



The challenges and consequences of Covid-19 epidemic on entrepreneurship: A qualitative study on entrepreneurs

Mathushan, P^a, Kengatharan, N^b, Nanthagopan, Y^c

^{a,c}*Department of Economics and Management, Faculty of Business Studies, Vavuniya Campus of University of Jaffna, Sri Lanka*

^b*Department of Human Resource Management, Faculty of Management Studies and Commerce, University of Jaffna, Sri Lanka*

^amathush92@gmail.com

Abstract

Unprecedentedly, the COVID-19 (Coronavirus) outbreak causes businesses with many unforeseen challenges due to its rapid spreading and global reach. Due to the global magnitude and changing impact of the Covid-19 crisis, there is an urgent need to consider its effects on entrepreneurship. Therefore, more and more businesses are now looking to improve their continuity plan to better prepare for the impact of COVID-19. Thus, the present study aims to investigate the effect and consequences of COVID-19 in entrepreneurial firms. With the purposive sampling technique's aid, data were garnered from entrepreneurs and small-business owners in the Vavuniya district with in-depth interviews. The majority of the informants interviewed disclosed that the COVID-19 devastated firms' productivity, demand, customers' loss, and, consequently, performance. Moreover, it has been found that the COVID-19 epidemic has given an open-door for entrepreneurs to conduct their business operations online.

Keywords: coronavirus, demand, entrepreneurs, performance and productivity

Introduction

Entrepreneurship plays a strategic role in economic development by accelerating economic activities and job creation. Human resource management is also a strategic and comprehensive function of the business, which enables employees to contribute effectively and productively to overall company benefit and accomplishment of organization's goals and objectives (Uyar & Deniz, 2012). Entrepreneurship is often related to creative and innovative actions, which are the missing link between investments in new knowledge and economic growth. By serving as a conduit for knowledge spillovers, entrepreneurship is an important mechanism permeating the knowledge filter to facilitate the spillover of knowledge and ultimately generate economic growth.



The Covid-19 epidemic has now reached a new critical phase where public health systems need to act decisively to contain new epicenters' growth outside China. The main emphasis is and should be on containing and mitigating the disease itself. However, the economic impacts are also significant, and many companies are feeling their way towards understanding, reacting to, and learning lessons from rapidly unfolding events. Unanticipated twists and turns will be revealed with each news cycle, and we will only have a complete picture in retrospect. Nevertheless, given the very different degrees of preparedness across companies, the further potential for disruption, and the value of being better prepared for future crises, it is worth trying to extract what we have learned so far (Lang & Carlsson-Szlezak, 2020). The COVID-19 pandemic presents a severe threat to people, businesses and economies across the world. Entrepreneurs must focus on how they can best protect their people, serve their customers and stabilize business continuity. Therefore, this study aims to explore and investigate the effect and consequences of COVID-19 on entrepreneurial firms.

Research questions

- to what extent has the COVID-19 influenced firms' operations?
- What are the consequences of COVID-19 in line with the entrepreneurial firms?

The present study's pivotal objective is to investigate the impact and consequences of COVID-19 epidemic on entrepreneurial firms and its functions. There is a vast number of research studies conducted and found contradictory findings in developed countries. Despite, this is the maiden qualitative study has been conducted more specifically in the northern region.

Theoretical Underpinning

“In Wuhan, China, a novel and alarmingly contagious primary atypical (viral) pneumonia broke out in December 2019. It has since been identified as a zoonotic coronavirus, similar to SARS coronavirus and MERS coronavirus and named COVID-19. As of 8 February 2020, 33 738 confirmed cases and 811 deaths had been reported in China” (Liu et al., 2020). According to the World Health organization (WHO), to date, some scientific publications provide initial evidence on whether the COVID-19 virus can be detected in the air and thus, some news outlets have suggested that there has been airborne transmission. It is a disease that is identified as a pandemic as it can affect a very large number of human beings living in an area. It has the potential of spreading very quickly from one person to many people (Opatha, 2020) and according to the WHO, at this time, there are no specific vaccines



or treatments for COVID-19. However, many ongoing clinical trials are evaluating potential treatments.

Entrepreneurship was essential if the investment, innovation, and structural changes required for economic development were to be achieved. But both on the supply and on the demand sides, entrepreneurship seemed to constitute a severe problem for the underdeveloped countries (Shane and Venkataraman, 2000; Uyar and Deniz, 2012). Entrepreneurship has been identified as the process of creating a new thing of value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence. (Hisrich, 2005).

Methodology

To accomplish the research objective above, this study adopted a qualitative approach. Creswell (1998) qualitative methods should be applied when identifying motives and attitudes among employees. Qualitative methods are of particular use when the holistic research objectives interpret and understand meanings (McDaniel and Gates, 1999).

Instrument: *In-depth interview*

The study relies on an in-depth interview. The research interview's fundamental purpose is to discover the opinions, experiences, beliefs, and individuals' motivations on definite matters. Interviews, are whispered to provide a 'deeper' understanding of social phenomena. Therefore, most appropriate, detailed insights are required from individual participants (Gill et al., 2008).

