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"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

**Combining Effectuation and Causation as Decision-Making Approaches
Amidst Covid-19: Case of Micro-Business in Indonesia****Lussia Mariesti Andriany***

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*Email: lussia.andriany@gmail.com**ABSTRACT**

The decision-making process in business has become more critical since the Covid-19 pandemic. This study aims to present a decision-making process used in starting a micro-business that opened before and during the pandemic in Indonesia. I argue that the pandemic increased the likelihood that micro-business owners would base their decisions on effectuation, which is the creation of potential effects through resource ownership, rather than causation, which emphasizes the initial setup of the decision-making process in the opening phase of their business. This study's main finding is that regardless of the period of business opening, business owners' decision-making combines effectuation and causation in opening their business. Nevertheless, the decision-making process is different between owners who opened the micro-business before and during the pandemic regarding the complexity of given means and interaction outcomes.

Keywords: Effectuation, Covid-19, Micro-Business

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INTRODUCTION

Micro-business is known because of its strategic role and several common problems. The internal issues of micro-business are related to limited capital, lack of human resource capabilities in terms of business management, business legality, and accountability (Hutahayan, 2019; LPPI and Bank Indonesia, 2015). Besides, it has external problems such as an unstable and unintegrated business climate and limited access to certain technologies and financial institutions. Nevertheless, behind these problems, micro-business has a strategic role in the economy, namely the leading players in economic activities and community empowerment, large job providers, poverty reduction, and creators of new markets and sources of innovation (Abdullahi et al., 2015; LPPI and Bank Indonesia, 2015; Mazzarol et al., 2014; Okundaye et al., 2019).

These past two years, micro-business challenges have also increased due to the crisis caused by Covid-19. Globally, it shocked the market and labor (International Labor Organization, 2020), the economy is slowing (International Trade Centre, 2020), and GDP declined by 5.2% in 2020 (The World Bank Group, 2020). The condition has changed the life of existing micro-businesses, i.e., switching their business model or choosing to close their business. However, micro-business' various problems and challenges, especially during the pandemic, have not necessarily deterred people from opening a micro-scale business. The characteristics of micro-business, e.g., initial small-scale capital and high flexibility, make people interested in starting a micro-business. The high rate of dismissal of employees in various sectors also reinforces this condition. Business growth at this scale will reach 20% in 2020, which is double the rate growth compared to any other year, and the addition of new micro-businesses will continue until May 2021 (Hicks, 2021). Since micro-business is primarily run in the informal sector, the amount reported is usually below the actual number. Thus, the micro-business percentage formed during the pandemic could be greater than 20%.

The conditions in micro-scale businesses are reminiscent of the density dependence theory, which states that population density is a proxy for measuring legitimacy and competition within a population, i.e., certain business groups (Carroll & Hannan, 2000; Hannan & Freeman, 1989). Through this theory, it is known that an increase in population density starting from zero will increase the legitimacy of the population. It will push more entries into the population. When the addition of population members continues, the population density will reach the environmental carrying capacity (Xu, 2018). At this point, theoretically, legitimation will reach its peak and decrease, and competition will also become more fierce because every owner will put their best effort to sustain their business. Conditions of increasingly intense competition coupled with more uncertain macroeconomic conditions have created different pressures for micro-business owners.

Every action taken by micro-business entrepreneurs in order to start and sustain their businesses involves a series of decision-making. It is undeniable that decision-making is critical to lead a business to success or failure. Theoretically, there are two approaches related to the decision-making process: rational or traditional and behavioral or contemporary (Uhl-Bien et al., 2014). The difference between those two relies on how the decision-makers utilize the means. In the conventional approach, which is usually called causation, decision-makers believe they are dealing with a predictable future (Sarasvathy, 2001). Meanwhile, on the contrary, there is a behavioral/contemporary approach, i.e.,

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effectuation, in which effectuators do not focus on goals but tend to control the things entrepreneur can control (Sarasvathy, 2001). There is a debate regarding the most effective approach used in the prior research, whether effectuation, causation, or a combination of both methods (Fisher, 2012; Greenbank, 2000; Prado et al., 2020; Sayed, 2017). It means that there is an opportunity for current research to reexamine causation and effectuation as the decision-making approach of entrepreneurs.

