5,621 outlets owned by 30 franchise, license, and partnership brands had to temporarily or permanently close their businesses. Furthermore, in 2021, it is known that as many as 25 percent of business people have

recovered 100 percent, and the remaining 75 percent can adapt business-wise (entrepreneur.bisnis.com).

The Indonesian franchises majority operates in the food and beverage industry with a proportion of 59.37%, while the remaining consists of 15.31% in retail industry, 13.4% in non-formal education services, 6.22% in beauty and health services, 3.35% in laundry services, and 3.35% in property trading intermediary (national.kontan.co.id).

Research on franchising, especially start-up franchisees in Brazil (Goncalves & Fischer, 2020), shows that franchise performance is smooth if the business implements agile and flexible strategies. In some cases, the implementation of strategies by franchisees makes the business competitive.

In a franchise business, two main parties are involved, namely the franchisor (franchise owner) and the franchisee (who runs the franchise outlet). According to Bashir and Saqib (2023), franchisees demonstrate entrepreneurial characteristics and behavior as evidenced during the franchise selection process and the entrepreneurial personality displayed in their outlets. This is also in line with Dada, Watson, and Kirby (2015), who found in their study that franchisees have a similar level of entrepreneurial tendency as franchisees.

Franchisees are semi-independent business owners who pay fees (franchise fees) and royalties to franchisors and obtain the right to become synonymous with certain trademarks to sell products or services and often use business formats and systems (Scarborough & Cornwall, 2015) and shows affordable loss behavior. This is also reinforced by the position of the franchisee, who does not have the freedom to change the way he does business but has access to the success formula from the franchisee (Scarborough & Cornwall, 2015), so he does not show experimentation, flexibility and pre-commitment behavior. This behavior tends to be exhibited by franchisees. Franchisees must operate the business according to the system developed by the franchisee.

Previous research on affordable loss behavior from entrepreneurs has yet to reveal the underlying factors fully. An explanation of individual behavior can use the theory put forward by Ajzen (1991), such as the affordable loss behavior of SME franchisees. According to Ajzen, behavior can be predicted by the intention to carry out specific behavior. Intention is assumed to capture motivational factors that influence behavior. Intention indicates how strong a person is willing to attempt and how much effort they plan to put in to conduct a behavior. Under general rule, it is revealed that when behavior does not give rise to seriously control the problems, it can be expected from intentions with reasonable accuracy.

The Theory of Planned Behavior comprises three independent determinants of intention conceptually. The first determinant is the attitude toward behavior, referring to the extent to which a person has a favorable or unfavorable evaluation of the behavior in question. The second determinant is called the subjective norm, referring to the social pressure to conduct or not conduct a behavior. The third determinant of intention is the perceived behavioral control, referring to the perceived ease or difficulty in performing a behavior and is assumed to reflect past experiences and anticipated challenges and obstacles. Empirical applications of this model have treated perceived behavioral control as a direct determinant of intentions with the same status as attitudes and subjective norms (La Barbera & Ajzen, 2021). Perceived behavioral control also influences behavior directly (Ajzen, 1991).

This research focuses on SME franchisees in Jakarta Greater Area. According to the Indonesian Franchise Entrepreneurs Association, 10,000 small and medium-scale franchise brands are spread across several big cities in Indonesia, such as Jakarta (ekonomi.bisnis.com). In this research, it is also suspected that the negative impacts of the pandemic, namely perceived uncertainty and learning from crisis experiences (Haneberg, 2020) influence the relationship between intention and franchisee's affordable loss behavior.

Understanding the factors that encourage affordable loss behavior is hoped to contribute to regulators taking appropriate policies when entrepreneurs face difficulties due to uncertain situations. Apart from that, the application of effectuation theory regarding entrepreneurial behavior still needs to be expanded, so it cannot provide a complete picture of the behavior that occurs. Its scope is limited to certain SMEs.

This research was also carried out during the economic recovery period, namely after Indonesia passed the third wave of the spread of the Covid-19 virus and the pandemic, which has not yet been declared. Much of the previous research was conducted during the early days of the pandemic, waves I and II, so it is hoped that this research can provide a new perspective on entrepreneurial behavior in facing a crisis, especially about how entrepreneurial behavior occurs during the economic recovery period and facing the challenges of the next crisis.

