

Effects of the pandemic on Entrepreneurs

Lipi Rajendrakumar Patel^{1*}

ABSTRACT

Entrepreneurship has gained much visibility in both developed nations and is gaining in developing nations thus creating higher demand for entrepreneurship education. There is an increase in emphasis on education as a way to eradicate poverty and entrepreneurship as a catalyst for economic development, entrepreneurship and entrepreneurship administration have been the focus of researchers. This paper explores the initiatives taken by entrepreneurs during the times of pandemic in various parts of the world through content analysis of journal articles and websites on the subject in order to identify emerging trends, management and subjective well-being, because of the pandemic and to state this, standardized tool has been used. In the conclusion, observations of changes in trends of the growth that has taken place before and after the covid pandemic also how tough could management get during these types of situations are discussed. The paper aims to contribute to the understanding the effect of the pandemic, which led to a balance of their physical and psychological state of mind.

Keywords: *Entrepreneurship, Entrepreneurial success, Management, Achievement motivation, financial and mental growth*

During the covid-19 pandemic we have seen individuals become independent by starting their own small businesses. During the nationwide lockdowns, the normal has shifted towards a work-from-home routine and we have witnessed the growth of many small businesses as entrepreneurs explored markets that never before existed. Despite the fact that the competition amongst all has increased, it has also paved a sense of financial independence in individuals whilst promoting taking risk, setting up new types of businesses in the hope for growth during these tough times. The time has changed when it was believed that having proper and perfect knowledge can lead you to a successful business.

Seeking new sources of competitive advantage, entrepreneurs must continue to manage businesses. This trend has been accelerated towards smaller entrepreneurship firms because of the growing importance of social and cultural factors in this day and age. This report will present and document the variances between the growth and management of businesses, before, during, and after the covid-19 pandemic for different types of entrepreneurs. Throughout this report, relevant and contemporary examples of entrepreneurs and entrepreneurial enterprises will be provided and linked by theoretical definitions and concepts.

¹ASCEND-PSYCARE, India

*Corresponding Author

Received: August 13, 2021; Revision Received: September 18, 2021; Accepted: September 30, 2021

Effects of the pandemic on Entrepreneurs

Entrepreneurial activity is the activity carried out by the entrepreneur in the pursuit to generate value (profit). This can be achieved by: starting a new business, expanding an existing business, developing new products and accessing new markets. Entrepreneurship and small business management are the most important aspects of any economy. They both complement each other because business management cannot be successful without good entrepreneurship. Having an entrepreneurial mindset means that an entrepreneur would be characterized by self-respect, curiosity, optimism and commitment. Having a sense of ownership, feeling the need to have an impact and being able to see the big picture are characteristics of a good and developed entrepreneurial mindset. According to Per Davidsson “entrepreneurial qualities seem to be in the blood and are not easily diluted” (2015). Although, having the right mindset alone is not enough to be a good entrepreneur, the entrepreneurial mindset must be accompanied by certain characteristics like being open minded, having a vision for the future, being driven, having a high-risk tolerance, determination, positive attitude, and self-confidence.

As we talked that The Covid-19 pandemic impacted small businesses heavily. Many of them have temporarily shut down, and some went out of business because of the nationwide lockdown in 2020, while others found a different market plan and flourished. Entrepreneurs who launched their small business right before the pandemic incurred heavy losses since the business was in its growing state, and without a stable source of income it could not keep up with the rapid change in conditions. Small businesses are vital for the vast number of people in the country as their livelihood is dependent on it. The society in India has been seen to support smaller shops instead multinational companies, which is very rare in other countries. In these tough times, some small businesses survived by resorting to social media platforms and e-commerce which was booming due to the travel restrictions put forth by the government. This caused people to understand the importance of passive income through small businesses. The pandemic has fast-forwarded the process of making people aware of the impact the internet can make on the growth of small businesses, however, many owners are still not aware of the leverage of using social media and online presence. Entrepreneurs and their startups are under the influence of several factors i.e., background education, national culture, economic circumstances, and character traits. These factors can have positive effects, like fostering better mindsets and encouraging entrepreneurship, or negative effects like hindering of growth of the business and discouraging entrepreneurship. No matter the type of influence these factors have over entrepreneurship, the character traits of any individual will play a significant role in any ventures that they intend to pursue.

