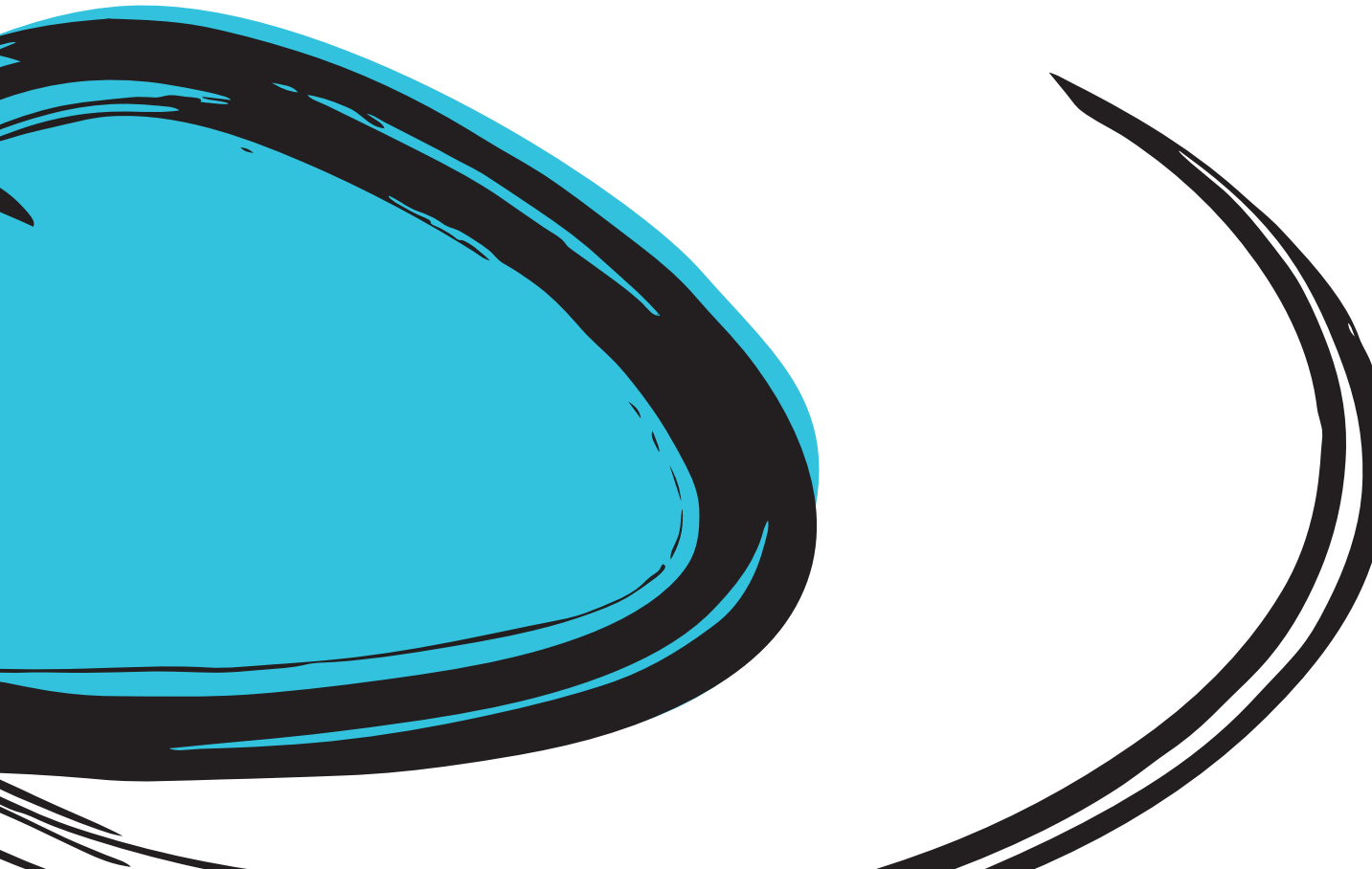


LUBS2045 Week 6 Lecture

A large, stylized graphic on the left side of the slide. It consists of a bright blue, teardrop-shaped area enclosed by a thick black outline. A long, curved black line extends from the bottom of this shape towards the right, pointing towards the title text.