Hypothesis Development

Theory of Planned Behavior and Affordable Loss Behavior

The Theory of Planned Behavior originates from the Theory of Reasoned Action (Fishbein & Ajzen, 1975), which assumes that most human social behavior is under the control of the will and, therefore, can be predicted from intention alone. This theory is based on the assumption that humans usually behave reasonably. They consider the available information and implicitly or explicitly consider the implications of their actions. Consistent with its focus on intentional behavior, the theory postulates that a person's intention to perform (or not perform) a behavior directly determines that action. Barring unforeseen events, people are expected to act according to their intentions. But obviously, intention can change over time; the longer the interval, the greater the likelihood that an unexpected event will result in a change in intention. Therefore, prediction accuracy is an inverse function of the time interval between the measurement of intention and behavior observation.

The Theory of Planned Behavior is created to predict and explain the human behavior in specific contexts (Ajzen, 1991). The main aspect in this theory is the intention of an individual to carry out typical behavior. Intention is assumed to capture motivational factors that influence behavior, indicating how strong people are willing to attempt and how much effort they plan to put in order to conduct the behavior.

One entrepreneurial behavior that can be predicted by intention is affordable loss. According to Dew et al. (2009), affordable loss is "what entrepreneurs can afford and what they are willing to lose in entrepreneurial investments." Meanwhile, according to Martina (2019), the affordable loss is "an interaction between abilities and willingness where loss aversion acts as the mechanism that triggers the transition from abilities to willingness."

Affordable loss is one among the five effectuation principles and is defined as what entrepreneurs can afford and are prepared to lose during entrepreneurial investments (Dew et al., 2009). Entrepreneurs, who invest using affordable losses, focus on the losses from

entrepreneurial investments rather than expecting financial gain in the future (Dew et al., 2009). Investing within an individual's means, is a preferred choice among entrepreneurs, as information regarding investment losses can be easily accessed. Moreover, this information is endogenous and within the entrepreneur's control (Dew et al., 2009). In contrast, information about profits from entrepreneurial investments is exogenous, uncertain, unreliable, and outside the entrepreneur's control. Thus, affordable loss aligns with the logic that influential entrepreneurs seek to impact or create the future rather than predict it (Sarasvathy & Dew, 2003).

Similar to the effectuation of intellectual tradition, affordance loss is part of expert entrepreneurial cognition and behavior (Dew et al., 2015; Dew et al., 2009). With the sum of all experience and knowledge (Ericsson et al., 1993), experts perceive differently from novices (Baron & Henry, 2010). Experts have enhanced metacognition (Mitchell et al., 2005), which allows them to self-regulate their cognition (Haynie et al., 2010) and determine necessary duties in complex and uncertain situations (Baron & Henry, 2010). Beginners need more logical consistency that experts bring to their actions.

The first is the attitude toward behavior, referring to the extent to which a person has a favorable or unfavorable evaluation of the behavior in question. In the Theory of Reasoned Action, the term attitude is related to behavior, so it is called an attitude towards behavior, not an attitude towards objects, people, or institutions. Previous reality shows that general disposition tends to be a weak predictor of behavior in specific situations (Ajzen, 1991). Public attitudes are assessed about particular organizations or institutions and individuals with whom a person may interact. General attitudes and personality traits cause specific behavior, only influenced by several factors indirectly, which are closely related to behavior (Ajzen & Fishbein, 1980). Based on the previous explanation, the hypotheses of this research can be formulated as follows:

H₁: Attitudes towards behavior positively influence affordable loss behavior through intention.

The second predictor is the social factor a.k.a subjective norm, referring to the social pressure to conduct or not conduct a behavior. According to Ajzen and Fishbein (1980) subjective norms refer to certain behavioral prescriptions attributed to general social agents. Subjective norms refer to people's perceptions that important others desire the performance or non-performance of a particular behavior; these perceptions may or may not reflect what the significant other actually thinks he or she should do (Ajzen & Fishbein, 1991). Thus, the following hypothesis can be formulated:

H₂: Subjective norms positively influence affordable loss behavior through intention.

The third determinant of intention is perceived behavioral control, which, as in the previous description, refers to the perceived ease or difficulty in carrying out behavior and is assumed to reflect past experiences and anticipated barriers and obstacles. As a general rule, the more favorable the attitudes and subjective norms regarding behavior and the greater the perceived behavioral control is, the stronger the individual's intention will be to conduct the behavior under consideration. Thus, the following hypothesis can be formulated:

H₃: Perceived behavioral control positively influences affordable loss behavior through intention.

