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Article

Analysis of business behavior and HRM perspectives on post-COVID-19 SME business sustainability

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MANAGEMENT | RESEARCH ARTICLE

Analysis of business behavior and HRM perspectives on post-COVID-19 SME business sustainability

Nuraini Asriati^{1*}, S. Syamsuri², Munawar Thoharudin², Sandra Fitria Wardani² and Aditya Halim Perdana Kusuma Putra³

Abstract: There are not many studies that examine business continuity and business strategy combined with business people's psychological and psychological approaches. This study relates the elaboration between the HRM, strategic management, and business management fields analyzed with a quantitative approach. This study involved 100 respondents of handicraft business actors at the border between Indonesia and Malaysia. The data collection method used a survey method. Data processing uses the Structural Equation Model (SEM-PLS) approach in the SMART-PLS. This research study states that through direct relationship, all demonstration variables have a positive and significant effect. Meanwhile, the demonstration of the relationship between variables states that there are two patterns of relationship that do not have a significant effect. Through a combination of human resource management variables, business strategy, creativity, entrepreneurship capability, and SME sustainability perceived, packaged with a planned behavior theory (TPB) approach, several main research findings conclude. First, our study indicate that business sustainability can be achieved if an optimal business strategy (BS) has been realized by forming good entrepreneurial capabilities. Second, the role of antecedent human resource locus of control (HR) is a variable that has complete control in creating the creativity of small-medium enterprise actors and creating entrepreneurial capabilities.

Subjects: Strategic Management; Human Resource Development; Marketing Management; Organizational Studies

Keywords: Human resources management; business strategy; business sustainability; planned behavior theory; SME

Jel codes: J24; O15; M20; M11

1. Introduction

The COVID-19 pandemic is causing new, destructive events in all parts of the world by spreading the virus to every country and region. The COVID 19 pandemic itself harms on human health and almost all aspects of human life, including the adverse effects on socio-economic conditions and human behavior. COVID-19 was first discovered in Wuhan, China, at the end of December 2019 and then spread to almost all corners of the world in no less than one year during the 2020 period. COVID-19 is a genuine threat to every country. In Indonesia, especially COVID-19, the impact of this pandemic has brought misery to the community, especially workers and entrepreneurs who

are engaged in entrepreneurship. During the COVID-19 pandemic, many entrepreneurs, both large and small, were unable to survive, and many experienced bankruptcies (Breier et al., 2021; Verma & Gustafsson, 2020). Of course, amid this pandemic, the creative behavior of business actors is needed to survive this difficult situation. In a condition like this, entrepreneurial actors should be able to create new ideas to affect the processes in the business world (Anker, 2021; Bhaskara & Filimonau, 2021). Entrepreneurs must start thinking creatively because the creative and digital economy may be developed. At times like this is an opportunity for entrepreneurs to think creatively and begin to identify factors that will influence their business development to produce an idea. Creatives that support the success of their business in the future, Of course, to create creative ideas, the support of an individual's internal conditions has an enormous influence and support from external conditions such as the variety of widely circulating information today. Creativity is the ability to think divergent or thought to explore various alternative answers to an equally good problem.

Furthermore, research was carried out on creativity using factor analysis, and it was found that important factors are the nature of the ability to think creatively, namely: (1). Fluency of thinking is the number of ideas that come out of someone's mind (Gabbrielli, 2020); (2). Flexibility is the ability to use various approaches in overcoming problems (Bock et al., 2012; Fredericks, 2005). Creative people are flexible in thinking, and they can quickly leave the old way of thinking and replace it with a new way of thinking; (3). Elaboration is the ability to develop ideas and describe them in detail (Breuer, 2013); and (4). Originality is the ability to come up with original ideas (Maric et al., 2021). Creativity is essential in organizations where creativity is the root of innovation (Amabile & Pratt, 2016; Valaei et al., 2017). There is evidence that creativity is a characteristic and a hallmark of entrepreneurial success (Ludvig et al., 2016). Ludvig then emphasized that creativity is essential for an entrepreneur to reach business opportunities around him. That characteristic (creativity) will be transformed into innovations that can provide added value and economic benefits. Therefore, the current series of studies makes innovation a widely researched theme, especially in the fields of economics and business management. However, Castillo-Vergara et al. (2018) considered that studies on the essence of creativity were still lacking, especially in business economics. On the other hand, research on creativity in the fields of economics and business, which is measured independently, is also considered lacking, dominantly including an explanation of creativity as an item and indicator of innovation and entrepreneurship (Azizah et al., 2022; FIRMAN et al., 2020; Pradana et al., 2022). Studies on innovation in SMEs have also been extensively researched, especially in large-scale businesses and SMEs in Asia (Chaithanapat et al., 2022; Sriboonlue & Puangpronpitag, 2019; Tsai et al., 2022). However, the lack of attention to studies that provide an in-depth understanding of creativity as the root of innovation and independent factors and characteristics in the study of the scope of economics and business, which later became our basis for determining the standing position and novelty of research to complete the research gap from previous studies. One recent study by Castillo-Vergara et al. (2018) confirms in their literature review that the focus of creativity can be increased along with increasing skills and training. However, we feel that what has been suggested by Castillo-Vergara et al. (2018) needs important attention to be studied further. It seems necessary to add a study on the focus of increasing creativity, which is not only based on the issue of providing training to improve skills. We consider that the root factors for increasing creativity are supported by one of the factors of the personal locus of control. Our relevant study on the linkage of locus of control in supporting the continuity of a process undertaken to achieve final success even affects personal ethics (See. Kusuma et al., 2018). We underline that the role of locus of control plays a central role in supporting creativity and capability so that an entrepreneur can formulate a business strategy and develop a sustainable business given the definition of locus of control, namely the source of the belief that a person has to believe that he can control the events that occur in his life, as well as the ability to face all the consequences of his actions (Kusuma et al., 2018).