# **The COVID-19 Crisis and Entrepreneurship**

# Lecture summary

- The impact of COVID-19 on entrepreneurship
- The resilience of entrepreneurs
- Shifting strategies of entrepreneurs during and post-COVID
- Implications for other crises

ENTREPRENEURSHIP & REGIONAL DEVELOPMENT  
2019, VOL. 31, NOS. 5–6, 400–412  
<https://doi.org/10.1080/08985626.2018.1541590>

 **Routledge**  
Taylor & Francis Group

 Check for updates

## Special issue on entrepreneurship and crises: business as usual? An introduction and review of the literature

Rachel Doern<sup>a</sup>, Nick Williams<sup>b</sup> and Tim Vorley<sup>c</sup>

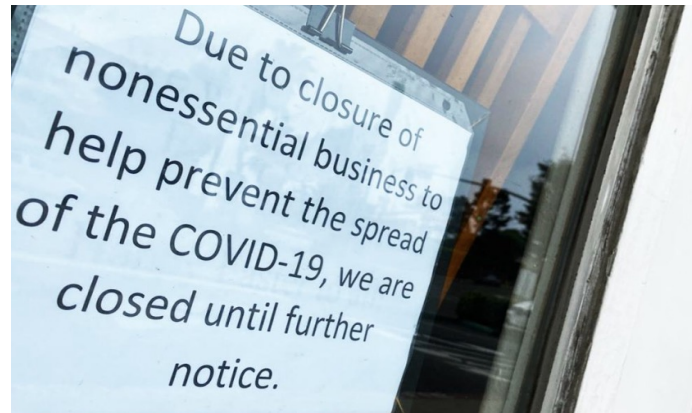
<sup>a</sup>Institute of Management Studies, Goldsmiths University of London, UK; <sup>b</sup>Leeds University Business School, University of Leeds, UK; <sup>c</sup>Management School, University of Sheffield, UK

### ABSTRACT

This article reviews the literature on entrepreneurship and crises, capturing where we have been and where we are now, and begins to discuss where we might go next. It centres around how we have come to understand the relationship between entrepreneurship and crises through the application of certain crisis definitions, concepts, typologies, the crisis event sequence, methodologies and empirical settings. It also examines how crises affect entrepreneurship and how entrepreneurship affects crises. The article then introduces in some detail the five manuscripts selected for the special issue and the contributions they make towards developing our understanding of the relationship between entrepreneurship and crises. It notes the advances, gaps and opportunities that emerge from the literature review and special issue papers, and concludes with a way forward for developing further our understanding in this area.

### KEYWORDS

Entrepreneurship; small businesses; crises; disasters; crisis management; resilience



Business | Schumpeter

## Creative destruction in times of covid

Is now the time for entrepreneurial true grit?



Finance & economics | Divergence, big time

## Covid's unequal effect on companies

The winners and losers, according to the OECD



# Entrepreneurship and COVID-19



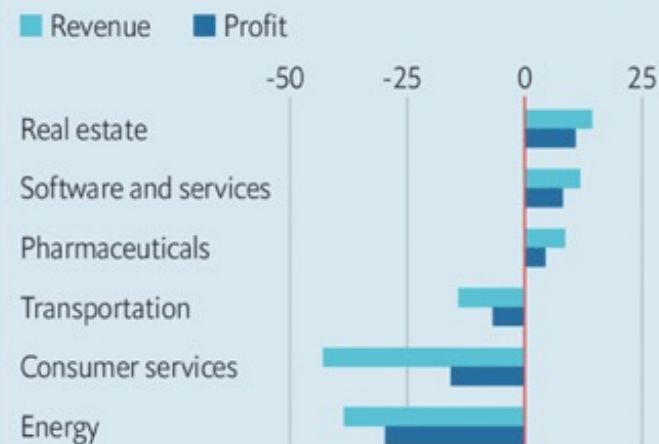
# Covid's unequal effect on companies

The winners and losers, according to the OECD



## Mixed blessings

Change in revenue and profit, 2019-20\*, %  
OECD countries, best- and worst-performing sectors