The relative importance of attitudes, subjective norms, and perceived behavioral control in predicting intentions is estimated to vary across behaviors and situations. In some implementations, it may be revealed that only attitudes significantly influence intentions; while in others, attitudes and perceived behavioral control can sufficiently explain intentions; and in the rest, all three determinants can generate contributions independently.

In combination, attitudes toward behavior, subjective norms, and perceived behavioral control lead to the formation of behavioral intention. Finally, with sufficient control over behavior, people are expected to carry out their intentions when the opportunity arises. Intentions are considered direct antecedents of behavior. However, because many behaviors pose implementation difficulties that can limit volitional control, it is helpful to consider perceived behavioral control in addition to intentions. To the extent that people are realistic in their assessments of behavioral difficulties, measures of perceived behavioral control can serve as a proxy for actual control and contribute to predicting the behavior in question.

However, the perception of behavioral control and its impact on intentions and actions is of greater psychological interest than actual control. Perceived behavioral control has a vital contribution in the Theory of Planned Behavior. Similar to the emphasis on factors related to a particular behavior directly, the perceived behavioral control refers to people's perceptions of the ease or difficulty of conducting a desired behavior. Therefore, generally an individual may believe that his or her results are determined by his or her behavior (internal locus of control). However, at the same time, the individual may also believe that his or her chances of getting into a particular profession are very low (low perceived behavioral control).

Based on the Theory of Planned Behavior, perceived behavioral control, along with behavioral intentions, can be applied directly to predict behavior. At least, two reasons can be offered to this hypothesis. First, by keeping the intention constantly, the effort to bring a behavioral course to a successful conclusion will tend to increase with perceived behavioral control. For example, even if two individuals have the same firm intention to learn to ski and both try to do it, the confident person is more likely to persist than the other person who doubts his / her abilities. The next reason to expect a direct relationship between perceived behavioral control and behavioral achievement is that perceived behavioral control can be frequently used as a surrogate measure of actual control. Whether measures of perceived behavioral control can be replaced with measures of real control certainly depends on the perception accuracy. Based on the previous explanation, the hypotheses of this research can be formulated as follows:

H₄: Perceived behavioral control influences affordable loss behavior.

In the original Theory of Planned Behavior formulation, perceived behavioral control acts as a moderator variable (Ajzen, 1985). In its development, a positive and significant interaction has been found between attitudes and perceived behavioral control in predicting intentions, where the higher the perceived behavioral control, the stronger the relationship between attitudes and intentions (La Barbera & Ajzen, 2021).

Meanwhile, the interaction between subjective norms and perceived behavioral control shows inconsistent results. A study by Yzer and Van Den Putte (2014) regarding intentions to quit smoking found a positive and significant interaction between perceived behavioral control and subjective norms. Meanwhile, Guo et al. (2007) found a negative interaction in the relationship between subjective norms and intentions. Stronger when individuals have low perceived behavioral control.

Moderating Role of Perceived Uncertainty and Learning from Crisis Experience

According to Ajzen and Fishbein (1980), the relationship between intentions and behavior is only sometimes perfect because various events can intervene between measuring intention and observing behavior. Assuming appropriate measures are obtained, attitudinal and normative components should always predict intention; their ability to predict behavior will depend on the strength of the intention-behavior relationship.

Research conducted by Haneberg (2020) shows that perceptions of uncertainty lead to affordable loss behavior while learning during a crisis leads to experimental behavior. Meanwhile, according to Ajzen and Fishbein (1980), behavior occurs through intention, and various events can influence the relationship between intention and behavior, so perceptions of uncertainty and learning from crisis experiences can affect the relationship between intention and behavior, which in this case is affordable loss.

Meanwhile, according to Zhang and Cueto (2017), entrepreneurship is represented by uncertainty, which causes entrepreneurs to delay when taking planned actions. This happens because they need help to obtain reliable information to determine what action to take next. Additionally, the effect of implementation intention on subsequent actions can vary, either through moderation effects (Adam & Fayolle, 2015) or mediation effects (Gueguen & Fayolle, 2019). Furthermore, He and Li (2023), in their research regarding the relationship between entrepreneurial intention, affordable loss, and follow-up action on implementing intention, place uncertainty as a moderating variable in the relationship between affordable loss and follow-up action on implementing intention. The uncertainty variable is expected to positively moderate the relationship between affordable loss and follow-up action on implementing intention. According to this formulation, the next hypotheses can be formulated as follows:

- H5:** Perceived uncertainty positively influences the relationship between intention and affordable loss behavior.
- H6:** Learning from crisis experiences positively influences the relationship between intentions and affordable loss behavior.

