

ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) have a very important role for the pace of the Indonesian economy, especially in creating employment opportunities and empowering households which strongly support household income. It is hoped that the existence of MSMEs will be able to spur the economy in the midst of the current economic slowdown. The development of the industry in the fashion sector is currently very fast and is favored by all people, especially young people. Because for them fashion has become part of today's lifestyle.

Besides that, there are also many MSMEs that are engaged in the fashion world and have the image of each brand, especially for the city of Bandung which is a creative city with potential human resources spread throughout Bandung. In the case of MSMEs, by anticipating a lack of income because a lot of employees who have been laid off make thoughts or actions to obtain new income (revenue streams) by taking the risk of creating a new business or business unit in order to survive.

This condition often leads to irrational behavior that focuses solely on business profits. The purpose of this study was to determine the effect of Loss Aversion, Endowment Effect, and Herd Behavior on Economic Morality in the fashion sector in Bandung. In this study using a quantitative research methodology with data collection through the distribution of google form questionnaires (questionnaires) and literature study. Data processing using SEM-PLS using the SmartPLS 3 application.

The results of this study indicate that Loss Aversion has a significant effect on Economic Morality in SMEs in the fashion sector in the city of Bandung. Then, the Endowment Effect has a significant effect on Economic Morality in SMEs in the fashion sector in the city of Bandung. And, Herd Behavior has a significant effect on Economic Morality in SMEs in the fashion sector in the city of Bandung.

The results of research on Loss Aversion on the indicator of Having High Trust in Colleagues in Business need to be improved again by providing training or training to improve the quality of the co-workers' own human resources so that with high quality human resources can increase the owner's trust in his employees. The results of research on the Endowment Effect on the indicator Providing Objective Assessments related to Competitor Products need to be improved again by conducting research based on the products being sold and then identifying product advantages on a regular basis. The results of research on Herd Behavior on the indicator Following Trending Products in the Market need to be improved again by providing options or trending options that are currently busy among the public so that the products produced are in accordance with trends that are currently being discussed or are busy in the market

Keywords: Loss Aversion, Endowmnet Effect, Herd Behavior, Morality Economics, SME's