Personal background and education are two factors that affect an entrepreneur’s decision-making skills. A higher level of education can be a positive factor because it provides the specific knowledge and knowhow needed to run the business. An individual with a low level of education has less chances of becoming an entrepreneur since the only way for them to gain knowledge is through experience. An entrepreneur can be successful even if they have a lower educational background, if he/she possesses high quality entrepreneurial character traits. Kakouris and Fulford (2013) concluded that graduate entrepreneurs are able to develop their business skill and self-confidence through work. A standing example of that is the founder of Twitter, the successful Jack Dorsey, who was unable to obtain his undergraduate degree.

Having an ideal personal background like being raised within an entrepreneurial family or in an entrepreneurial environment will increase the chances of an individual to become an entrepreneur. A personal background characterized by poverty and underprivileged

Effects of the pandemic on Entrepreneurs

conditions will hinder the decision of starting up a business since the individual would ache more for stability rather than growth. Every small business entrepreneur has received staunch support from their respective governments because small business organizations play vital roles in almost every country of the world irrespective of their level of economic development and advancement. They serve as the life wire of any nation's economy, regardless of whether it is a developed or a developing country. Small businesses cannot be sideline in national development. Their usefulness will be examined in-general to pin-point the core reasons why they must be encouraged and supported.

The narrower concept of job satisfaction and its relationship with self-employment has on the other hand received a lot of scholarly interest, and findings generally show that self-employment is associated with a higher degree of job satisfaction than regular employment (Benz and Frey 2004; Blanchflower 2004; Lange 2012). The self-employed generally experience a higher degree of job satisfaction compared to regular employees. However, our knowledge of subjective well-being among the self-employed, the differences between various groups of self-employed, and the potential influence of contextual factors is somewhat limited. This research is to address this gap by taking macroeconomic conditions, gender, and immigrant status into consideration. There are also subtle differences between groups of the self-employed with employees and without employees. Economic growth is more important for the satisfaction of the self-employed than the ones employed by others. Entrepreneurs are essential and imperative for the growth of any economy. Through their drive and innovation entrepreneurs affect the business environment by creating new business entities and jobs. Lately the concept of entrepreneurship has been introduced in the public sector as well but with limitations regarding risk taking and identification of new entrepreneurial opportunities. A wider variety and range of entrepreneurial ventures is desirable and beneficial and can generate benefits for individuals coming from different personal backgrounds and with various levels of education. Successful entrepreneurs, either born into a business or self-developed, that invest or launch new businesses are seen as source of inspiration and mentorship for the next generations of entrepreneurs. Also, there is the truth that unfortunately not all entrepreneurs are successful. Mirjam van Praag (2005) talks that the link between entrepreneurial characteristics and the influence of personal background and experience on entrepreneurship can be analyzed by taking a closer look at some of the most successful entrepreneurs today. Digitalization will continue to play a key role in this growth, will rewrite the small business history.

Purpose:

- The purpose of the study is to assess the effect of covid on entrepreneurs and all the small businesses owned by females and males that were running before covid and how has the pandemic affected them.
- Also, this pandemic might have affected their subjective well-being which includes their emotional and psychological phases thus stating how did they overcome these circumstances.
- Furthermore, how was the management during the pandemic and before the pandemic, what was so diverse between people who started being an entrepreneur after covid and those who continued during and before the pandemic.

Hypothesis

1. There will be significant positive correlation between subjective well-being and growth after covid.

Effects of the pandemic on Entrepreneurs

2. There will be a significant growth between the after covid and before covid businesses.
3. The businesses after covid will be higher on subjective well-being and management compared to the businesses before covid.
4. There will be a significant positive correlation between female entrepreneur and subject well-being compared to the male entrepreneur.
5. There will not be any positive correlation between management during covid and the growth before.

METHODOLOGY

Sample

A total of 60 young adults, 30 male and 30 female from India participated in the study, the age range of participants was 19-23 years.

Measure:

1. **The Achievement Motivation Inventory (AMI):** This is a tool developed by Schuler, Thornton, Frintrup, and Prochaska that was translated to Polish by Klinkosz and Sękowski (2013). The tool measures achievement motivation, and the management. the respondents were asked to rate each item on 5 –point scale ranging from 1 (strongly disagree or disagree) to 5 (agree or strongly agree).
2. **The Entrepreneurship Efficacy Scale (EES):** This is a tool developed by Łaguna (2006) that measures the conviction about one's efficacy in terms of setting up a business.
3. **The Self-Esteem Scale (SES):** This is a tool developed by Rosenberg that was translated to Polish by Dzwonkowska, Lachowicz-Tabaczek, and Łaguna (2007), which allows one to make a general self-appraisal.

Procedure

The participants were informed about the purpose of the research and the questionnaires were filled through google forms, participants were assured confidential and thanked for their cooperation. Standardized tests were administered to participants.