Based on the prior explanation about the micro-business during the Covid-19 pandemic and the decision-making process, I aim to answer the question of how the decision-making process in opening a micro-business. Instead of using a specific model that can only lead to certain processes, I employ both approaches – causation and effectuation – to compare the decision-making process conducted to start a business. To specify, I consider the Covid-19 pandemic as a factor that can impact in choosing a certain approach. Considering environmental settings in decision-making research is crucial because, as Sarasvathy (2001) stated, a highly uncertain business environment makes the owners deploy the effectuation approach to make a decision, instead of the traditional one. It indicates that the approach to make decision will change along with the uncertainty level of business environment. The external environment of business before Covid-19 tends to be more predictable, so the decision-making process will follow the rational process instead of the contemporary one. On the contrary, the entrepreneurs could hardly make a prediction under the pandemic period because of the extreme change in macroeconomic conditions. Thus, entrepreneurs who start their businesses during the pandemic will rely on the effectuation approach to decide things related to their business. Based on that, I argue that the pandemic increased the likelihood that micro-business owners would base their decisions on effectuation, which is the creation of potential effects through resource ownership, rather than causation, which emphasizes the initial setup of the business goal.

This research has significant theoretical and practical implications. Firstly, in this research, I provide a broader view of the field of decision-making process by conducting the research under different cultural backgrounds by conducting the research in Indonesia context which has a different culture compared to prior research context. Conducting research in different cultural background will widen the understanding of decision-making process approach (Sayed, 2017). Specifically, I chose to research the micro-business sector because of its importance in Indonesia's economy, i.e., large job providers, high resilience during the crisis, and high GDP contribution (Kurniawati & Setiawan, 2019). Micro-business in Indonesia dominates the medium and small enterprises level with a total number of existing businesses of 61.5 million (98.75%) (Tirta & Sarli, 2021). In addition, the model developed in the finding based on data analysis also provides a better understanding of the decision-making process in the micro-business scope.

This article is divided into five sections. I explain the research background in the first section which is followed by the methods section, which is divided into analytical framework and research methods parts. In the analytical framework, it is discussed the framework that become basis for data analysis. Meanwhile, in the research method sub-section, the detail process of the research is described. Then, I explain the research findings and discuss them throughout the section in the result and discussion section. As the following section, I

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provide the two implications based on the research findings: theoretical and practical. Lastly, I give the conclusion as well as suggestion for future research.

METHOD**Analytical Framework**

Causation is included in the traditional perspective on entrepreneurship, which is seen as a linear process in which entrepreneurial volition leads to gestational and planning activities (Baker et al., 2003). This process also involves discovering, evaluating, and exploiting opportunities (Shane & Venkataraman, 2000). Causal logic is based on the premise that 'to the extent, we can predict the future, we can control it' (Sarasvathy, 2008). Causation is the decision-making process where the decision-maker sets the goals first before choosing the suitable resources to achieve them (Sarasvathy, 2001). The causation concept is adopted into the entrepreneurial context from decision theory, assuming that future phenomena can be deducted by examining heuristics and logical approaches used to do decision-making regarding phenomena (Fisher, 2012; Simon, 1959). Suppose decision-makers believe that they are dealing with a predictable future. In that case, they tend to gather systematic information and analyze it within certain bounds (Sarasvathy, 2001), identifying and evaluating objective opportunities (Shane & Venkataraman, 2000). After that, entrepreneurs set goals and organize plans to concretize their intentions and attract resources (Katz & Gartner, 1988). It also includes an analysis of alternative means to fulfill goals while taking into account the condition that limits the possible means (Sarasvathy, 2001).

In terms of new firms creation, entrepreneurs who follow the causation approach clearly define the objectives they want to accomplish from the very beginning of the firm establishment (Herron & Sapienza, 1992). They systematically search for entrepreneurial opportunities within established industries that meet their objectives. They engage in analysis and planning activities as they seek to exploit their preexisting knowledge and resources. Thus, the venture is envisioned from the beginning and all efforts are directed at achieving the pre-envisioned state (Chandler et al., 2011). In the causation view, markets are rarely created (Fisher, 2012) because it is assumed to preexist (Shane & Venkataraman, 2000), and entrepreneurs' goals under this view try to dominate the existing market as much as possible (Kotler et al., 1999). Market existence is crucial for the causal process to be applicable because entrepreneurs need to gather historical information before exploitation to evaluate opportunities and assess means to exploit the opportunities (Sarasvathy, 2001). Therefore, a market can be a boundary condition for the causation approach (Fisher, 2012).

Business environments tend to be highly dynamic, unpredictable/highly uncertain, and ambiguous; therefore, adequate information is not always available for entrepreneurs/decision-makers to recognize and evaluate opportunities prior to exploitation (Fisher, 2012). Based on this limitation, Sarasvathy (2001, 2008) developed the effectuation theory to cover entrepreneurial activities under such conditions. The effectuation concept emerges to explain more regarding actions and logic that underlie entrepreneurial behaviors (Fisher, 2012). Effectuation is one of the contemporary concepts as the opposite of causation. In fact, if we knew precisely what type of firm we wished to create, we could use existing theories and principles to create it. Unfortunately, every entrepreneur realizes that they often have to make a decision without preexistence goals (Sarasvathy, 2001). Same as causation, this

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concept is developed under a particular premise: 'to the extent we can control the future, we do not need to predict it' (Sarasvathy, 2008). Effectuation is defined as the decision-making process where the entrepreneur takes a set of means as given and chooses possible effects created with that set of means (Sarasvathy, 2001).