This research model is presented in Figure 1, where attitude toward the behavior, subjective norm, and perceived behavioral control are independent variables, intention is the mediating variable, affordable loss is the dependent variable, and perceived uncertainty and learning from crisis experience become the moderating variables.

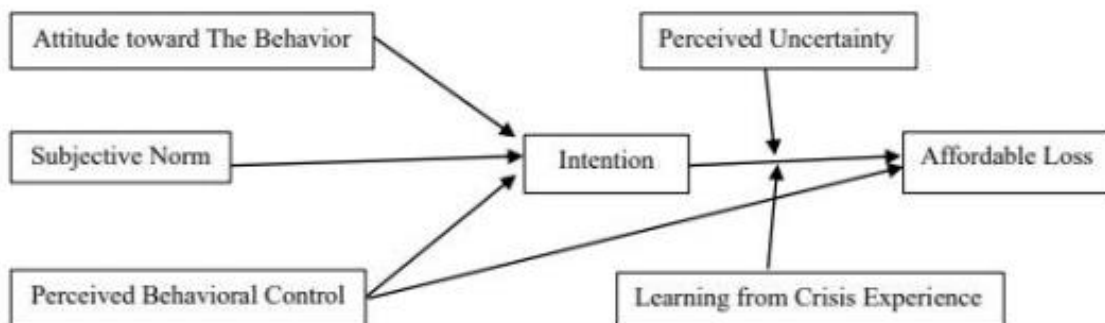


Figure 1. Research framework

2. RESEARCH METHOD

This research design uses a causal research design with a survey approach. The survey was conducted on small business owners who run franchise businesses as franchisees by distributing questionnaires online using Google Forms and also distributing them directly (onsite) to business owners at business locations and franchise exhibitions. The distribution of online questionnaires was carried out through franchised community groups, which are small businesses that run franchise businesses, which were carried out from April to July 2023 by distributing questionnaires online in Jakarta, Greater Area.

The population in this study are small business owners who run franchise businesses as franchisees in Jakarta, Greater Area. Meanwhile, the sample was selected based on a non-probability sampling method with purposive techniques among small business franchisees in Jakarta Greater Area. This technique was chosen because the selected sample is a specific group, namely small business actors who open businesses by becoming franchisees. The type of purposive sampling used is judgment sampling. Namely, the researcher uses his judgment or expertise to select elements to include in the sample because he believes they are representative of the population (Malhotra, 2019). Judgment sampling is low-cost, convenient, and fast, even though it cannot generalize directly to the population because the population is not explicitly defined (Malhotra, 2019).

The sample is a small business owner who has been running a franchise business as a franchisee for less than one year to more than ten years and is engaged in the culinary, laundry, education, barbershop, salon, etc. sectors. According to BPS (www.bps.go.id), small businesses are businesses whose workforce is 5-19 people, while medium businesses have a workforce of 20-99 people.

The sample size was determined at 200 by Roscoe (1975, in Bougie and Sekaran, 2020:249), who stated that a sample size larger than 30 and smaller than 500 is appropriate for most research. In addition, in multivariate research, the sample size should be ten times or more than the number of variables in the study.

Meanwhile, according to Bougie and Sekaran (2020), in simple terms, the structural equation model or SEM analysis requires a sample of at least 5 (five) times the number of question indicator variables used. In this study, there were 7 (seven) variables with 24 indicators, so a sample size of 200 met the requirements.

Sample data collection was carried out in two stages. In the first stage, respondents were asked to answer questions about demographic characteristics, subjective norms, attitudes towards behavior, perceived behavioral control, and intention to carry out affordable loss behavior. Respondents were also asked to fill in a cellphone number that could be contacted again when completing the second stage of the questionnaire. In the second stage, carried out two months later, respondents were asked to fill in questions related to perceptions of uncertainty, learning from crisis experiences, and affordable loss behavior.