Individuals are very closely related to their respective attitudes as their characteristics. Attitude, in general, is often defined as an action taken by an individual to respond to something. Another

definition states that attitude is a reaction or response that arises from an individual to an object which then raises the individual's behavior towards that object in specific ways (Sims & Gegez, 2004). Attitude is a reaction to the views or feelings of an individual against a particular object. Even though the thing is the same, not all individuals have the same attitude; it can be influenced by individual circumstances, experiences, information, and different individual needs. A person's attitude towards objects will shape individual behavior towards things. The human perspective is not formed since humans are born. Human attitudes are formed through social processes during their lifetime, where individuals get information and experience (Indahingwati et al., 2019). This process can take place within the family, school, and community. The existence of these interactions and relationships then forms a pattern of individual attitudes toward their surroundings. This includes attitudes that will shape entrepreneurial behavior. Entrepreneurial attitudes are associated with perceptions and readiness to start and undergo a process, maintain the formation or growth of a new business that is profit-oriented, value creation, and form new unique and innovative products or services. Entrepreneurial attitudes are developed in the corporate entrepreneurial strategy literature; the perception of entrepreneurship is defined as a subjective way of imagining it explains business opportunities that arise construction and mobilization of organizational resources to expand beyond existing products, services, markets, and competencies (Shetty, 2004).

Entering the COVID 19 pandemic, the problems that occurred to SMEs are increasingly diverse, ranging from the problem of declining people's purchasing power hampered community mobility, resulting in the distribution process between demand and supply being disrupted. Difficulty in accessing capital adds to SMEs' long list of problems. In addition to these four problems, especially for handicraft SMEs, entrepreneurs have another problem that is no less complex in the current era: the lack of courage for entrepreneurs to innovate and put aside new technologies. Current conditions require entrepreneurs to be able to shift a more comprehensive sales strategy to survive. Thus the importance of creative behavior in entrepreneurship should not be ignored; amid a pandemic situation that impacts various areas of life, it is an example for business actors always to pay attention to business developments to be able to innovate with customer needs. Therefore, an appropriate strategy must be ascertained and designed so that existing businesses or businesses continue to run and survive amid this COVID-19 pandemic. The research subjects in this study were business actors engaged in handicraft SME in Jagoi Village, Jagoi Babang District, West Kalimantan Province. The village, which is located on the Indonesia-Malaysia border, where the population is dominant, is a craftsman of woven handicrafts. Specifically, the conditions for different types of business certainly have different approaches and strategies to overcome the COVID 19 problem. As with the types of products produced for handicraft business actors, of course, the market segments and consumers are also specific. Therefore, action on business behavior that includes creativity for business actors is essential to implement. Apart from plantations and agriculture, the handicraft business of the local community has contributed a lot, especially for them, due to the COVID-19 pandemic. On December 19, the cycle of demand, supply, and distribution of goods and services also changes. Pre-observation of our research found that various problems that later became a deep chasm that made artisans' businesses sustainable during this pandemic were the lack of courage for entrepreneurs to adopt new technology or use technology as part of their business distribution channel. However, a small number of entrepreneurs dare to do that. There is a significant difference between handicraft SME entrepreneurs who adopt new technology versus those who still stick to their old patterns. The most striking contrast location is the distribution range of goods and services. Of course, it is exciting for us to review the location of the differences in the results obtained. Therefore, we make the creativity factor and the locus of control of entrepreneurs as dependent variables in this study. However, it is necessary to limit our study, considering that locus of control and creativity have universal definitions, especially in the psychological aspect. Based on this, to bridge our analysis to measure the accuracy of independent variables, the theory underlying this study uses three theoretical approaches, namely Theory of Reasonable Action (TRA), Theory of Plan Behavior (TPB), and Social Exchange Theory (SET). A study from (Hunt et al., 2022) found that Entrepreneurial Action Theory based on TRA and

TPB, which was studied for entrepreneurs and managers, still found some significant limitations. One of them is Hunt et al. (2022) expect further studies to include aspects of directly assessing reasoned approaches. Thus, this study uses creativity and human resource locus of control as antecedent variables. Objectively, this study addresses several study focuses, including 1). Analyze and investigate the relationship and relationship between each variable with a quantitative approach. 2). Analyzing the relevance and accuracy of independent variables (i.e., human locus of control and creativity) as antecedent variables in intervening in the SME Development Strategy For Perceived Sustainability (SME). Apart from that, of course, this study also addresses implications both theoretically and practically.

2. Literature review and hypotheses development

2.1. Business behavior theory

The behavioral theory states that a person's entrepreneurial behavior results from work that rests on concepts and ideas, not because of a person's personality traits or intuition (Razak et al., 2016). According to this theory, entrepreneurship can be studied and mastered in a systematic and planned manner. Alma et al. (2013) state that "Character is defined as the pattern of behavior characteristic for a given individual." Character traits can be conveyed by nature and behavior. Entrepreneurship is involving individual actions, so that because it has a socio-psychological dimension. The behavior of an entrepreneur can be seen from several aspects, including the unique character of an entrepreneur, entrepreneurial psychopathology, entrepreneurial cognition, entrepreneurial education, and cross-cultural entrepreneurship. There are characteristics of entrepreneurial behavior such as (e.g., early-age to the present, lost experience, survive, trial & error, and IT Contribution). Individuals become entrepreneurs, but it is necessary to know that becoming entrepreneurs in some individuals have an IT contribution by utilizing social media to introduce, expand, and develop their business.