## Corporate bankruptcies

% change during crisis



\*Financial years †Q1 2008-peak  
‡Q4 2019-Q4 2020

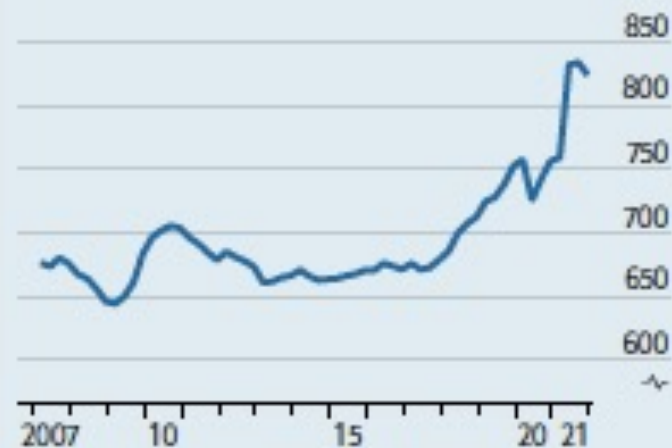
Source: OECD

# All over the rich world, new businesses are springing to life

More entrepreneurship is likely to be good for the economy

## Start me up

Combined new business creations in selected countries\*, four-quarter moving average, '000