The collected data was then analyzed using partial least squares-structural equation modeling (PLS-SEM) analysis. The SEM technique is used to analyze a model that has a multi-dependent structure (Jogiyanto, 2011). SEM has the ability to measure latent variables that are not directly measured but through the estimation of indicators or parameters. This makes it possible to explicitly test the level of consistency of measuring instruments and internal consistency

(reliability) of a research model where, theoretically, the structural relationships between latent variables can be estimated accurately. As a prediction model, PLS does not assume a specific distribution to estimate parameters and predict causal relationships. Thus, parametric techniques to test the significance of parameters are unnecessary, and the evaluation model for predictions is nonparametric. PLS model evaluation is carried out by evaluating the outer and inner models.

3. RESULTS AND DISCUSSIONS

In PLS-SEM analysis, there are two analyses: the outer and inner models. The outer model analysis has three criteria: convergent validity, discriminant validity, and composite reliability. Convergent validity is measured based on outer loadings and average variance extracted (AVE) values. Convergent validity relates to the principle that measurements of a construct should be highly correlated. The convergent validity test in PLS with reflective indicators is assessed based on the loading factor of the indicators that measure the construct. The loading factor is the correlation between the latent variable (construct) and the indicator (Sanchez, 2013). Loading factors more significant than or equal to 0.7 are acceptable. The seven constructs, namely attitudes, subjective norms, perceived behavioral control, behavioral intentions, perceived uncertainty, learning from crisis experience, and affordability loss, have loading factors greater than 0.7, so they meet convergent validity. The seven constructs have a value greater than 0.6 for the Average Variance Extracted value, so they meet convergent validity, as presented in Table 1.

Meanwhile, discriminant validity is related to the principle that measures of different constructs should not be highly correlated; all variables have met discriminant validity because the cross-loading value is more significant than 0.7 in one variable (Chin, 1995).

Table 1. Average Variance Extracted

	AVE
Attitude toward The Behavior	0,718
Subjective Norm.	0,783
Perceived Behavioral Control.	0,740
Affordable Loss.	0,674
Perceived Uncertainty.	0,696
Learning from Crisis Experience.	0,661

Composite Reliability and Cronbach's Alpha measure the reliability of the instrument. The rule of thumb is that the alpha or composite reliability value must be greater than 0.7, although 0.6 is still acceptable (Hair et al., 2008). Thus, all indicators of the variables tested have met the criteria for composite reliability and Cronbach's Alpha because the value is more significant than 0.6 (Hair et al., 2008), as presented in Table 2.

Table 2. Reliability Analysis

Variable	Cronbach's Alpha	Composite Reliability
Attitude toward The Behavior	0,615	0,649
Subjective Norm.	0,725	0,747
Perceived Behavioral Control.	0,912	0,915
Affordable Loss.	0,761	0,772
Perceived Uncertainty.	0,782	0,790
Learning from Crisis Experience.	0,871	0,874

After the instrument is declared valid and reliable, hypothesis testing is carried out. Hypothesis testing is carried out after carrying out bootstrap analysis. In testing the mediation effect, the results showed that attitudes influence affordable loss through intention because the path

coefficient value is positive, namely 0.063, t -statistics = 2.096, which is more significant than $t_{\alpha/2} = 1.96$ at the 95% confidence level, and p -values = 0.036 which is smaller than 0.05, so H1 is accepted, namely, attitudes towards behavior influence affordable loss through intention. Meanwhile, in the next test of the mediation effect, namely, subjective norms influencing affordable loss through intention, a positive path coefficient result was obtained, namely 0.034, t -statistics = 1.647, which is smaller than $t_{\alpha/2} = 1.96$ at the 95% confidence level and p -value = 0.100 which is more significant than 0.05 so that H2 is rejected. Namely, subjective norms do not influence affordable loss through intention. Finally, in testing the mediation effect, namely perceived behavioral control that affects affordable loss through intention, we obtained a positive path coefficient result of 0.115, t -statistics = 2.403, which is greater than $t_{\alpha/2} = 1.96$ at the 95% confidence level and p -values = 0.016 which is smaller than 0.05 so H3 is accepted. Namely, perceived behavioral control influences affordable loss through intention. The complete results of hypothesis testing for the mediation effect are presented in Table 3.