In contrast to the study results from Sumadi and Sulistyawati (2017), who conducted an assessment of entrepreneurial behavior by measuring the level of motivation, innovation, and courage to take risks. Two factors influence successful entrepreneurship, namely internal factors (e.g., age, formal education, and non-formal education), which can affect a person's mindset in running a business, achievement motives, and motivation to run a business. Meanwhile, according to Budiningsih et al. (2018), Internal factors that determine a person's entrepreneurial behavior are their innovative traits. Blut et al. (2018) states that the business sector, business location, and regional location are external factors that affect the success and performance. Entrepreneurial concepts and theories can be classified into two: prioritizing business opportunities and prioritizing people's responses to these business opportunities. There is an explanation related to entrepreneurial success in terms of psychology and behavior. Theories that underlie the behavior of a business actor include the Theory of Reasonable Action (TRA), Theory of Plan Behavior (TPB), and Social Exchange Theory (SET; Ajzen & Fishbein, 2012). In the TRA concept of attitude, perceptions will determine intentions and decisions, including TRA's business context and commitment. The development of TRA and SET also identifies that attitudes, subjective norms, perceived behavioral control, and the exchange of maximizing benefits and minimizing costs, in turn, lead individuals towards knowledge-sharing behavior (Crichton & Shrivastava, 2017; Wang et al., 2008). These findings contribute to individuals and businesses in understanding the factors that drive knowledge-sharing behavior in organizations and the concept of entrepreneurship.

2.2. Human resource management

Human resource management is hiring people, training them, compensating them, developing policies relating to them, and developing strategies to retain them. As a field, HRM has undergone many changes over the past twenty years, giving it a more critical role in today's organizations (Haerani et al., 2020). Human resource management is defined as a strategic and coherent approach to managing an organization's most valuable assets—the people who work there who individually and collectively contribute to the achievement of its goals (Akob et al., 2020;

D. T. Nguyen et al., 2020). Effective HR management helps the organization's operating strategy be implemented effectively and encourages competitive advantage.

The management theory above stems from management theories that are widely developed and respond to each other's weaknesses that arise from previous approaches such as scientific management theory, human relations theory, Max Weber's theory of bureaucracy, organizational analysis theory, and other theories, thus producing a modern management theory that is sensitive to criticism. From the three essential elements in modern management, it can be concluded that human resources as individuals are assets in business organizations/companies that tend to be assumed to be weak creatures, unable to meet their economic and spiritual needs. Employees are always considered to have different interests from those of the organization, resulting in frequent demonstrations to voice their interests. Individual employees are often positioned as management objects that need to be regulated, suppressed, and empowered to meet specified targets. Management development plays an essential role in preparing organizations for the next generation of leadership (Nguyen, Mai, et al., 2019). While some employees may appear to be potential candidates for management positions, their knowledge and skills must be carefully evaluated. Success in one management area does not necessarily mean success as a manager who needs training and guidance. However, a good management development plan will pinpoint shortcomings and provide real opportunities for managers to improve. The foremost and earliest role of Personnel Managers in the 1970s was not to manage employees, and welfare issues were not very important to management. Still, they played the role of a challenging and fierce negotiator who was always prepared to be tough on the union.

Management that treats human resources only as management objects, in the view of sharia economics, is a management that is negligent from a fair nature which should be the basis of management. Management must humanize humans and place them as a focus, not just as a production factor (Nguyen et al., 2019; Suong et al., 2019). Management should not mistreat subordinates but instead emphasize the importance of honesty and trust. A relationship between superiors and inferiors is born based on a fair agreement for a common goal. The leadership must be fully responsible for all the needs of employees who are an invaluable resource and part of the family and community. Besides, employees also should provide adequate support for all family members. Human resource management helps gain a competitive advantage where the process consists of all organizational actions to attract, develop and maintain quality human resources. In this study, the measurement of human resources refers to the concept of locus of control, which is one of the personality variables defined as an individual's belief in the ability to control one's destiny (; Manichander, 2014). Individuals with an internal locus of control believe that the events that occur result from their behavior or actions. They also believe that their abilities or efforts control their experiences.

On the other hand, individuals with an external locus of control assume that their surroundings influence their success. They tend to believe that the events they experience are simply fate, fate, opportunity, or luck. Individuals with an internal locus of control are more satisfied with their work than externals (Ali et al., 2013; Lee, 2013; Patel et al., 2020).

2.3. Business sustainability

Sustainability is defined as a form of the verb that describes a state or condition that is ongoing and continuous, is a process that occurs and will eventually lead to existence or resilience. Based on this definition, Business Sustainability is a form of consistency in the conditions of a business, where sustainability is a process of ongoing business, including growth, development, strategies to maintain business continuity, and development (Park, 2019). A business continuity approach tends to focus on the continuity of the resources and processes through which a particular business model is achieved in practice but ignores the business model itself (Pizzi et al., 2021). Therefore, business continuity needs approaches to be holistic and strategic; business models need to be part of the consideration of business continuity. In maintaining business continuity, it is necessary to

compile business plan components that impact the business continuity; the details of the business plan are classified into marketing factors (Sharma, 2020), finance (Sharma, 2020), production and operations management (Barbosa et al., 2020).