RESULTS

The responses of the participants were analyzed using T- test to assess differences between male and female entrepreneurs about the management, their subjective well-being, and their growth of business during this pandemic. Therefore, following table 1 presents the number, mean and standard deviation.

Table 1: represents N(number), Mean and standard deviation

	N	Mean	Standard deviation
Growth before covid	60	30.21	8.950
Growth after covid	60	38.28	8.214
Subjective well being	60	76.66	9.773
Management during covid	60	70.36	12.188

Effects of the pandemic on Entrepreneurs

Table 2: showing correlation between all variables

	Growth before covid	Growth after covid	Subjective well being	Management during covid
Growth before covid	-			-
	.782**			
Growth after covid		-		
	.155			
Subjective well being		451**	-	
Management during covid	.127	.505**	.713**	-

***Correlation is significant at the 0.01 level (2 tailed)*

*Note. * p < .05, ** p < .01, *** p < .001*

Table 3: showing T –test for all variables

	Gender	N	Mean	Std deviation	Statistics/t -score	df	sig	p
Growth before covid	Female	30	734.18	8.436	5.61	56	0.20	<.001
	Male	30	22.96	6.133				
Growth after covid	Female	30	42.54	7.973	6.771	56	0.202	<.001
	Male	30	31.88	6.581				
Subjective well-being	Female	30	79.88	9.179	4.764	56	0.60	<.001
	Male	30	69.49	9.845				
Management during covid	Female	30	74.61	10.867	3.502	56	0.426	<.001
	Male	30	64.1	11.622				

DISCUSSION

The results found out that there is a positive correlation between subjective well-being and the growth of business after covid., also the management during covid times relates positively with the subjective well-being and growth after covid. The present study indicates that entrepreneurial learning influences the formation of positive subjective well-being. Thus, it shows that entrepreneurial learning determines the level of formation of positive psychology capital (Sarasvathy, 2004). Entrepreneurship learning that is applied makes females learn from direct experience and other experiences around the campus environment compared to males. Subjective well-being formation is the result of high growth after covid. This test results in this study indicate that entrepreneurial learning influences entrepreneurial capabilities.

Adding to the present result it indicates that there is no positive correlation between management and the growth before covid. Entrepreneurship learning has been able to cover

Effects of the pandemic on Entrepreneurs

the provinces of skills. There are 3 approaches to entrepreneurship learning, which include entrepreneurial learning by emphasizing theoretical study, work-oriented management and learning, this learning encourages males and females to practice becoming entrepreneurs, interest in becoming entrepreneurs with knowledge and skills in the field of entrepreneurship, and learning through entrepreneurial activities, this learning invites both females and males students to learn to be directly involved in business activities and these activities have actively increased during the pandemic. Which results in and indicate that entrepreneur entrepreneurship competencies are supported by appropriate learning processes.

The formation of their entrepreneurial expertise that are in accordance with the subjective, cognitive, affective, and psychomotor levels of the people.

So that in every learning the weight between knowledge and skills through practice is increasingly dominant in entrepreneurship learning. Makassar State University, as one of the research locations, has provided a center for entrepreneurship, external/internal funding for students who want entrepreneurship, community services and guest lectures, and business incubators. This shows that entrepreneurship learning is also focused on aspects of learning while working or direct observation. Another finding in this study shows that positive subjective well-being has a significant effect on entrepreneurial competence and there is an influence of entrepreneurial learning on entrepreneurial competence through mediating the formation of positive psychology capital. Entrepreneurial success is a series of positive results from the utilization of internal forces contained within humans (Seligman & Csikszentmihalyi, 2000). Entrepreneurship views success not only financially but also psychologically (Gorgievski et al., 2011). For entrepreneurs, nonfinancial incentives are more satisfying, while financial benefits do not always bring the greatest satisfaction (Alstete, 2008; Zainal et al., 2018). Meanwhile, the career success literature highlights that people are more appreciative of personal success than objective performance measures, given their full commitment to their work even during the pandemic, working from home was not easy but it is made easy. In other words, successful entrepreneurs often feel more satisfied after all the difficulties and are far more satisfied after sharing a lot of money or wealth with the community in the form of charity, donations, sponsors and at the same time, transforming gratitude to the city for success (Csikszentmihalyi, 2000).

Thus, entrepreneurial success is highlighted to comprise not only financial benefits but also measures of psychological success, such as satisfaction, gratitude, and readiness (Tang et al., 2010). The present study indicate that the most dominant dimension of positive psychology capital held by students is confidence. It is a way of interpreting positive events as a matter that occurs as a result of self, and is permanent, also can occur in various situations; and interpret negative events as things that occur due to things outside ourselves, are temporary, and only occur in certain situations (Luthans et al., 2007). Thus, management done during these times, with confidence is also interpreted as a hope for a positive and open future for settled self-development (Avey, Richard, Luthans, Mhatre, 2011).