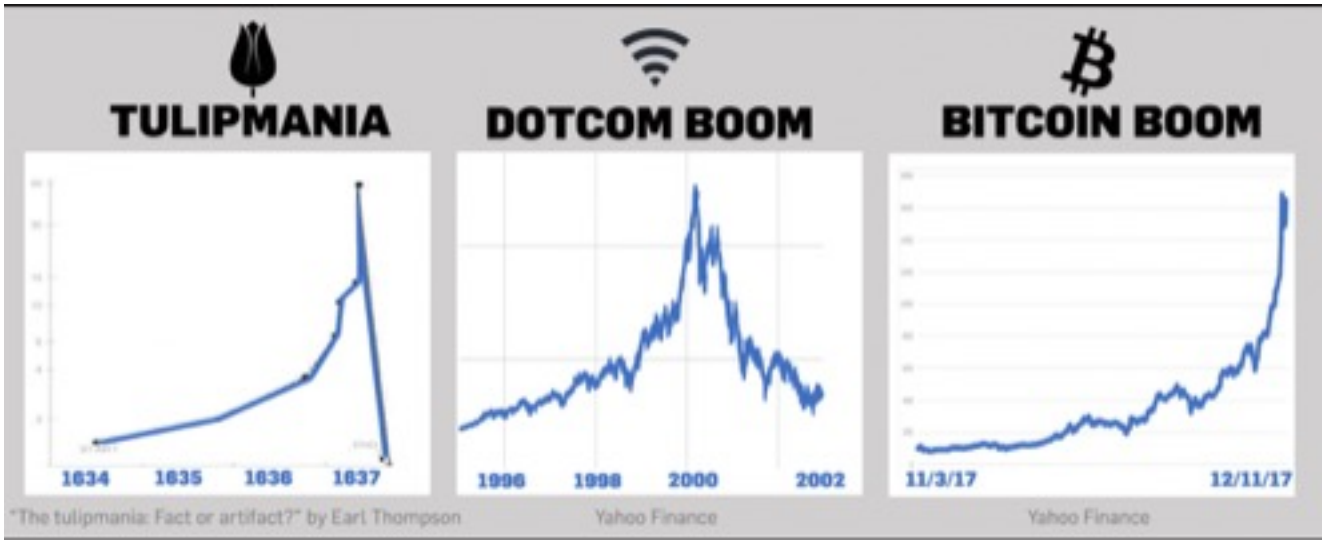


\*Finland, France, Germany, Italy, Spain, United States

Sources: OECD; US Census Bureau; The Economist





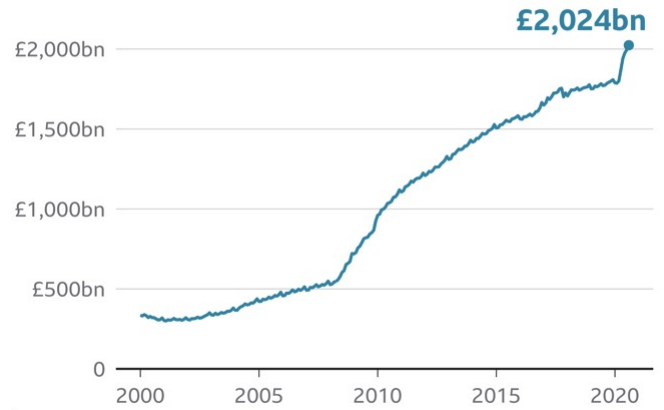


# Entrepreneurship, COVID-19 and Resilience

- Is COVID different to other crises?
- Crisis resilience
  - Minimize impact; to develop more 'unusual' ways of doing business and bounce back in a crisis (Linnenluecke, 2017; Vogus & Sutcliffe, 2007)
  - Economic (strategic) and organizational (humanistic)
- The COVID-19 crisis
  - The role of entrepreneurship in economic and social recoveries (e.g Doern et al., 2019; Grube & Storr, 2018)
  - Change in entrepreneurial practices?

# COVID-19 and the UK

UK public sector net debt  
Excluding public sector banks



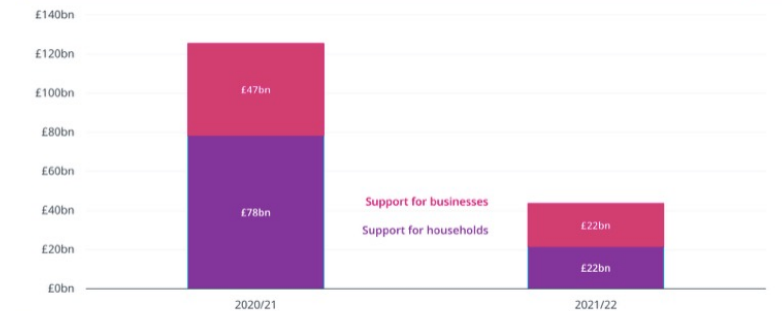
Source: Office for National Statistics

BBC



UK economic support for households and businesses, 2020/21 and 2021/22

IFG



Source: Institute for Government analysis of Office for Budget Responsibility, Economic and Fiscal Outlook, October 2021

Notes: There was a small amount of economic support spent in the 2019/20 financial year of less than £2 billion which is too small to be recorded on this chart.

BY-NC



# Diagnosing COVID-19 Impacts on Entrepreneurship

Exploring policy remedies for recovery

## FUTURE ECONOMIC/POLICY OUTLOOK

The UK's Office for Budget Responsibility (OBR) expects real GDP to fall by 35% in the second quarter of 2020 as a result of the COVID-19 crisis (it had already fallen by 20% in April), but it also expects it to bounce back relatively quickly; it predicts unemployment to rise to 10% (an increase of around 2 million) and decline slowly. There is little evidence in August 2020 that there will be a V-shaped recovery, as concern over rising positive cases has led to local lockdown in many areas of England.

A June 2020 OECD assessment paints a gloomy picture for the UK:

- A global recession: deeper if there is a second major outbreak and a further lockdown;
- A decline in GDP of 11.5% (the worst in the world) in 2020 if there is no second wave, and a 14% decline if there is a further outbreak;
- A sharp rise in unemployment: 3.9–9.7% (Q4 2020); 14.8% if there is a further outbreak;
- A slow recovery in 2021 with unemployment remaining high at 9%.