Business continuity is a holistic management process; identifies potential impacts that threaten the organization and provides a framework for building resilience and capabilities for effective responses that protect the interests of its key stakeholders, reputation, brands, and value-creating activities (Schoneveld, 2020; Wong & Ngai, 2021). Therefore, the planning stage and the development stage in the business must be carefully and carefully calculated because if any unexpected business results in the inability of the company to support operations in whole or in part. An effective Business Continuity Management (BCM) program is an essential component of successful business management. Experience shows that typically more than 50 percent of businesses without an effective business continuity plan will eventually fail after a significant disruption (Kato & Charoenrat, 2018). Sustainable business is developing strategies, programs, and actions that provide protection or alternative modes of operation for those business activities or processes that could cause very damaging or potentially fatal losses to the company if disrupted. The purpose of business continuity is to enable the organization to restore critical business processes. Business continuity is a simple matter of risk management designed to create business continuity capabilities to match possible risks based on business value. Large, medium and small companies are not adequately prepared for an incident that could render their business or part of their business inoperable for long periods.

Documented cases show how companies or entire industries suffer significant financial losses due to a lack of preparedness for unexpected disasters (Torabi et al., 2016; Wong, 2019). Overview of Business Continuity Management Business continuity is about keeping key business activities running after an adverse event, with the human, material, and financial resources available at that time. The concept of compiling the items in this study. Using the Theory of Action Systems from Parsons (1938) and the idea of adaptation strategy from Lages et al. (2008), this contains the main statements of theory derived from functional analysis, which states that society is a complete unit; society consists of related parts that work together. The Concept of Adaptation Strategy: Humans can adapt to their environment culturally. This is a skill that is not inherited genetically but is acquired employing learning, thanks to creating, understanding, and communicating abstract ideas and performing symbolic behavior. The business continuity approach becomes essential when many advanced technologies are being implemented into organizations leading to high levels of risk and vulnerability. Therefore, organizations need to identify problems to work more efficiently to be successful with their business.

2.4. Hypothesis development

Based on the description that has been presented in the literature review section, grounded theory and prior studies, the hypothesis in this study is explained as follows:

H1: Business Strategy (BS) positively influences SME Development Strategy For Perceived Sustainability (SME).

H2: Creativity (CREATIV) positively influences Entrepreneurship Capability (EC).

H3: Entrepreneurship Capability (EC) positively influences Business Strategy (BS).

H4: Entrepreneurship Capability (EC) positively influences the SME Development Strategy For Perceived Sustainability (SME).

H5: Human Resource Locus of Control (HR) positively influences Creativity (CREATIV).

H6: Human Resource Locus of Control (HR) positively influences Entrepreneurship Capability (EC).

H7: Entrepreneurship Capability (EC) mediation increases the positive effect of the relationship between Human Resource Locus of Control (HR) on Business Strategy (BS).

H8: Creativity (CREATIV) Mediation increases the positive effect of the relationship between Human Resource Locus of Control (HR) on Entrepreneurship Capability (EC).

H9: Entrepreneurship Capability (EC) mediation increases the positive effect of the relationship between Human Resource Locus of Control (HR) on SME Development Strategy For Perceived Sustainability (SME).

H10: Multivariable mediation such as Entrepreneurship Capability (EC) and Business Strategy (BS) further enhance the positive effect of the role of Creativity (CREATIV) on SME Development Strategy For Perceived Sustainability (SME).

H11: Business Strategy (BS) mediation increases the positive effect of the relationship between Entrepreneurship Capability (EC) on SME Development Strategy For Perceived Sustainability (SME).

H12: Multivariable mediation such as Creativity (CREATIV) and Entrepreneurship Capability (EC) increase the positive effect of the relationship between Human Resource Locus of Control (HR) on Business Strategy (BS).

H13: Multivariable mediation such as Entrepreneurship Capability (EC) and Business Strategy (BS) increase the positive effect of the relationship between Human Resource Locus of Control (HR) on SME Development Strategy For Perceived Sustainability (SME).

H14: Multivariable mediation such as Creativity (CREATIV) and Entrepreneurship Capability (EC) increase the positive effect of the relationship between Human Resource Locus of Control (HR) and SME Development Strategy For Perceived Sustainability (SME).

H15: Entrepreneurship Capability (EC) mediation increases the positive effect of the relationship between Creativity (CREATIV) and Business Strategy (BS).

H16: Entrepreneurship Capability (EC) mediation increases the positive effect of the relationship between Creativity (CREATIV) on SME Development Strategy For Perceived Sustainability (SME).

H17: Multivariable mediation such as Creativity (CREATIV), Entrepreneurship Capability (EC), and Business Strategy (BS) increase the positive effect of the relationship between Human Resource Locus of Control (HR) on SME Development Strategy For Perceived Sustainability (SME).

3. Research methods and materials

3.1. Data materials

The number of samples in this study involved 100 respondents who were entrepreneurs of hand-craft handicrafts SMEs (a type of traditional mat weaving) in the Jagoi Babang Village area, East Kalimantan—Indonesia. Dominantly the research respondents are owners of business activities; most of the age group of respondents are vulnerable in the age group 45–50 years as many as 72 people and the age group over 50 years as many as 28 people.