Same as causation, the effectuation concept is established from decision theory, which suggests that if decision-makers believe they deal with unpredictable phenomena, they will try to gather information about future trends through experimental and iterative learning (Ries, 2011). The elements of effectuation fit with those learning techniques which enable decision-makers to discover information about the future as time passes (Sarasvathy, 2001). Also, it is consistent with emergent strategy (Mintzberg, 1978) or non-predictive strategies (Wiltbank et al., 2006), including selecting various options based on affordable loss, flexibility, and experimentation (Chandler et al., 2011).

The effectuation approach dictates that target customers can only be determined by whoever buys a product or service in a very uncertain and dynamic environment. Under this approach, goals changes and are constructed over time, even sometimes formed by chance (Fisher, 2012). Also, effectuators do not focus on goals, but they tend to control the available set of means – the things over which the entrepreneur can control (Sarasvathy, 2001). At the individual level, the means are described by personal knowledge, skills, and social networks that the entrepreneurs have (Sarasvathy, 2008), while if it is related to the firm, then means include physical, human, and organizational resources (Barney, 1991).

Sarasvathy (2008) explains the principles/ key factors of effectual logic in entrepreneurship below.

1. The bird-in-hand: starting with means and creating new effects.
2. The affordable-loss: determining how much one is willing to lose.
3. The crazy-quilt: emphasizing alliances and pre-commitments from stakeholders.
4. The lemonade: utilizing uncertainty and contingent information as resources by making up their plans.
5. The pilot-in-the-plane: shaping the future by using human (entrepreneurs) action.

Starting with means describes how entrepreneurs make important decisions by focusing on what they can control – asking 'Who am I?', 'What do I know?', and 'Whom do I know?' – rather than on predefined end goal. Those questions allow means examination that is available for an entrepreneur to decide what they can do (Sarasvathy & Dew, 2005). Entrepreneurs allow goals to emerge and change when they exploit the means to uncover options for what they can do. Moreover, affordable loss is operationalized by Chandler et al. (2011) as making decisions based on what decision-maker is willing to lose and committing a specific amount of resources that may be lost. The following key factor is leveraging strategic relationship. It suggests that entrepreneurs can focus on building relationships rather than systematic competitive analysis. It means they can focus on whom they can work with instead of competing. Interacting and engaging with stakeholders let entrepreneurs discover new means and define new goals to evaluate the old ones (Sarasvathy & Dew, 2005). The last one is exploiting contingencies that entail turning unexpected events into profitable opportunities, thereby getting unanticipated outcomes as opposed for achieving a predefined goal.

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Since effectuation is developed in new markets with a high level of uncertainty (Saravathy, 2001), it is suggested that early entrants are more likely to use effectuation processes than causation. Effectuation does not involve elaborate planning and prediction, so the costs associated with such activities are reduced (Bhide, 1999; Mintzberg, 1994). Thus, if new firms do not make a successful attempt on its establishment, they will fail early and/or at a lower level of investment (Saravathy, 2001). Effectuation is a relevant concept in dynamic, nonlinear, and ecological environments where the future is unpredictable, therefore, not measurable. However, this theory assumes entrepreneurial opportunities are subjective, socially constructed, and created by an entrepreneur through constructing, rearranging, single out, and demolishing many objective features of their surroundings (Weick, 1979) and literally creating their own constraints.

Based on prior research (Saravathy & Dew, 2005; Shah & Tripsas, 2007), I drew a graph to show the process of causation and effectuation. It would likely be a basis for assessing the approach used by micro business owners to start their businesses. Both decision-making process approaches can be seen in Figures 1 and 2.

