

Impact of COVID – 19 on Small – Scale Business & Entrepreneurs

P.Gabriyala Gladys¹, Ms.S.Sonaali², Ms.R.Shalini³, Ms. B.Santhiya⁴

¹Assistant Professor

^{2,3,4}IInd year M.B.A Student

^{1,2,3,4}Department of Management Studies, Easwari Engineering College, Chennai, India

¹gabriyalagladys@gmail.com

Abstract-The discovery of the coronavirus and the spread of COVID-19 have led many governments to take drastic measures. The lockdown of large parts of society and economic life has come as a biological disease shock to the economy, not least innovative startups. The misfortune startups face during a crisis and how by utilizing available resources and things, and the analysis of policy measures can serve as an inspiration to design support vision of future crises. The spread of the new COVID – 19 virus threatens the existence of many innovative startups. First this research illustrates the challenges entrepreneurs face as a consequence of the crisis. Secondly, illustrated how entrepreneurs they deal with the effects of the crisis and what they are doing to protect their ventures. Finally, this paper has presented the measures that could be utilized by the people who are all involved in formulating policies to assist and advice entrepreneurs in facing challenges. Therefore, policy measures should not only provide first aid to startups by suffering the pressure caused by controlled cash flow.

The researcher uses the descriptive research design and adopted the convenience sampling method. The sample size is 114 and analysis was done based on data collected from the questionnaire. The tools used for analysis are Percentage analysis, Regression analysis, Chi-square and Wilcoxon signed rank test. Each objective of the study was given due care and tables were arranged accordingly

Keywords: COVID-19, Crisis, Entrepreneurship, business, challenges

I. INTRODUCTION

With the discovery of the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) in late 2019 and very recently with the subsequent pandemic of COVID-19, society and economies worldwide are experiencing an unprecedented exogenous shock. Although the occurrence of a pandemic caused by a new virus is unsurprising for virologists, the infection control measures such as social distancing taken to slow the spread of COVID-19 bring into play with immense pressure on large parts of a nation's economy. COVID – 19 is a surprising, unpredictable event of great seriousness and severe consequences that dramatically changes the political and economic environment. While such events could be interpreted as opportunities, the anomalous lockdown of large parts of society arising from the COVID-19 crisis marks the current situation out as a life-threatening crisis. COVID - 19 triggered a twofold crisis: The COVID-19 pandemic has placed an exceptional burden on many health systems worldwide, and the infection control measures have caused an economic crisis by bringing a vast amount of economic activity to an instantaneous break off. Moreover, while many other past crises have hit humanity at a specific point in time and regionally or developed over a longer period of time with global effects, the COVID-19 epidemic has developed globally, and the necessary countermeasures put in place have hurt economies suddenly.

Most policy initiatives taken to protect economies during the COVID-19 crisis seem to target prominent corporations, existing industry sectors, and economies as such, and in doing so those measures aim to protect employment and the prolongation of necessary economic activity. Currently, the focus is on safeguarding the present while the future of economic activity receives less attention. However, innovative startups that will shape that future economic activity are one of the most resilient in any economy. Even in serene times innovative startups face liabilities of newness and smallness that threaten their continued existence. This situation is likely to worsen in times of crisis and the spread of COVID-19 thus threatens to retrench a tremendous potential for innovation that has been stockpiled in up to date days and was meant to generate economic and potentially societal and ecological value in the near future. Nevertheless, there is a body of research on entrepreneurship and crisis management that offers two research streams in particular that could be informative in relation to the COVID-19 pandemic. The first could be classified entrepreneurial crisis management and deals with how businesses respond to a crisis. The second stream suggests which policies could foster a firm's survival during a crisis and what barriers exist; that second stream could thus support policymakers in developing appropriate arbitration. The current lively response research intends to shed light on three pressing research questions that are linked to entrepreneurial crisis management on the micro level and to policy initiatives on the macro level. Firstly, we are keen in governing the forms of adversity facing newfangled startups in light of an immediate lockdown. Secondly, we aim to understand what coping strategies startups waged in the course of crisis management. Thirdly we want to identify specific policy measures designed to protect startups during the COVID-19 crisis, be they called for or auctioned.