Population and Sampling

The population for this study encapsulates nine small and medium businesses in the Vavuniya district. Thus, a total of nine(N=9) entrepreneurs were chosen for the study, based on the assumption that they possess the fundamental knowledge and understanding of the concepts of COVID-19 and its consequences on businesses. Garnering data is vital in research, as the data is destined to contribute to a better understanding of a theoretical framework (Bernard, 2002). Therefore, the study embraced a purposive sampling technique. Purposive sampling may also be used with both qualitative and quantitative research techniques.



Results and Discussions

Nine key informants were chosen for this study, where seven were males and the remaining two were females. They were exceptional informants per se, originated from differing age groups, years of experience, educational qualifications and gender. The highest number of informants fell between the 35-45 age group (n=4), followed by four informants (n=3) between 40-50 and the remaining two informants (n=2) were over 50 age group. The average years of experience were 12 years.

One informant revealed that,

“Before the epidemic situation, we were superior in our business and made enough profit to run our business. Due to the COVID-19, our business and its operations have been devastated. Moreover, we now strive to elicit ore performance”.

Informant-6

Since February 2020, a shocking disease called COVID-19 or Corona has attacked the people worldwide.

Another informant disclosed that,

“We struggle to run the business because we have no enough money to provide our employees' salary. We are at the stage of the shutdown. We undertook to obtain a loan from the bank, but they are not ready to issue”.

Informant-5

Businesses must navigate the financial and operational challenges of coronavirus while rapidly addressing the needs of their people, customers and suppliers

“COVID-19 epidemic has created a significant impact on business. Since we are a manufacturing firm, we encountered huge difficulties. We truly need support from the government, like financial facilities. Only then can we survive. Because, due to the lockdown, we have closed our operations for 4 months”.

Informant-4

Every industry is adapting to life during a pandemic.

“We introduced a new technology here for the first time on 2020 January. Thence, we remarkably carried out our functions smoothly. After the



infection of corona various, we lost our profit and productivity. Furthermore, we now make efforts to heighten our operation”.

Informant-1

The government can allocate to stabilize economies in freefall and restart growth.

One on the informant highlighted that,

“Unprecedentedly, COVID-19 has significantly created a miserable circumstance. We lost our customer and profit. We require financial assistance even a loan with less interest”.

Informant-7

Entrepreneurs encounter the insistence and difficulty of reviving their businesses.

“We have to develop recovery strategies to encounter unforeseen circumstances. Therefore, entrepreneurs should be given sufficient education, training and development to foster risk-taking behaviour, only then we can survive in the market”.

Informant-3

During times of epidemic, business operations, the intelligence engine of an organization are more important than ever.

“Owe value our customers. Due to the COVID-19 we could not reach our customers. Therefore, we introduced an online delivery system to reach our potential customers”.

Informant-8

The government can initiate by distinguishing between sectors that can safely navigate the pandemic, and others, such as those that were already in decline and were then severely hit by the crisis, may need structural change.

“The COVID-19 pandemic remains to evolve. Now is the time to shift focus to efforts that support a return to work, while addressing needed changes in the months ahead”.

Informant-2

Leaders are rapidly turning their attention to the Next, a period of unpredictable and possibly muted economic recovery with new competitive threats and opportunities.



“Society and economies worldwide are experiencing an unprecedented exogenous shock. Therefore, as an entrepreneur, we require to introduce creative and innovative practices”.

Informant-9

Conclusions and Recommendations

COVID-19 epidemic is likely to produce distressed situations, where stakeholders often seek additional information or resources to help rebuild their confidence. Because of the COVID-19 pandemic, all businesses and their performance have been ruined. Lucidly, firms have to formulate drastic countermeasures to encounter unforeseen circumstances further and be very conscious enough to confront the environmental uncertainties. To ensure business continuity, having an emergency scenario is essential, which embracing renovation and reinvention. In the current situation, it is vital to react as fast as possible to mitigate impacts and other risks and prepare the organization for the further development of the COVID-19 pandemic and its possible scenarios. Business continuity management covers infrastructure, cyber, employee, business, operational and communication risks, to manage an organization that has to face new challenges and risks and wants to ensure continuity of operations and production.

Moreover, Coronavirus (Covid-19) is a pandemic that has caused significant havoc around the world and presents some important opportunities for entrepreneurs to be innovative in the marketplace. During times of crisis, business operations, an organization's intelligence engine are more important than ever. More specifically, it has created worst situations; we found that it has also created positive consequences as well. Additionally, due to the COVID-19 epidemic, businesses are now adopted by the online business platform. This has assisted firms to mitigate the cost and ultimately reap competitive advantage.

Firms should assess the situation and develop a practical insolvency plan. Furthermore, it is mandatory to explore the path to enhance the available value. Entrepreneurs should take immediate steps to ensure employees' safety and well-being, embrace open, fact-based and consistent communication, and deal with any crisis, it is essential to do



things to prevent the spread of the disease. That includes creating awareness and promoting personal hygiene, washing hands/using hand sanitizers, limiting non-essential travel. The government can foster training and development and financial backup to entrepreneurs since they are the backbone of the country's economy. More specifically, reshape strategy for business continuity, build resilience in preparation for the new normal are the pivotal aspects of eliciting firm performance.

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