The government seems intent on opening the economy as quickly as possible and ending its support for business. Given the current state of the crisis in the UK, this would seem overly hasty and many of the schemes in place may have to be extended.

It is clear that the fall in the number of self-employed will continue in the UK throughout 2020 and into 2021 — especially as the government seems to have ignored the plight of around 1–2 million of them (out of a total of just over 4 million).

The UK is currently in recession. The boost in economic activity with the easing of lockdown from early June onwards is probably a reflection of pent-up demand and may soon diminish as households keep a careful eye on expenditure in the rest of 2020.

The UK will probably exit from its recession in Q3 2020 but, with the ending of the transition period associated with Brexit on 31 December, the economy is facing another crisis while still enduring the ongoing effects of COVID-19.

## COVID-19 related

	% Adults	Rank/47
Pandemic has led household income to decrease*	30.5	35
	% TEA	Rank/47
Starting a business is more difficult than a year ago	35.7	34
Use more digital technology to sell products or services	62.7	13
Pursue new opportunities due to pandemic	57.4	6=

# COVID-19 and the UK

**Global Entrepreneurship  
Monitor**

**2021/2022 Global Report**  
Opportunity Amid Disruption

Entrepreneurial outcomes  
– what should the focus be?

# Outcomes in Entrepreneurship

## **“Entry”**

Starting an organization



## **“Schumpeterian”**

High-growth & Innovation



## **Social Change**

Social mobility,  
social inclusion



## **Well-being**

Personal fulfilment,  
self-actualization



- Commonly studied: Entry, growth, etc. (Shepherd, Wennberg, Suddaby & Wiklund, 2019)
- Growing attention: Social Change (Stephan et al., 2016), Well-being (Stephan, 2018, Wiklund et al., 2019), as well as everyday entrepreneurship (Welter, Baker, Audretsch & Gartner, 2017)
- Also need to study outcomes that entrepreneurs find important



# Entrepreneurship, mental health and well-being

**Health** is not just the absence of disease or mental health problems but *a “state of well-being in which every individual realizes his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to her or his community.”* (World Health Organization (WHO), 2014)

Editorial

## Let's Focus on Solutions to Entrepreneurial Ill-Being! Recovery Interventions to Enhance Entrepreneurial Well-Being

Amanda Jasmine Williamson<sup>1</sup> , J. Jeffrey Gish<sup>2</sup> , and  
Ute Stephan<sup>3,4</sup> 

Entrepreneurship Theory and  
Practice  
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The reality is great highs, terrible lows and  
unrelenting stress. Don't think people want to  
hear about the last two.

10:23 AM - 30 Jul 2017



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# COVID-19 and Ambitious Entrepreneurship: Impacts on Mental Well-Being in a Crisis



## ERICC Project

Entrepreneurial Resiliency, Innovation, and Change  
during the COVID-19 Crisis

## Managing through a crisis: emotional leadership strategies of high-growth entrepreneurs during the COVID-19 pandemic

Kautsar Ramli <sup>a</sup>, Ben Spigel <sup>b</sup>, Nick Williams<sup>c</sup>, Suzanne Mawson <sup>d</sup> and Sarah Jack <sup>e</sup>

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### ABSTRACT

This study explores how high-growth entrepreneurs use well-being and emotional labour as tools to respond to crises. Drawing on 173 longitudinal interviews with 57 high-growth entrepreneurs during the Covid-19 crisis, we explore internal crisis response strategies. The data show that entrepreneurs employ a variety of emotional labour practices which produce organizational resilience. However, these practices are in tension with the strategic practices required for economic resilience. We show how the emotional of entrepreneurs serves as part of their crisis leadership strategy. This adds a new perspective to the literature on entrepreneurial crisis and resilience by showing the complexity of internal reactions to sudden and prolonged shocks.