3.2. Measurement

The main instrument in data collection in this study is a structured question (questionnaire) developed from various previous studies, then tested again for its reliability and validity. Some

questionnaires are closed-ended questions, which is a form of the question that has prepared different alternative answer choices to strengthen the statement in discussing the study results later. There is also an Open-Ended Question, namely a questionnaire. Answers to each question posed are arranged into seven alternative explanations ranging from “strongly disagree” to “strongly agree” with an answer scale ranging from 1 to 7 (Likert scale). The variable measurement instrument is described in detail in [Table 1](#). Data analysis was carried out in two stages. The first stage is descriptive quantitative data analysis sourced from the surveys conducted on respondents to measure the average value of answers, standard deviation, and data multicollinearity (VIF). In this quantitative research, data processing was carried out by going through the editing (editing) stage, categorizing or classifying data (coding), and the tabulating process then analyzed using the Structural Equation Modeling (SEM) approach using smart pls as illustrated in [Figure 1](#).

Measurement of data quality including loading factor > 0.60 (Fornell & Larcker, 1981; Hair et al., 2014); inner-model testing (i.e., Cronbach alpha, composite reliability dan AVE; Chin, 1998); measuring the goodness of fit of the model by assessing the data testing criteria, i.e., Standardized Root Mean Square Residual and Normed Fit Index (SRMR < 0.80 , NFI > 0.90) (Bentler & Bonett, 1980; Henseler et al., 2016). d_ULS and d_G with the criteria original value (saturated model $>$ estimated model). Then test the coefficient of determination and F-test (R-Square and F-test). The final stage of research testing is hypothesis testing using the constant bootstrapping method with chi-square ($n = 100$).

First, the results are shown in data measurement ([Table 1](#)), where the Human Resources Locus of Control (HR) variable consisting of four survey questions obtained a high overall value loading factor of > 0.60 as well as the Cronbach alpha value of 0.764. > 0.60 . The composite reliability value is also included in the fairly high-reliability value category, namely 0.849 > 0.60 . Even though the AVE value is 0.584 < 0.60 , in general, the AVE value is acceptable. The average distribution of respondents' answers for HR variable items is 5.25 on the highest scale, namely 7 for HR questions. 1. Furthermore, 4.87 on a Likert scale of 7 for HR questions. 2. Value Mean 5.6 from Likert scale 7 for HR questions. 3. Mean value 6.1 on a Likert scale of 7 for HR questions. 4). Then for the VIF value as a reflection of multicollinearity testing, overall < 10 , meaning that the results of the data frequency distribution on the HR variable stated that there was no multicollinearity. Second, the Creativity variable in [Table 1](#), which consists of four questions, also shows an excellent loading factor value and is above the PLS testing standard limit, which is > 0.60 . This also applies to all loading factor values testing both for the Business Strategy (BS) variable, the Entrepreneurship Capability (EC) variable, and the SME Development Strategy for Sustainability Perceived (SME) variable, all of which have loading factor values > 0.60 . Then at the Cronbach alpha value, all independent and dependent variables also stated very well, namely the average 0.80 > 0.60 . Including the composite reliability value of all dependent and independent variables also has a very high significance, namely 0.80 > 0.60 . Like the AVE value for the HR variable, the AVE value for the BS variable is also < 0.60 ; theoretically, our inner model testing chooses to maintain the AVE value considering that several test standards such as the Loading factor value, Cronbach Alpha and Composite Reliability have met the classical assumptions of testing. We do not discard some question items for inner model testing due to several fundamental reasons. Namely, the model in our study is a development model, which refers to the statement from Chin (1998) which states that the AVE value can be accepted at the minimum limit of 0.50 for the development stage conceptual model design. We did not discard some items to increase the AVE value because the number of question items is relatively small; for example, the HR variable consists of only four question items. The BS variable consists of only seven question items. Third, for all frequency of respondents “answers to all test variables, the dominant mean value is in the Likert 5 scale range; only a few question items indicate the frequency of respondents” responses that are in the Likert 6 scale range. The VIF value of the test variables also shows the absence of multicollinearity because the VIF value of all variable question items is < 10 .

Table 1. Data measurement

Variable/Item	Mean	Std. Deviation	VIF	Loading Factor	Cronbach Alpha	Composite Reliability	AVE
Human Resource Locus of Control (HR)							
• The desire to succeed in the business you are engaged in	5,2500	1,27,426	1,764	0.772	0.764	0.849	0.584
• Ability to do good planning	4,8700	1,51,528	1,586	0.750			
• Decision making is carried out systematically and responsibly	5,6300	1,26,854	1,621	0.747			
• Commitment and hard work	6,1000	1,15,032	1,499	0.786			
Creativity							
• Fluency of thinking	6,1000	1,05887	2,267	0.874	0.802	0.884	0.718
• Flexibility	6,1200	1,10,353	1,406	0.693			
• Elaboration	5,6100	1,14,499	2,216	0.762			
• Originality	5,7000	1,04929	1,237	0.841			

(Continued)

Table 1. (Continued)							
Variable/Item	Mean	Std. Deviation	VIF	Loading Factor	Cronbach Alpha	Composite Reliability	AVE
Entrepreneurship Copability (EC)							
• The ability to motivate internal business	5,6300	1,53,514	1,684	0.784	0.832	0.888	0.664
• The ability to influence subordinates	5,8400	1,18,680	1,799	0.804			
• Intellectual ability	5,9600	1,04,369	2,023	0.846			
• Self-character that reflects dignity as a leader	5,4100	1,52,484	1,936	0.826			
Business Strategy (BS)							
• Have a clear business vision and mission	5,3300	1,35,628	1,550	Deleted	0.812	0.868	0.570
• Ability to establish good communication with customers	5,3800	1,54,253	1,739	0.674			
• Ability to hit the specified target	5,8000	1,29,490	2,057	0.616			

(Continued)