Table 3. Hypothesis Testing for Mediating Effect

Hypothesis	Path	Path Coefficient	t-statistics	p-values	Decision
H1	Attitude toward The Behavior-> Intention -> Affordable Loss	0,063	2,096	0,036	Accepted
H2	Subjective Norm -> Intention -> Affordable Loss	0,034	1,647	0,100	Rejected
H3	Perceived Behavioral Control -> Intention -> Affordable Loss	0,115	2,403	0,016	Accepted

Furthermore, to test the direct effect, namely from perceived behavioral control on affordable loss behavior, a positive path coefficient result was obtained, namely 0.014, t -statistics = 0.169, which is smaller than $t_{\alpha/2} = 1.96$ at the 95% confidence level and p -value = 0.866 which is more significant than 0.05, which means that there is not a direct effect of perceived behavioral control on affordable loss. Thus, H4 is rejected. Namely, perceived behavioral control does not influence affordable loss behavior. The results of hypothesis testing for the direct effect are presented in Table 4.

Tabel 4. Hypothesis Testing for Direct Effect

Hypothesis	Path	Path Coefficient	t-Statistics	p-Values	Decision
H4	Perceived Behavioral Control → Affordable Loss	0,014	0,169	0,866	Rejected

Furthermore, to test the moderating effect of perceived uncertainty on the relationship between intention and affordable loss, the results obtained were a positive path coefficient of 0.103 and t -statistics = 1.213, which was smaller than $t_{\alpha/2} = 1.96$ at the 95% confidence level and the p -value value = 0.225 which is greater than 0.05, which means there is no significant moderating effect of perceived uncertainty in the relationship between intention and affordable loss. Thus, H5 is rejected, namely that perceived uncertainty do not influence the relationship between intention and affordable loss. Meanwhile, to test the moderating effect of learning from crisis experience on the relationship between intention and affordable loss, the results obtained were a positive path coefficient of 0.034 and t -statistics = 0.410, which was smaller than $t_{\alpha/2} = 1.96$ at the 95% confidence level and the p -value = 0.682 which is greater than 0.05, which means there is no significant moderating effect of learning from crisis experience in the relationship between intention and affordable loss. Thus, H5 is rejected, namely that learning from crisis experience does not affect the relationship between intentions and affordable loss. The results of hypothesis testing for the moderation effect are presented in Table 5.

Table 5. Hypothesis Testing for Moderating Effect

Hypothesis		Path Coefficient	t-statistics	p-values	Decision
H5	Perceived uncertainty x Intention -> Affordable Loss	0,103	1,213	0,225	Rejected
H6	Learning from crisis experience x Intention-> Affordable Loss	0,034	0,410	0,682	Rejected

Discussion

This research reveals that attitudes towards affordable loss behavior and perceived behavioral control influence affordable loss behavior through the mediation of behavioral intentions of SME franchisees in the Jakarta Greater Area. This aligns with the Theory of Planned Behavior (1991), which states that attitudes and perceived behavioral control influence behavior through intentions. The perceived behavioral control of SME franchisees shows that they have complete control, ability, skills, knowledge, and confidence to take affordable loss actions. This action is part of risk-taking and proactiveness, which can help overcome crises (Boers & Henschel, 2021).

Meanwhile, subjective norms do not influence affordable loss behavior through intention. This is not in line with the Theory of Planned Behavior. Still, several academics have argued that subjective norms are the weakest component in the Theory of Planned Behavior when predicting behavioral intention (Botetzagias et al., 2015; Armitage & Corner, 2001; Bagozzi et al., 2000). Some even state that this factor does not directly influence behavioral intention after attitudes and perceived behavioral control are considered. Barbera and Ajzen (2021) stated that as the score for perceived behavioral control increases, the strength of the relationship between subjective norms and intention decreases.

According to Anderson (2023), in situations where risk and commitment have a significant impact, attitudes, and perceived behavioral control play a significant role, but subjective norms do not. Likewise, in situations where outcomes have social and personal risks, subjective norms are likely to have an insignificant role in determining individuals' behavioral intention. In this research, franchisees who are small business owners show that attitudes and perceived behavioral control have a more substantial impact on behavioral intention than subjective norms when used to predict affordable loss behavior because things related to running a business are more related to personal risk.

He and Li's (2023) research, which examines the moderating effect of environmental uncertainty on the relationship between affordable loss and continued entrepreneurial action, also shows a weak and insignificant effect. It even shows contradictory results compared to the specified hypothesis, where the test results show a negative effect of perceived uncertainty. This means that perceptions of uncertainty can weaken the relationship between affordable loss and continued entrepreneurial action. In this research, although the effect of uncertainty is weak, it can still strengthen the relationship between behavioral intention and affordable loss behavior. The weak effect of perceived uncertainty is due to the role of franchisees who continue to guide small business franchisees when facing unfavorable economic conditions, namely providing assistance and direction that motivates franchisees to keep trying and take advantage of available opportunities.