### ARTICLE HISTORY

Received 5 August 2021  
Accepted 25 October 2022

### KEYWORDS

Resilience; crisis  
management; well-being;  
emotions; COVID-19



# Why emotion matters...

- Importance of well-being (e.g. Stephan et al., 2020)
- Emotion work (Hochschild, 1979); Emotional energy (Collins, 1990)
- From lower-level workers to higher-level managers and teams (Samra-Fredericks, 2012; Zapf and Holz, 2006)
- Emotions as a tool in managing shock for firm resilience
- Role of emotions in crisis management

# Research gaps

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Connections between diverging concepts of emotions and impacts of well-being in entrepreneurship research

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How entrepreneurs' make decisions for their employees and themselves (Deci & Ryan, 2008)

---

Linkages between socially-sanctioned, emotional interactions with routine and innovative responses in entrepreneurship (Goss, 2005; Schumpeter, 2000)

# Research Questions

---

*How does the change in well-being affect entrepreneurial organizations?*

---

*How do entrepreneurs develop strategies to address emergent well-being challenges during a crisis?*



# Qualitative Longitudinal Research

- Semi-structured interviews: *Real-time* changes – follow-ups every 3 months
- 57 founders across 8 regions of UK (160 interviews completed: 57 initial interviews; 103 follow-up interviews)
- Across 4 sectors: Digital, Green, Business Services, Advanced Manufacturing
- Research Timeline:
  - **Pre-crisis:** Any events prior to 2020
  - **Early-term:** Mar to Aug 2020 (Rationale: Start of pandemic through to the end of the first lockdown and the end of summer)
  - **Mid-term:** Sept to Dec 2020 (Rationale: Major wave of cases and move into autumn and winter)
  - **Late-term:** January 2021 onwards (Rationale: Case decline, introduction of vaccine)

# Theme 1: Caring for employees

During the crisis, entrepreneurs are redefining employer-employee social contract



Which then produces

Emotional connections from entrepreneurial efforts



The consequence is

Entrepreneurs adopt new role as carer for employees

# Theme 1: Caring for employees

- Obligation to support emotional resilience – flexibility and leniency, work-life balance

*“..much more openness [...] because people have got used to just everybody being remote” (I167)*

- Flexibility, work-life balance

*“That’s [well-being] going to be the one thing that jumps out to me that needs to change” (I096)*

*“If you want to finish at 11 at night, you can. How you balance your time, what you do with your time is up to you” (I037).*

# Theme 2: Greater sense of responsibilities

During the crisis, entrepreneurs are more aware of employee well-being issues



Which then produces

New leadership practices related to emotional labour



The consequence is

Entrepreneurs make changes in priorities for organisational decisions



# Theme 2: Greater sense of responsibilities

- Increased sense of responsibility

*“..try to be empathetic as well” (I151)*

*“communicate some good news, which [they] know our people will feel good about” (I076)*

- Shift in priorities – emotional vs rational

*“..making sure that we have informal connections and social engagements [...] do a lot of like a mental health check-in to see how people are doing” (I099)*