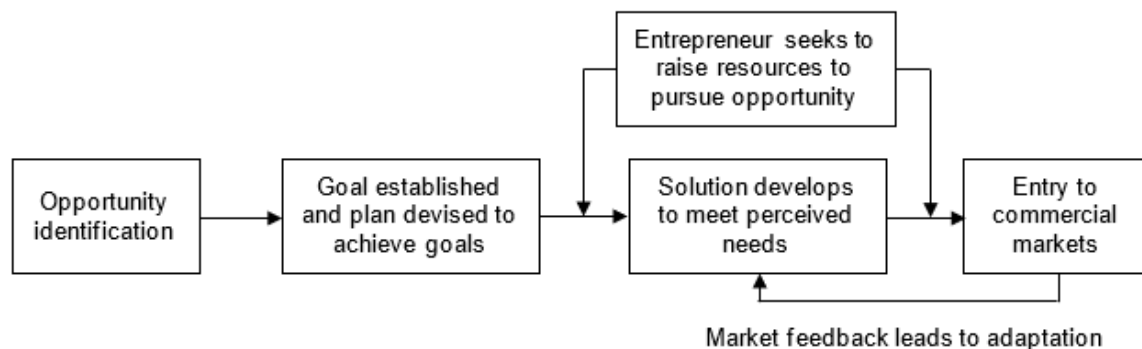


Figure 1. Causal Process

Source: Shah and Tripsas (2007)

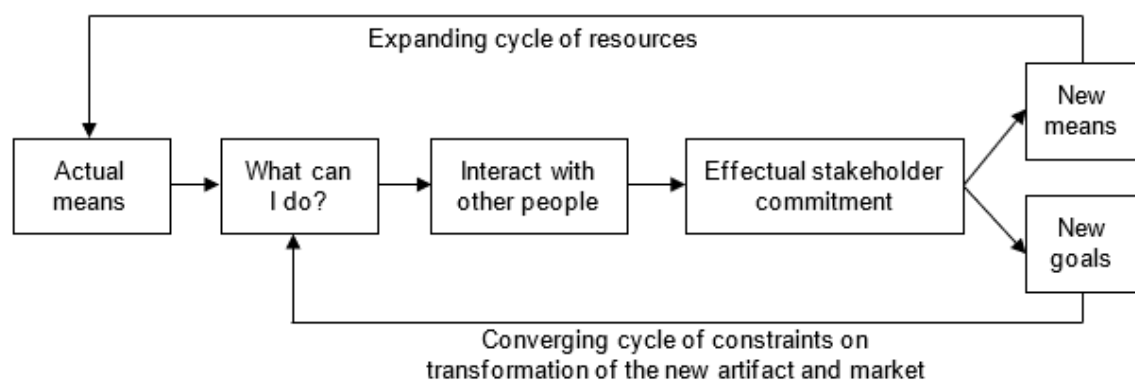


Figure 2. Effectual Process

Source: Saravathy & Dew (2005)

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Research Methods

I used the grounded theory method to conduct the research, which purposes to construct a theory from the data gathered (Corbin & Strauss, 2015). Data was collected through interviews with micro-business owners as a decision-maker for various decisions that have an impact on business sustainability. The research will also focus on micro-business characterized by less than ten employees (Khodakivska, 2012) with a selling value of less than IDR 300 million per year (Undang-Undang Republik Indonesia Nomor 20 Tahun 2008, 2008). Moreover, since this research aims to present the decision-making process model and use the Covid-19 pandemic as the time frame to distinguish the model, thus, I divided the informants into two. First, micro-business launched before March 2020 counted as businesses opened before the pandemic, while others that started from March 2020 counted as businesses opened during the pandemic. I chose March 2020 as the point because it was the month in which Indonesia's government confirmed the first Covid-19 case.

I divided the interview into two stages: initial interviews to explore the general conditions of micro-business due to the Covid-19 pandemic and following interview to collect data regarding the decision-making process. Seven informants are involved in the first stage: two opened their businesses before the pandemic and the others started their business during the crisis. I conducted the interview in November 2021 until March 2022 and spent thirty minutes on average for each interview. During the first stage, I asked the informants about running business during the Covid-19 pandemic and the challenges, the competition situation, and, specifically for owners who opened their business during the pandemic, why they started the business during the crisis time. This initial interview result, which was related to decision-making process behavior, became the research topic. After that, I reviewed the literature related to build an analytical research framework.

After the framework was settled, I conducted the following interview with 13 micro-business owners from early July 2022 until the middle of August 2022. In terms of opening micro-business period, five of them opened their business before Covid-19 pandemic, and the rest are owners who started their business after the onset of pandemic. Seven interviewees who participated in the first stage are all involved again in the second stage. On average, I spent one-and-a-half hour for each interview and conducted the interviews in-person at the interviewees' place, either stall, house, or cafes. All of interviewees were asked to explain in detail about their decision-making process for opening their business. In analyzing the data collected, I did a process of constant comparison. I compared the transcribed interview results one another with the causation and effectuation framework. Then, based on the comparison, I generated a model of the micro-business decision-making process. Furthermore, I would only use the interview result from the second stage in the following section of the study.