CONCLUSION

The results of the present study indicate that entrepreneurial learning has a significant effect on the formation of positive subjective well-being. The results of path analysis show that entrepreneurial learning has a significant effect on entrepreneurial ability through the mediation of the positive growth during the pandemic. This research findings have implications for the importance of entrepreneurial learning in higher education, both through

Effects of the pandemic on Entrepreneurs

education and training, to form positive management and grow their business that can support the formation of entrepreneurial capabilities. These findings of this study also provide information on the importance of psychological factors in forming entrepreneurial skills, so that entrepreneurship learning at the tertiary level must be designed to balance subjective, cognitive, affective, and psychomotor, especially in the affective aspect, positive psychology capital formation is very important because of the formation of entrepreneurial competencies very much determined by positive psychology capital during this pandemic. Tho this research is inseparable from several limitations. The first limitation is, this study only managed to identify entrepreneurship learning models based on student perceptions mainly males and females, and comparing their journey during these tough times, so that in the future it is hoped that the entrepreneurship learning model that has been identified can be developed in the form of development research. The second limitation is that this study only measures entrepreneurship skills based on the perceptions of respondents who are mainly students and working parttime so that in the future this research can be developed to measure positive psychology capital and entrepreneurship skills of students who have completed college education and decide to become a full-time entrepreneur.

REFERENCES

- Alstete, J.W. (2008). Aspects of entrepreneurial success. *Journal of Small Business and Enterprise Development* 15(3): 584-594. <https://doi.org/10.1108/14626000810892364>
- Amorós, J. E., Bosma, N. (2014) *Global Entrepreneurship Monitor 2013 Global Report Fifteen Years of Assessing Entrepreneurship Across the Globe*. Global Entrepreneurship Research Association (GERA). <https://www.gemconsortium.org/report>
- Avey, J., Richard, R.J., Luthans, F., & Mhatre, F.H. (2011). Meta-analysis of the impact of positive psychological capital on employee attitudes, behavior, and performance. *Human Resource Development Quarterly*, 22 (2), 127-152. <https://doi.org/10.1002/hrdq.20070>
- Azis, M., Haeruddin, M., & Azis, F. (2018). Entrepreneurship education and career intention: The Perks of being a woman student. *Journal of Entrepreneurship Education*, 21(1), 1-10. <https://www.abacademies.org/articles/Entrepreneurship-education-and-career-intention-1528-2651-21-1-145.pdf>
- Baron, R. A., Franklin, R. J. & Hmieleski, K. M. (2013). Why entrepreneurs often experience low, not high, levels of stress the joint effects of selection and psychological capital. *Journal of Management*, 0149206313495411. <https://doi.org/10.1177/0149206313495411>
- Baubonienė, Ž., Hahn, K. H., Puksas, A., Malinauskienė, E. (2018). Factors influencing student entrepreneurship intentions: the case of Lithuanian and South Korean universities. *Entrepreneurship and Sustainability Issues*, 6(2), 854-871. [http://doi.org/10.9770/jesi.2018.6.2\(26\)](http://doi.org/10.9770/jesi.2018.6.2(26))
- Biavaschi, C., Eichhorst, W., Giulietti, C., Kendzia, M.J., Muravyev, A., Pieters, J., Rodriguez-Planas, N., Schmidl, R., & Zimmermann, K.F. (2012). *Youth unemployment and vocational training*. Bonn: Germany. <http://ftp.iza.org/dp6890.pdf>
- Ciavarella, M. A., Buchholtz, A. L., Riordan, C. M., Gatewood, R. D., & Stokes, G. S. (2004). The big five and venture survival: is there a link? *Journal of Business Venturing*, 19(4), 465-483. [http://www.sciencedirect.com/science/article/pii/S0883-9026\(03\)00093-4](http://www.sciencedirect.com/science/article/pii/S0883-9026(03)00093-4)
- Clayton, K., Blumberg, F.C., & Auld, D.P. (2010). The relationship between motivation, learning strategies and choice of environment whether traditional or including an