- Emotional labour as challenging

*“Fairly exasperated” (I32)*

*“..got to a stage where I am physically tired, mentally exhausted.” (I163)*

# Theme 3: Self-interest vs collective interest

During the crisis, entrepreneurial goals need reframing to embrace well-being



Which then produces

Challenges in developing multi-pronged strategies



The consequence is

Entrepreneurs must hold opposing goals in tension

# Theme 3: Self-interest vs collective interest

- Increased collective interests – team unity, homeworking

*“..value of team solidarity” (I059)*

*“And I can demonstrate that people are more productive in the office” (I124)*

- Reframing of entrepreneurial goals

*“..forced to look at things differently,” (I043)*

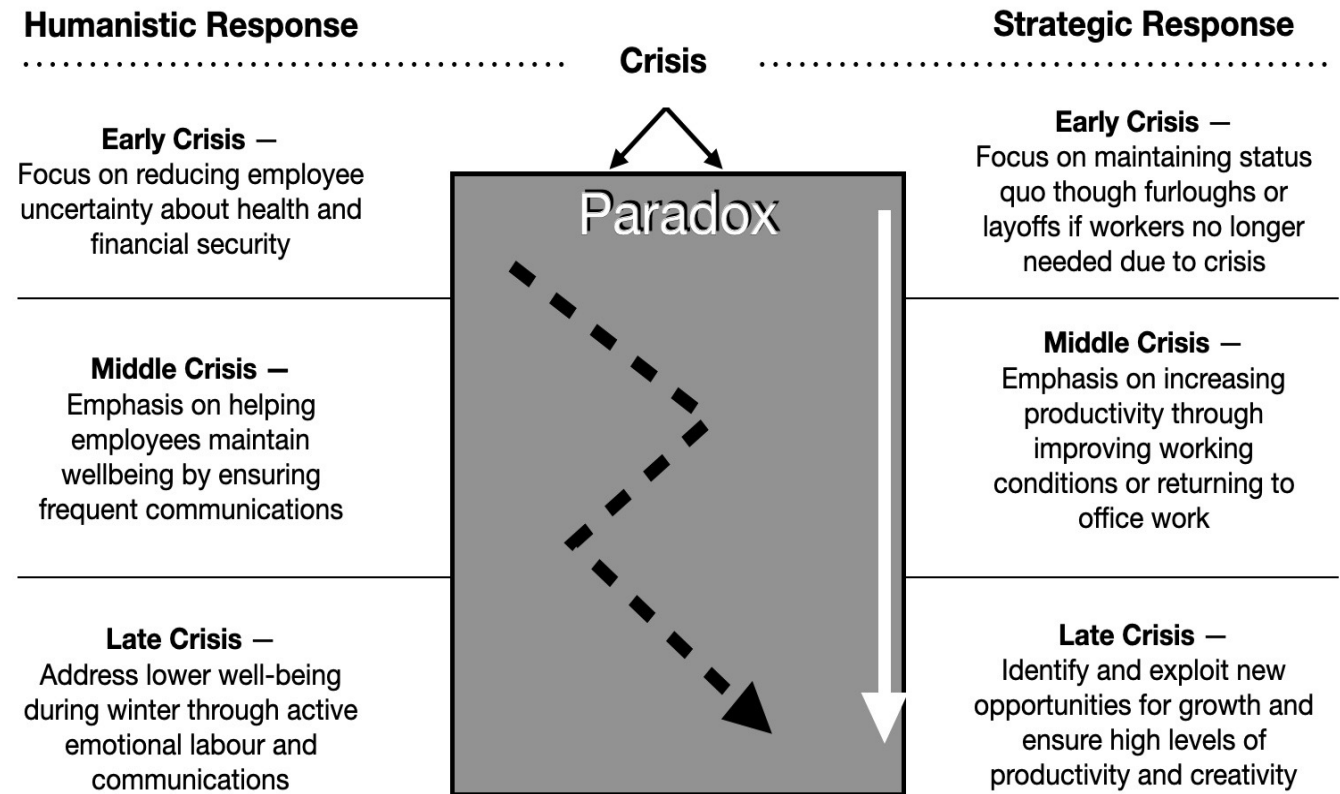
*“Keeping people happy is more important than reaching for the stars right now,” (I148)*

- Added pressures for future and growth – expansion, innovation

*“At the moment I'm re-writing our business plan for the next three to five years. [...] [...] I'm having to satisfy my board by rewriting the plan,” (I133)*

# Paradoxical Leadership in a Crisis

- Tension between supporting organizational wellbeing and economic growth are unresolvable — a paradox
- Entrepreneur needs to navigate the tensions between these two approaches through paradoxical leadership
- Paradoxical leadership skills are critical for building resilience in prolonged crisis





# Final Thoughts

- Crises create real challenges for entrepreneurs, but also opportunities
- Entrepreneurs must balance the paradox between strategic leadership and humanistic responses
- As they emerge from a crisis, new ways of managing employees are being found
- Will the COVID-19 lead to changes in entrepreneurial practice, corporate culture...?

*“Keeping people happy is more important than reaching for the stars right now.”*

(I148)