I chose the interviewees through purposive snowballing sampling process. Initially, I recruited one interviewee with long-experience doing business before the pandemic and one who built the business right after the hit of Covid-19. These interviewees recommended me other informants with the similar criteria. All of them agreed to give their consent related to the use of audio-recorded interview. I conducted the interview in Bahasa Indonesia, transcribed it verbatim, and coded it using NVivo software to get the theme emerged from the interviews. The interviewees' personal and business identity was kept secret. I used code

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B (B1 to B5) for informants who started the business before the pandemic, and code D for the owners started the business during the pandemic (D1 to D8).

This research focuses on developing a model of micro-business decision-making process. In order to build it, I chose a specific industry to conduct the research, namely the culinary industry. There are some reasons why the culinary industry was fit as a research context. According to Indonesia's statistical bureau report, among other industries, the micro and small culinary industry booked the highest survival rate (77.05%) in 2020 (Rafei et al., 2020). Unlike other industries, the high survival rate is something that attracts many people to start their business in the culinary field. Therefore, competition in this industry will be increasingly sharp. It led the owners to experience double hardship (i.e., dealing with the pandemic situation and increased competition) during the Covid-19 pandemic. This condition makes the decision-making process to produce fast and precise decisions increasingly important, especially when the owners start a micro-business. If the decision to choose the industry and the product is wrong, then the business will be out of the competition even before the owners start it. Specifically, I conducted this research in Malang, East Java because of the highest micro and small culinary industry growth (24.48%) in Indonesia in 2020 (Rafei et al., 2020).

RESULT AND DISCUSSION

In this section, firstly, I display a model of the decision-making process in micro-business as the main finding of the research, completed by a brief description of the model. Moreover, I identify two factors that are important in the decision-making process in micro-business and can distinguish businesses opened before and during the pandemic: the complexity of given means and the interaction process outcome. I also explain why the whole process of decision-making in micro-business is considered a combination of causation and effectuation approaches. Lastly, I raise two factors as the antecedent of different decision-making processes between owners who opened their businesses before and during the Covid-19 pandemic.

The Micro-Business Decision-Making Process Model

Starting a micro-business under the circumstances of Covid-19 does not make the owner choose a particular approach, i.e., effectuation, in their decision-making process. Regardless of the time frame for opening a new business, although the decision-making relies on a different process in detail, all the owners combine effectuation and causation approaches. Indeed, this finding contradicts the arguments developed early in the study, which is stated that the owners of micro-business who opened the business during the pandemic tend to use effectuation approach. The decision-making process of micro-business is depicted in Figure 3.

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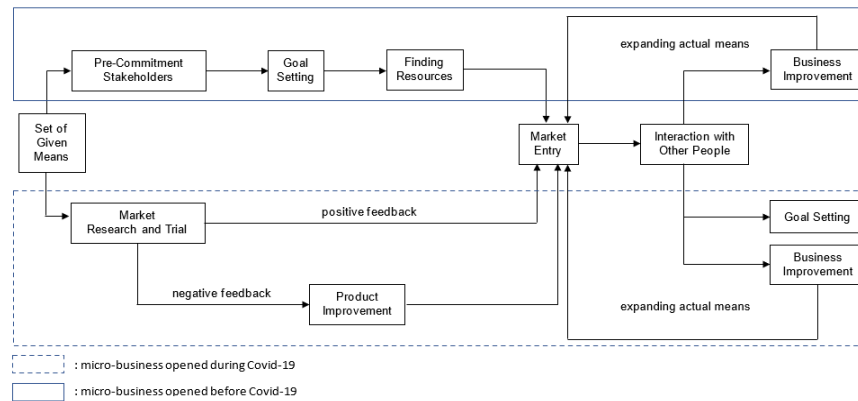


Figure 3. The Micro-Business Decision-Making Process Model

Both owners who opened the business before and during the pandemic used their actual means to enter the market. Actual means consists of a set of questions: “who am I?”, “what do I know?”, and “whom do I know?” which reflects the ownership of resources that the owners can utilize without spending more effort to get them. Related to the research context, actual means are the owner's culinary expertise and social network to support their business. After observing it, as shown in Figure 3, there are differences in the actual means used by owners depending on the time the business is started.

In the micro-business group that was opened before the pandemic, the owner uses the given means to build pre-commitment with stakeholders: potential customers and suppliers. It is related to the willingness of potential customers and suppliers to support the owners' future business. Then, the owner determines the initial business goals and tries to find financial sources to fund the business. Meanwhile, micro-business owners who started during the pandemic used actual means to conduct market trials and research. The owners conducted them to gain feedback before entering the market. The following step depends on the market trial feedback, whether positive or negative. If the result is not as expected, the owner makes product improvements before entering the market.