The effects of learning from crisis experiences are weaker than those of perceptions of uncertainty. Respondents from small business franchises do not consider the crisis due to COVID-19 as a lesson in managing a business during a crisis. Businesses that have relatively survived and continued to operate during the pandemic further strengthen this. This is also due to

the quick response from the franchisor, which indicates the agility and flexibility of the franchise business, as well as business resilience, impacting how the business overcomes the impact of the crisis (Goncalves & Fischer, 2020). This contrasts Marcazzan, Campagnolo, and Gianecchini's (2021) finding that previous crisis experience increases the likelihood of adopting proactive, anticipatory actions while reducing the likelihood of adopting purely reactive strategies.

Contribution to Theory

The results of this research contribute to applying the Theory of Planned Behavior from Ajzen (1991) in predicting affordable loss behavior using attitudes and perceived behavioral control of SME franchisees in the Jakarta Greater Area. The Theory of Planned Behavior is used to predict general behavioral intentions, which in the research is affordable loss behavior, which is then used from these behavioral intentions to predict the affordable loss behavior of small business franchisees in the Jakarta Greater Area. Previous research emphasized specific behavioral intentions without considering concrete entrepreneurial behavior.

The results of this study also show that perceived uncertainty has a weak and positive moderating effect on the relationship between intentions and affordable loss behavior of small business franchisees in Jakarta Greater Area. This shows that franchise businesses run by franchisees with the support of franchisors provide direction that encourages franchisees' confidence to remain optimistic in crises. A franchise business with an established concept helps franchisees face the uncertainty of the business environment in times of crisis.

This research shows that learning from crisis experiences provides a weak and positive moderating effect on the relationship between intentions and affordable loss behavior of small business franchisees in Jakarta Greater Area. This moderating effect is even weaker than the perceived uncertainty of small business franchisees. Learning, a process of acquiring and developing knowledge from previous experiences during the crisis, has yet to be thoroughly carried out by SME franchisees in the Jakarta Greater Area. Previous crisis experiences have not been used as learning material for small business franchisees facing other crises.

Contribution to Franchise Business

SME franchisees who survive in an unstable business environment show affordable loss behavior as part of actions that dare to take risks and are proactive, which is the general situation faced by business owners. The crisis during the Covid-19 pandemic encouraged SME franchisees to continue their business. This shows that a franchise business with a relatively proven business system and a proactive franchisor is the key to resilience for the franchise business model.

4. CONCLUSION AND SUGGESTION

The main contribution of this study to entrepreneurship literature and practice is to discuss the affordable loss behavior of SME franchisees in the Jakarta Greater Area. This behavior was demonstrated when they ran their business during the pandemic due to the outbreak of the COVID-19 virus in 2020 and 2022. These proactive actions and the courage to take risks enabled their business to survive. Previous studies still need to be more extensive in revealing the actions taken by business actors when facing crises. This study links the Theory of Planned Behavior with affordable loss behavior with the moderation of perceived uncertainty and learning from crisis experiences. The results show that attitudes towards behavior and perceived behavioral control can be used to predict affordable loss behavior through the behavioral intention of SME franchisees in the Jakarta Greater Area. However, the moderating

effect of perceived uncertainty and learning from crisis experience weakens the relationship between behavioral intentions and affordable loss behavior.

This research uses the measurement of the affordable loss variable developed previously (Chandler et al., 2011). Still, according to Martina (2019), affordable loss involves another aspect: the ability dimension. Future research could develop and validate ability scales and integrate them with existing measures. In addition, this research was conducted during the economic recovery period after the COVID-19 pandemic in Indonesia so that the affordable loss behavior of SME franchisees cannot be separated from the conditions at that time. Research on the affordable loss behavior of other entrepreneurs in different situations makes it possible to obtain different results. The period from behavioral intention to affordable loss behavior from SME franchisees may require more investigation and measurement. Therefore, the effectiveness of the mediation model of the affordable loss behavioral intentions of SME franchisees moderated by perceived uncertainty and learning from this crisis experience over time can be researched again.

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