II. Objectives and Need of the Study

A. Objectives of the Study:

1. To study the work pressure, working hours and salary deduction of employees working at various organizations.
2. To measure the level of satisfaction of employees in their respective organizations.
3. To analyze the work-life of the employees during lockdown pandemic
4. To suggest some measures for improving the employee effectiveness in pandemic.

B. Need of the Study

Employee effectiveness relates to the ability to achieve set goals, which should be directly proportional to that of an organization. An organization's goals are focused on enhanced productivity, establishing a healthy work environment and better revenue and profits. However, it is also important to be able to weigh up their effectiveness too.

III. Literature Review

Alfredo Jiménez and Carmen Palmero-Cámara, University of Burgos, Spain, BRQ Business Research Quarterly (2015) 18, 204-212

The term, entrepreneurship is a complex concept encompassing the creation of ideas, companies, and patents as well as the thought process behind these creations. Literature has relied on quantifiable variables like patents and rates of firm creation to measure entrepreneurship. Different modalities of entrepreneurship can be distinguished they are of two types formal entrepreneurship refers to the creation of legally registered new firms in a country, whereas informal entrepreneurship focuses on those firms that are not legally registered under the

Company's Act. Entrepreneurs from developed economies mainly create firms in the formal sector (i.e. legally registered) . Consequently, most studies focus on formal entrepreneurship.

Jennifer Bouey, Assessment of COVID-19's Impact on Small and Medium-Sized Enterprises, March 10, 2020

On the contrary, it must be acknowledged that the informal sector exists, to a greater or lesser extent, in each and every country. In fact, it represents more than half of the total economy in some countries, being informal entrepreneurship for the people who do not have much education qualifications. Formal and informal entrepreneurship have considerably different characteristics and, besides ,their determinants play a unique role in each one. It seems reasonable to think that the impact of each educational level on the creation of both formal and informal firms and they differ. In Maharashtra, India authorities invoked the Epidemic Diseases Act to shut down corporate offices where is was established in 1897, it grants State powers to detain, inspect, quarantine, etc. No legal remedy. Micro, small and medium firms are likely to be severely affected, as they tend to be more concentrated in sectors that have been directly affected by COVID-19 response measures (e.g. retail and services) and are typically more credit distant than larger businesses.

John Eric Humphries, Christopher Neilson, and Gabriel Ulysea, the evolving impacts of covid-19 on small businesses since the cares act, April 26, 2020

Importantly, small businesses make up the majority of companies in the U.S. and are responsible for a substantial fraction of employment. As a response to this crisis, the U.S. Congress passed The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which included 350 billion dollars to fund the Paycheck Protection Program (PPP). The PPP was designed to support small businesses by extending forgivable loans. This paper provides new evidence on the effects of the COVID-19 pandemic on small businesses and how these effects evolved over time. Our data comes from daily surveys beginning the day after the CARES Act was passed. We find that small and medium sized businesses have been much and heavily affected by the crisis, with many closings and laying off workers. The study collected the data from 114 respondents. Tested results by adopting statistical techniques like regression, ANOVA. The study found that the entrepreneurs and small industries have been affected in this COVID-19 crisis.

IV. RESEARCH METHODOLOGY

a) Research methodology

It is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. This would include the procedures and techniques used to perform the research as well as any of the terminology and explanation of how these methods will apply effectively.

b) Research design

It encompasses the methodology and procedures, employed to conduct scientific research. It is a detailed outline of how an investigation will take place.

c) Descriptive research

The type of research used here is descriptive research. It describes data and characteristics about the population or phenomenon being studied. Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts and describes the data collection.

d) Sample population & Size

The sample population and size is 114

e) Statistical tools

The various statistical tools used here are Percentage Analysis, Regression Analysis, Rank test and Chi-square test

f) Data Analysis

TABLE 1.organization ensure the well-being of your people and the safety of your productive assets in the event of a crisis

| S No. | Safety productive | No of Respondents | % of respondents |
|-------|-------------------|-------------------|------------------|
| 1 | Agree | 107 | 93.9 |
| 2 | Disagree | 6 | 5.3 |
| 3 | Others | 2 | 1.8 |
| 4 | Total | 114 | 100 |