Effects of the pandemic on Entrepreneurs

- online component. *BJET*, 41, 349-364. <https://doi.org/10.1111/j.1467-8535.2009.00993.x>
- Cope, J., Watts, G. (2000). Learning by doing – An exploration of experience, critical incidents and reflection in entrepreneurial learning. *International Journal of Entrepreneurial Behavior & Research*, 6(3), 104-124. <https://doi.org/10.1108/13552550010346208>
- Cope, J. (2003). Entrepreneurial Learning and Critical Reflection: Discontinuous Events as Triggers for 'Higher-level' Learning. *Management Learning* 34(4), 429-450. <https://doi.org/10.1177/1350507603039067>
- Csikzentmihalyi, M. (2003). *Good business: leadership, flow, and the making of meaning*. New York: Penguin Group. <https://epdf.pub/good-business-leadership-flow-and-the-making-of-meaning30260.html>
- Ernst & Young. (2011). *Nature or nurture? Decoding the DNA of the entrepreneur*. Ernst & Young Global Limited. [https://www.ey.com/Publication/vwLUAssets/ey-nature-or-nurture/\\$FILE/ey-nature-or-nurture.pdf](https://www.ey.com/Publication/vwLUAssets/ey-nature-or-nurture/$FILE/ey-nature-or-nurture.pdf)
- Ernst & Young. (2012). *Avoiding a lost generation: young entrepreneurs identify five imperatives for action*. Ernst & Young Global Limited. [https://www.ey.com/Publication/vwLUAssets/Avoiding_a_lost_generation_June_2013/\\$FILE/Avoiding_a_lost_generation_LoRes_FINAL.pdf](https://www.ey.com/Publication/vwLUAssets/Avoiding_a_lost_generation_June_2013/$FILE/Avoiding_a_lost_generation_LoRes_FINAL.pdf)
- Essia, U. (2012). Entrepreneurial culturing of formal education programmers in Nigeria. *Journal of Sustainable Society*, 1(2), 52-62. http://www.paidafrica.org/paidwa/images/data/Entrepreneurial_Culturing_Of_Forma_l_Education_Programmes_I_N_Nigeria.pdf
- Frese, M., Bausch, A., Schmidt, P., Strauch, A. & Kabst, R. (2012). Evidence based entrepreneurship: cumulative science, action principles, and bridging the gap between science and practice. *Foundations and Trends in Entrepreneurship*, 8. <https://www.cebma.org/wpcontent/uploads/Frese-et-al-EBE-Trends-in-Entrepr.pdf>
- Galloway, L., S. Kelly, dan W. Keogh. (2006). *Identifying entrepreneurial potential in students*. Working Paper. No. 6, National Council for Graduate Entrepreneurship. <http://gees.pbworks.com/f/entrepreneurialpotential.pdf>
- Gibb, A.A. (2005). *Towards the Entrepreneurial University. Entrepreneurship Education as a lever for change. A Policy Paper for the National Council for Graduate Entrepreneurship (NCGE)*. UK: National Council for Graduate Entrepreneurship. http://blog.ub.ac.id/yogidwiatmoko/files/2012/12/gibb_hannon.pdf
- E., Radzeviciene, A., Jakubavicius, A. 2019. Impact of international branch campus KPIs on the university competitiveness: FARE method. *Insights into Regional Development*, 1(2), 171-180. [https://doi.org/10.9770/ird.2019.1.2\(7\)](https://doi.org/10.9770/ird.2019.1.2(7))
- Gorgievski, M.J., Bakker, A. & Schaufeli, W.B. (2011). Work engagement and workaholism: comparing the self- employed and salaried employees. *The Journal of Positive Psychology*, 5(1), 83-96. <https://doi.org/10.1080/17439760903509606>
- Grubor, A. (2013). Marketing aspects of socially responsible business. *Strategic Management*, 18(3), 030-036. https://bib.irb.hr/datoteka/650745.SM2013_3.pdf - page=32
- Haeruddin, M., & Natsir, U. D. (2016). The cats in the cradle: 5 personality types' influence on work-family conflict of nurses. *Economics & Sociology*, 9(3), 99-110. [10.14254/2071-789X.2016/9-3/9](https://doi.org/10.14254/2071-789X.2016/9-3/9)
- Haeruddin, M. I. M., Pick, D., & Thein, H. H. (in press). Resistance and compliance in women's academic identity work in the Global South. *Higher Education Quarterly*. <https://doi.org/10.1111/hequ.12204>

Effects of the pandemic on Entrepreneurs

Acknowledgement

The author(s) appreciates all those who participated in the study and helped to facilitate the research process.

Conflict of Interest

The author(s) declared no conflict of interest.

How to cite this article: Patel L.R. (2021). Effects of the pandemic on Entrepreneurs. *International Journal of Indian Psychology*, 9(3), 2056-2064. DIP:18.01.194.20210903, DOI:10.25215/0903.194