Table 1. (Continued)							
Variable/Item	Mean	Std. Deviation	VIF	Loading Factor	Cronbach Alpha	Composite Reliability	AVE
• The suitability of the product offered	5,8400	1,28,488	1,517	0.702			
• Utilization of technology in business	6,3800	1,06154	2,090	0.815			
• Good service, friendly and responsive	5,8300	1,14,640	2,267	0.685			
• The ability of SMEs to use technology	6,1300	1,18,624	1,550	0.822			
SME Development Strategy For Sustainability Perceived (SME)							
• Simplification of the financing bureaucracy	5,9200	1,34,600	1,550	0.779	0.863	0.900	0.642
• Productivity and innovation development	5,6400	1,18,509	1,859	0.788			

(Continued)

Table 1. (Continued)

Variable/Item	Mean	Std. Deviation	VIF	Loading Factor	Cronbach Alpha	Composite Reliability	AVE
<ul style="list-style-type: none"> Productivity development through increased government spending related to increased productivity of SMEs 	5,3200	1,28,613	2,102	0.781			
<ul style="list-style-type: none"> Productivity development through the involvement of Penta helix stakeholders: Government, Academics, Media, and Business 	5,7300	1,26,215	2,027	0.831			
<ul style="list-style-type: none"> Availability of sustainable raw materials 	4,9400	1,51,638	2,479	0.829			

Figure 1. Conceptual framework.

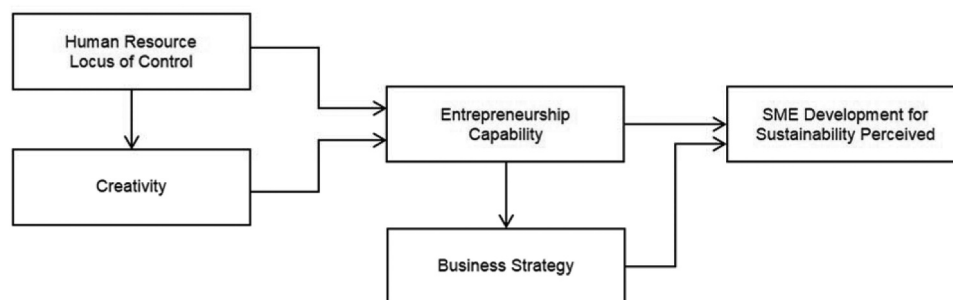


Table 2. Goodness of fit model

Model Fit		
	Saturated Model	Estimated Model
SRMR	0,094	0,103
d_ ULS	2,033	2,448
d_ G	0,843	0,885
Chi-Square	436,942	448,334
NFI	0,919	0,910

4. Results and discussion

4.1. Statistical result and goodness of fit model

Furthermore, on the results of our study, as shown in Table 2 on the measurement of the fit model. The SRMR value shows the saturated model value and the estimated capital = 0.094 < 0.80. This value means that the Standardized Root Mean Square Residual (SRMR) value as the standard size value for the difference in the correlation matrix and model tends to be small. The value of SRMR, which 0.094 < 0.80, means that the correlation matrix and the study model are tiny or the model built is fit and can interpret the actual population conditions in the field. The d_ ULS and d_ G values state that the saturated model value is < than the estimated model value, so it can be assumed that the value at the interval confidence coefficient is in the 90–95% range of interpretation results, and the respondent's answer can be trusted to interpret the actual conditions in the field. The NFI value = 0.919 > 0.90 means that the model is declared fit. Furthermore, the chi-square value = 436,942 because we normally performed this model on 500 subsamples of bootstrapping.

Furthermore, in Table 3, the R-Square value, which describes the coefficient of determination between variables or the effect size of the independent variable on the dependent. Referring to the recent study of Cohen in 1977 about the effect-size which provides criteria for the assessment of R-square value (ie, $R^2 = 10$ means small; $R^2 = 0.30$ means medium; and $R^2 = 0.50$ means large; Sullivan & Feinn, 2012). The results-size effect shown in the R-square test in Table 2 shows that for R^2 variables BS = 0321, the effect-size HS variables as the endogenous variable to variable BS are meaningful medium-size effect. Variable R2 variable Creativity = 0.539 > 0.50; R^2 variable EC = 0694 > 50; R^2 variables SME = 0.510 > 50 that all three have a significant effect large-size category. Furthermore, the effect-size testing to observe the value of F^2 when referring to the study Chin (1998) which maps the effect-size F^2 to the category (ie, $F^2 = 0.02$ means the effect-size category is weak; $F^2 = 0.15$ means the effect-size category is medium; and $F^2 = 0.35$ means the effect-size category is large). The results of the Ftest2, as shown in Table 2, illustrate that the effect size generated through cross-simulation, for example, in BS on SME, the value of $F2 = 0.395$, which

Table 3. Determinant coefficient and Fornell-Larcker validity

R-Square					
	R Square			R Square Adjusted	
Business Strategy	0,321			0,314	
Creativity	0,539			0,534	
Entrepreneurship Capability	0,694			0,688	
SME Development Strategy For Sustainability Perceived	0,510			0,500	
F-Square					
	BS	Creativity	EC	HR	SME
BS					0,395
Creativity			0,380		
EC	0,472				0,094
HR		1,167	0,232		
SME					
Fornell-Larcker Criterion Validity					
	BS	Creativity	EC	HR	SME
BS	0,755				
Creativity	0,508	0,848			
EC	0,566	0,790	0,815		
HR	0,576	0,734	0,760	0,764	
SME	0,681	0,598	0,563	0,604	0,801

is the effect size in the large category. Creativity on EC, the value of $F^2 = 0.380$, is the effect size is in a large category; EC on BS $F^2 = 0.472$ mean effect size in the category large. The EC on SME value of $F^2 = 0.094 < 0.15$ means that the effect size is weak. HR on creativity with a value of $F^2 = 1.167$ means that the effect size is large, and HR on EC with a value of $F^2 = 0.232 > 0.15$ means that the effect size is in the medium category. Furthermore, the Fornell-larcker validity test states a high validity value.