After going through different processes, micro-businesses start offering their products to consumers. During product sales, the owner seeks feedback from consumers through their interactions. For all business owners, regardless of the opening period, the feedback obtained is very useful for expanding their actual means that support micro-business existence. After that, there is a different process again. Because previously they had done goal setting, micro-business owners who were open before the crisis made expanded actual means for business improvement, e.g., business process improvement and or new product development. Meanwhile, for owners who start a business during a crisis time, it is not only doing business improvement but also setting goals.

The Complexity of Actual Means

In terms of a given set of means, each owner used this as a basis to start their business. According to the data, most of the owners tended to open a specific business at which they were good, regardless of the opening period. All of the interviewees stated that because they

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were good at certain abilities, i.e., cooking, thus, they decided to open culinary businesses. Furthermore, another reason is that running a business with something they were good at was safer because the risks that arise are considered lower. Interviewee D1 stated that she thinks doing business in this field is safe because everyone needs food, so there must be a market for her to make money by selling food. Meanwhile, interviewees D2, D3, D4, and B3 said the family liked the food they made, so they did not have to throw it away when the product was left over. Those represent two means: "who am I? and what can I do?"

Moving to the third means, i.e., "whom do I know?", there is a significant difference between the business opened before and during the pandemic. In this sense, the social network owned by owners who opened a business before the pandemic was more complex than the one opened during the crisis. Especially for business groups that were open long before the pandemic (B1, B2, and B3), they have a more comprehensive social network that can support their business, i.e., suppliers. The social network obtained before starting the business is beneficial for the long term, i.e., building pre-commitment relationships. Meanwhile, other business groups' social network is limited to family members, neighbors, and close colleagues. This limitation makes support from social networks also limited.

The complexity of the actual means owned by the owners makes a difference in the following steps taken. Generally, those who started their business before the pandemic were able to build pre-committed relationships, especially with suppliers, to help them run their businesses. Interview B3 stated that she knew many suppliers who could provide their businesses with lower prices for raw materials. She met her suppliers when she opened her stall in a traditional market before shifting the business into a culinary one. She took advantage of the good relationship that had been built while having stalls in the market to be able to make pre-commitments.

Moreover, participant B2 expressed a similar, stating that while running a business, he was never confused about finding raw materials because even before opening a business, he already had permanent suppliers. He said that by having regular suppliers, he could benefit in saving his transportation costs. In addition, he could also obtain raw materials at a lower price. Unlike the others, participant B1 also builds pre-committed relationships with potential customers she got when he was still running her old business. Various pre-commitment relationships have resulted in benefits for their business in saving operational costs and certainty that there are customers who their products. The creation of a pre-commitment with stakeholders is an indication of the implementation of one of the effectuation principles: the crazy quilt (Sarasvathy, 2008).

As for this stage, business owners indicated that they used the effectuation approach to make decisions. However, if we move to the next stage, micro-business owners determine the goals they want to achieve based on actual means and pre-commitments built with stakeholders. Setting business goals at the outset before penetrating the market indicates that owners also use a causation approach in their decision-making process. Thus, this condition confirms that the owners who opened the business before the pandemic used a combination of effectuation and causation approaches in the decision-making process.

After determining business goals, the owner will try to find other resources needed to achieve them. In terms of finding resources, it will be specifically related to how the owners fund their businesses. Generally, if they do not have sufficient funds to achieve their business

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goals, they borrow funds from a third party, namely a family or a financial institution. As explained by participants B1 and B2, in order to achieve their predetermined business objectives, they borrowed funds from financial institutions and their families. This condition reflects a causation approach in which owners put efforts to find and select resources to ensure that the business goals are achieved (Shah & Tripsas, 2007).

Otherwise, the owners who open their businesses during the crisis have a different move for their decision-making process. Based on the data, the interviewees showed the urge for market research and trial as soon as they knew the industry to determine whether the market could receive the product they planned to sell. The owners take advantage of their social networks, such as family, close relatives, and neighbors. As conveyed by interviewees D1 to D8, they provide product testers to their families to ensure that the taste of the products they make is acceptable. Specifically, interviewee D3 stated that she tried to see the market's response by giving product samples to her close friends to find out whether the answer given was in line with expectations or not. The owners from this group also used causation because the market is an essential component in the causation approach (Fisher, 2012; Kotler et al., 1999; Shane & Venkataraman, 2000). In other words, micro-business owners who opened their businesses during the pandemic use the combination approaches, i.e., effectuation and causation.