4.2. Direct and indirect effect analysis

Table 4, which explains the direct and indirect relationship between variables, states that of the six series of direct connections; All demonstrations of the relationship between the independent variables positively and significantly affect the dependent variable. Demonstration of the most significant influence of variables can be seen in the section that explains the role of Human resources Locus of Control (HR) on creativity with the most significant t-statistic parameter among the series of direct relationship variables, namely $15.554 > 1.98$. Furthermore, in the indirect relationship demonstration, which consists of eleven demonstrations of intervening relations, two indirect relationships do not significantly affect. Namely the influence of the variable Human resources Locus of Control (HR) on SME Development Strategy for Sustainability Perceived (SME), which is mediated by the Creativity and Entrepreneurship Capability (EC) variables with the parameter T-statistic = $1.784 < 1.98$. Likewise, the influence of the Creativity on SME Development Strategy for Sustainability Perceived (SME) variable, mediated by the Entrepreneurship Capability (EC) variable, is also stated to have no significant effect. We present a series of test results with detailed path analysis as in Figure 2.

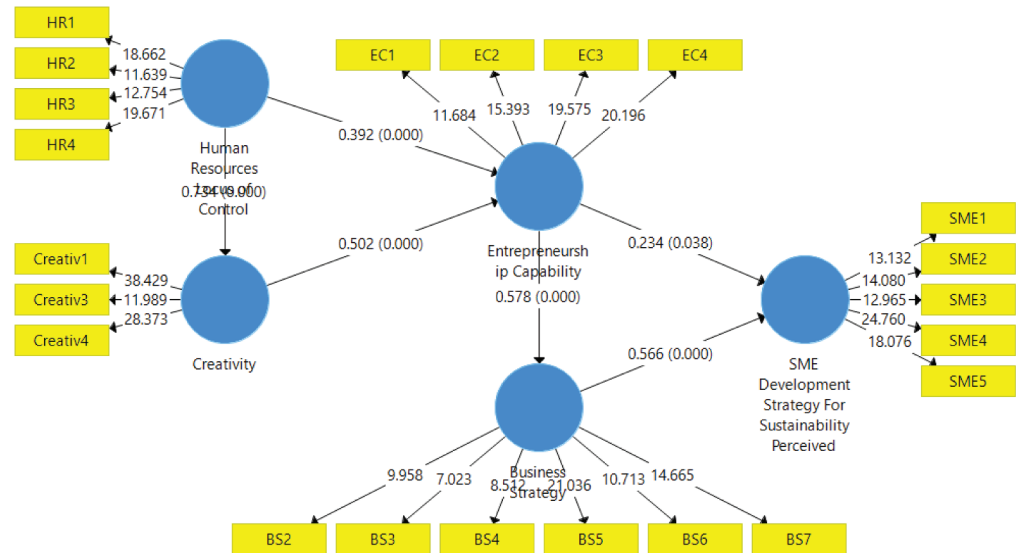
Table 4. Hypothesis result

Direct Effect					
Path Coefficient	Mean	Standard Deviation	T-Statistics	P Values	Result
BS → SME	0,572	0,101	5,608	0,000	Support
CREATIV → EC	0,514	0,082	6,114	0,000	Support
EC → BS	0,583	0,092	6,304	0,000	Support
EC → SME	0,230	0,112	2,083	0,038	Support
HR → CREATIV	0,741	0,047	15,544	0,000	Support
HR → EC	0,379	0,092	4,280	0,000	Support
Total Indirect Effect					
HR → EC → BS	0,222	0,069	3,307	0,001	Support
HR → CREATIV → EC	0,381	0,069	5,301	0,000	Support
HR → EC → SME	0,087	0,048	1,995	0,039	Support
CREATIV → EC → BS → SME	0,170	0,044	3,720	0,000	Support
EC → BS → SME	0,333	0,077	4,257	0,000	Support
HR → CREATIV → EC → BS	0,223	0,054	3,942	0,000	Support
HR → EC → BS → SME	0,127	0,047	2,755	0,006	Support
HR → CREATIV → EC → SME	0,089	0,048	1,784	0,075	Not Support
CREATIV → EC → BS	0,299	0,066	4,392	0,000	Support
CREATIV → EC → SME	0,119	0,064	1,825	0,069	Not Support
HR → CREATIV → EC → BS → SME	0,127	0,036	3,309	0,001	Support

4.3. Discussion

Studies developed involving the human resources locus of control (HR) variable are good parameters in designing a causal relationship framework to the entrepreneurship capability variable, business strategy, and SME development strategy for sustainability. Control over personal (locus of control), especially for handicraft business actors, is a determining factor in bringing their business consensus in a positive and sustainable direction. The desire to succeed in their business is the ideal and primary foundation for handicraft business players to remain optimistic and survive, especially in the current COVID 19 condition. Apart from that, the ability of business actors to compile a good planning structure and making appropriate and responsible decisions is also a determining aspect so that the business continues to run amid market competition (mainly production products that come from industries that use sophisticated technology). Of course, it is not easy to exist amidst the onslaught of conditions such as COVID 19 and the onslaught of competition from competitors who use technology. Therefore, commitment and complex works are the answers and the most fundamental reasons for packing business aspirations and planning and carrying out responsible decisions. Because without individual commitment and hard work, it can be predicted that the business will experience congestion, even bankruptcy. In line with what has been stated by Alma et al. (2013), That Character is defined as the pattern of behavior characteristic for a given individual. The human resource locus of the control variable that we