Market research conducted by the owners aims to get feedback from their social networks. If the input is positive, the owners will enter the market. On the contrary, if the input is negative, then before doing market entry, the owners will make product improvements first. Surprisingly, they did not conduct this market trial repeatedly until they received positive feedback, bearing in mind the urgent condition of micro-business owners to get income from the business immediately. Other than that, owners who carry out this market trial (interviewees D1 to D8), fund their business using their own money because they cannot be burdened with debt and obligation to return money to other parties when business operations are not going well. It indicates implementing one of the key effectuation principles: affordable loss (Chandler et al., 2011; Sarasvathy, 2008), in which the owners finance the business according to their ability to bear the risks that arise.

The Interaction Process Outcome

After entering the market, owners who started businesses before and during the Covid-19 pandemic certainly did many interactions with consumers. Generally, based on the interactions carried out with consumers, it impacts the following decision-making process. It is because, naturally, these interactions will create new means that micro-business owners can utilize. In this stage, the interaction outcome is different between businesses opened before and during the Covid-19 pandemic.

In micro-businesses that were opened before the pandemic, owners used the results of interactions with consumers as basis to improve business processes, including new product development. Participants B1, B2, and B3 stated that they created new product variants based on conversations with several consumers when they bought products. Input from consumers regarding new products will be selected by the business owner to be further produced and offered to a wider range of consumers. The interaction with consumers that results in business processes improvements allows owners to enter markets again to

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introduce new products or business systems. Also, the process can repeatedly occur as long as the micro-business is still operating.

For owners who started their businesses during a pandemic, they use interactions with consumers after doing a market entry to improve business processes. Indeed, concerning improving the business system, this process will repeat itself as it did for businesses that were open before the pandemic. However, in business groups that were established during times of crisis, interaction with consumers also gave business owners the courage to at least have a visualization of their business in the future. As stated by interviewee D1, after she considered herself successful in entering the market, she got much input related to the product because she communicated with consumers. Based on this communication, she knew the product position from the consumers' point of view and what to do next to develop her business. She wants to build her business in a business-to-business (B to B) mode after seeing the potential to become a supplier for other businesses. Interacting with customers allows her to have visual of the future business. Interviewee D3 also stated something similar. In the past, she runs a business without setting a specific goal. However, after entering the market and knowing that consumers' response was positive, she was more confident about setting the business goals and exerting her efforts to achieve these goals.

As previously mentioned, micro-business owners repeat the decision-making process the entering the market, interacting with consumers, and updating the business systems. The process can be repeated because of the owners' actual means expansion. Referring to the understanding of the effectuation process in the literature review section, this condition can be reflected as Ian experimentation principle, in which the owners carry out the decision-making process by interacting with stakeholders (i.e., consumers) and experimenting repeatedly. (Chandler et al., 2011; Mintzberg, 1978; Sarasvathy, 2008; Sarasvathy & Dew, 2005).

Antecedent Factors

In completing the decision-making model in micro-business, I proposed two antecedent factors that differentiate the process. Those two factors are the difference in pressure perceived by the owners because of the external business environment change and the number of experiences obtained. Below is the explanation of the antecedent factors of the decision-making process model.

Pressure Level from External Business Environment

The hit of Covid-19 has caused significant changes to the external environmental conditions of a business, including on a micro scale, one of which is increasingly sharp market competition. It is the result of many employees being fired suddenly due to the financial difficulties the organization is experiencing. Thus, owners who open micro-businesses are driven by compulsion because they must fulfill family needs. This condition certainly puts heavy pressure on owners who start their businesses during the pandemic. It was conveyed by interviewee D1, who said that she and her husband lost their jobs during the pandemic. At the same time, her family's basic needs had to be met, such as food and children's education costs, so she had no other option but to open a micro-business.

In addition, many changes occurred shortly during the pandemic, one of which was due to changes in regulations from the central or regional government. These changes also have an impact on how a business must operate. It ultimately contributes to adding pressure

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on business owners. The change speed makes owners who start their business during a pandemic tend to have limited time to make decisions. Also, it makes the owners' market trials not repeated. They only need to do a market trial once, make product improvements if necessary, and immediately carry out market entry. As was done by participants D2 and D3, they gave product testers to their family and close friends. They improved the products after getting negative feedback quickly and sold directly on the market. If the owners do not immediately decide to enter the market, their chances of getting consumers will be lower. It happened because of the more significant number of new micro-businesses entering the market, impacting market density. Thus, reflecting the density dependency theory, the legitimation of business or survival rate becomes lower, and more micro-businesses cannot survive in market competition.

On the contrary, owners who opened their businesses long before the pandemic tended to feel less pressure. It is due to changes in external environmental conditions which tend to have a slower pace and lower uncertainty. Therefore, owners have enough room to prepare everything related to business, e.g., seeking sources of financing, as stated by interviewees B1 and B2. In addition, external environmental conditions are also more predictable, thereby reducing the business risks that micro-business owners may face. Other than that, because general economic conditions tend to be stable, owners' motivation to open their businesses before the Covid-19 outbreak realized their dream job, not because it was mandatory for them to make money to fulfill their family needs. Based on these various explanations, drastic and massive changes in the external environment make the pressures perceived and received by micro-business owners differently. Thus, how they use all the resources and gathered information to decide on opening a micro-business is also different.

Owners' Experience Attainment

The experience of business owners can also be an antecedent factor that differentiates the decision-making process in businesses that were opened before and during the pandemic. Interviewees B1 to B3 have experience of more than 5 years in doing business before the one they opened now. Indeed, while running an old business, various practical knowledge gained then would be re-applied to a new business. In addition, these various experiences also shape the actual means owned by micro-business owners. As explained in the previous section in the discussion - in terms of the social network - owners already have partners, i.e., raw material suppliers, to support their current business. The existence of a long-time partner becomes an actual means for them, so they also have the courage to develop pre-commitment relationships and determine initial business goals.

Different conditions occurred in the micro-businesses opened during the pandemic. The owners' motivation in opening a business is mainly driven by demands to meet family needs due to the loss of the breadwinner figure. Thus, the owner has no experience in running a business. This condition causes micro-business owners to take different paths in their decision-making process. Due to the lack of experience, the owner chose to do market research and trial beforehand to validate that potential customers would accept their products.

Surprisingly, there is an anomaly in the interview results. Two micro-business owners (interviewees B4 and B5) started their businesses before the pandemic but did not have a complex social network like the other owners. This condition occurred because even though

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the two business owners opened their businesses shortly before the pandemic, they did not have sufficient business experience, so their social networks were still limited. Also, the reason for opening a business is similar to the owner who started it during the pandemic. Therefore, because of these limitations, they followed the process carried out by owners who opened their businesses during the pandemic. They also stated that they used well-known neighbors and family to conduct the market trial.

IMPLICATIONS

Basically, there are two implications that could be pulled out from this research findings: theoretical and practical. Theoretically, this study can generate a decision-making process model for micro-business. This model will enrich the theory of decision-making processes, especially when it comes to effectuation and causation approaches. Based on the research results, business owners do not make effectuation or causation an approach that can be chosen by one or the other, but they combine the two approaches to make a decision. In detail, the study results also widen the concept of effectuation and causation combination by presenting the differences between the decision-making process in two highly different external environmental conditions. This difference originates from the complexity of the actual means owned by the owners and the outcome of the interaction process carried out by the owners after entering the market. Practically, based on the decision-making process model that emerged, micro-business owners should focus on their actual means in the first place when they have the desire to start a business. The actual means will direct them to two sets of processes that can be selected according to the observation and evaluation of the actual means.

CONCLUSION

Regardless of the time frame for opening a new business, micro-business owners use a combination of effectuation and causation approaches in the decision-making process, which contradicts the argument. However, in the details, some differences emerge from the process. The differences lie in the use of actual means and the time to establish business goals. The owners who opened their businesses before the crisis tended to use a given set of means to build pre-commitment stakeholders. This action is the owners' effort to make their business safer because the business environment would be more predictable if they had a partner to support business existence.

Moreover, they set the business goals right after achieving stakeholders' pre-commitment, then put effort into collecting resources to achieve those goals. Otherwise, owners starting micro-business during the crisis would likely use their actual means to conduct market research and trial before entering the market. This group of owners will develop their business goals after conducting a market entry and interacting with customers to improve the product or business. Other than that, the current study also reveals two antecedent factors that distinguish the decision-making process between one opened before and during the pandemic. This study also shows external and internal factors that have the potential to become antecedent decision-making process models. As an external factor, extreme external business environment changes impacts perceived owners' pressure,

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resulting in differences in decision-making. Meanwhile, internal differences in owners' experience attainment also led to different decision-making process models.

Furthermore, I believe that the current study comes up with several contributions to the existing theory of decision-making approaches, as well as practical implications in terms of establishing micro-business during the crisis. Furthermore, I also believe there is much work to be done in the future. Thus, I provide some limitations and suggestions for conducting similar research in the future.

Furthermore, since this research is exploratory, the findings primarily reflect the study's condition, and generalization ability will be very limited to the context. Thus, future researchers might conduct the following research to build the hypothesis based on the model developed and test it to confirm that the model can be applied under different business environments. Moreover, researching a specific business and industrial scale limits the generalization of research results. Thus, similar research by taking other business sectors and industrial scales is needed to increase the ability to generalize research results. In addition, this research is limited in using decision-making approaches, especially effectuation as a contemporary approach. Future research can consider another contemporary approach, i.e., entrepreneurship bricolage, compared to the causation approach as a traditional one.

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