Figure 2. SEM-PLS full model.



developed in this study confirms Alma's statement in 2013 that conceptually, the components of business progress are based on two universal aspects (i.e., internal and external factors). Internal factors are the psychological and psychological conditions of an individual, the business actors themselves. In reviewing the results of this study, it turns out that the role of human resources of locus of control is also an antecedent to bringing business towards a more creative direction. Several main aspects form creativity: the fluency of thinking, which is the number of ideas that come out of one's mind (Gabbrielli, 2020); Flexibility is the ability to use various approaches in overcoming problems (Bock et al., 2012; Fredericks, 2005). Creative people are flexible in thinking; they can quickly leave the old way of thinking and replace it with a new way of thinking; Elaboration is the ability to develop ideas and describe them in detail (Breuer, 2013). Therefore, the concept of creativity can be supported as long the locus of control of business actors is in a condition full of optimism.

In line with, e.g., Schoneveld (2020); D. T. W. Wong and Ngai (2021), This explains the keys to the success of business capabilities to lead to a sustainable business, which can be realized during the planning and development stages in the company must be carefully and carefully calculated. This is related to the results of our study, which found a link between the planning process and business development which are interrelated with aspects of human resources locus of control (HR). It is more profound than the aspect of entrepreneurship capability (EC) to support business strategy, and sustainability must be supported by the ability of business people to motivate internal businesses (employees or staff). The power of businesspeople to have a positive influence on their subordinates. As previously stated, aspired to Business people are followed by good intellectual abilities and business personality traits that reflect dignity as leaders for the internal business and business units. Of course, apart from the human resources locus of control for business people, the capabilities of an entrepreneur can also be realized if a business actor can think creatively.

Furthermore, the results of the demonstration of this study also show that entrepreneurship capability (EC) has a positive and significant effect on business strategy (BS) which is in line with the results of research from, e.g., Lestari et al. (2020), Nurhilalia et al. (2019), Sett (2018), Teece et al. (1997), and Tutar et al. (2015), and Ahmad et al. (2020) It can be concluded that to support a sound business strategy, the capabilities and capacities of business actors play an essential role in making this happen. Based on the theory of TRA and TPB as a fundamental theoretical part of this study, the business strategy in the concept of developing this study means the ability of SME

entrepreneurs to have a clear business vision and mission; supported aspects and capabilities of business actors to be able to establish good communication with customers on an ongoing basis; the ability of the business to remain committed to achieving the specified targets, the commitment and responsibility of business actors to be able to provide the suitability of the products offered, then the use of technology in business to smoothen business activities, and the ability to provide good, friendly and responsive service. All aspects of business strategy can be realized as long as entrepreneurship capability can also be realized. Furthermore, the perception to develop SMEs to be sustainable constantly in this study can also be realized if several essential aspects are fulfilled. In our research, the SME development strategy for sustainability is a reflection of the support of all parties, especially the role of the government, for example, SME can be sustainable if the simplification of the bureaucratic financing and financial credit is realized, support for product development and innovation can be carried out, support for productivity development through increased spending government related to improving the productivity of SMEs, support and productivity development through the involvement of Penta helix stakeholders: Government, Academics, Media, and Business as well as guaranteeing the availability of sustainable raw materials. The relationship between the results of our study is in line with the results of the survey rather than Chamidah et al. (2020) and Chamidah et al. (2021) In his research describes the involvement of government stakeholders in the Penta helix model in the SME study of tourist villages which suggests that government, academics, business is some of the critical aspects of realizing an optimal business strategy in SME. More than that as a driving factor in maximizing entrepreneurship capability of business actors. SME to create a sustainable business.

5. Conclusion, limitation, and future research agenda

The combination of human resources locus of control in this study theoretically and managerial due to our research provides a broader picture of the scope of the TRA and TPB theory in a business framework. The aspects of creativity based on good human resources locus of control can create creative imagination—personal and creative. Of course, creativity based on optimal human resources locus of control allows the creation of optimal capabilities for business actors to compile a good and well-established business strategy component, creating a sustainable business, especially for SME players. Besides, a broader study includes the aspects of business strategy concentration, the individual psychological side of business actors, and individual internal factors such as creativity, which provides a clearer picture for students in management and marketing. As seen in the direct relationship between variables, the findings in our study provide a full view of the antecedent human resources locus of control in executing its various dependent variables, which also have a positive and significant effect. Meanwhile, the research findings section that explains the indirect relationship shows that two statistical analysis demonstrations do not have a considerable impact. This means that in addition to human resources' locus of control and creativity, entrepreneurship capability also plays a complex role in supporting sustainable business success.

We realize that our study certainly also has limitations, especially on the limited number of samples, research subjects who only capture the homogeneity of business types without observing the firm size of our research subjects. Several studies on SME, firm size, or SME-Size also play a role in realizing a good business strategy, established business and entrepreneurship capabilities, and clearer business sustainability. We do not include the firm-size element considering that our research subjects are traditional handicraft business actors whose business concept structure is carried out from generation to generation. In our study location, the majority of the population carries out similar business activities and activities. Therefore, we hope that researchers in the future can use measurement items in this study with several agendas such as: including the firm-size variable or SME Size, the SME category with a more heterogeneous type of business (e.g., business people in online marketplaces or business players. Business in conventional marketplaces).

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