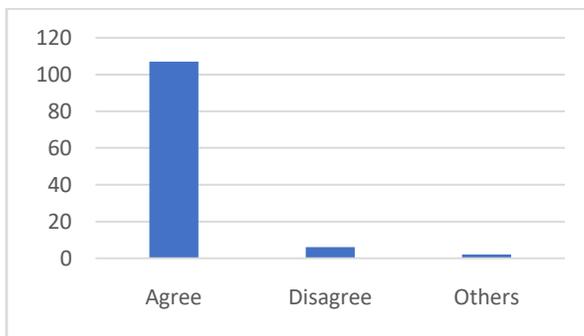


Fig. 1.organization ensure the well-being of your people and the safety of your productive assets in the event of a crisis

TABLE2.Impact of crisis in the budgeting and business planning processes, and implemented early warning mechanisms

| S No. | Safety Productive | No of Respondents | % of respondents |
|-------|-------------------|-------------------|------------------|
| 1 | Agree | 98 | 87.5 |
| 2 | Disagree | 15 | 13.4 |
| 3 | Total | 114 | 100 |

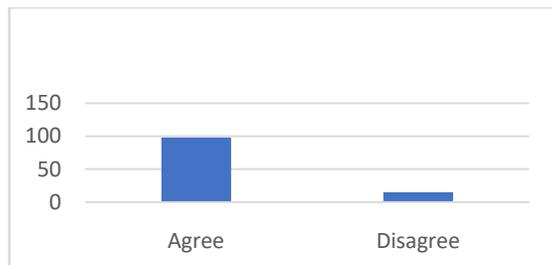


Fig.2. Impact of crisis in the budgeting and business planning processes, and implemented early warning mechanisms

TABLE 3.Financial impact,both in the short and medium-term

| S No. | Safety Productive | No of Respondents | % of respondents |
|-------|-------------------|-------------------|------------------|
| 1 | Agree | 102 | 91.1 |
| 2 | Disagree | 11 | 9.8 |
| 3 | Total | 114 | 100 |

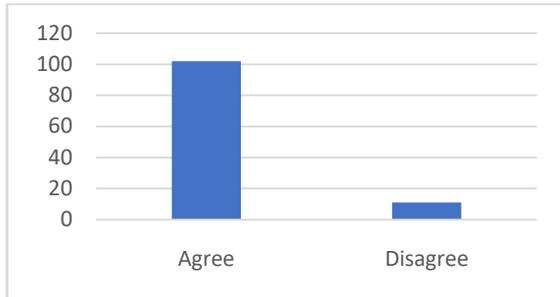


Fig. 3 Financial impact, both in the short and medium-term

g) Statistical Tool Analysis

i)Regression analysis

Regression Analysis between working hours and salary deduction of employees.

Hypothesis study

Null hypothesis:

H₀: There is no significant difference between working hours and salary deduction of employees.

Alternate hypothesis:

H₁: There is significant difference between working hours and salary deduction of employees.

TABLE 4.Regression Analysis

Variables Entered/Removed^a

| Model | Variables Entered | Variables Removed | Method |
|-------|------------------------------|-------------------|--------|
| 1 | deducted or not ^b | | Enter |

a. Dependent Variable: more or usual
 b. All requested variables entered.

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .365 ^a | .133 | .125 | .43059 |

a. Predictors: (Constant), deducted or not

ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 3.076 | 1 | 3.076 | 16.593 | .000 ^b |
| | Residual | 20.024 | 108 | .185 | | |
| | Total | 23.100 | 109 | | | |

a. Dependent Variable: more or usual
 b. Predictors: (Constant), deducted or not

Inference

From the linear regression analysis, it is found that there exists a positive linear regression between working hours and salary deduction of employees. Hence H₀ is accepted.

ii) Wilcoxon Signed Rank Test

Hypothesis study

Null hypothesis:

H₀: There is no significant difference between working hours and salary deduction of employees.

Alternate hypothesis:

H₁: There is significant difference between working hours and salary deduction of employees.

TABLE 5. Wilcoxon Signed Rank Test

| Descriptive Statistics | | | | | | | | |
|------------------------|-----|--------|----------------|---------|---------|--------|---------------|--------|
| | N | Mean | Std. Deviation | Minimum | Maximum | 25th | Percentiles | |
| | | | | | | | 50th (Median) | 75th |
| deducted or not | 110 | 1.4273 | .49695 | 1.00 | 2.00 | 1.0000 | 1.0000 | 2.0000 |
| more or usual | 110 | 1.7000 | .46035 | 1.00 | 2.00 | 1.0000 | 2.0000 | 2.0000 |

Wilcoxon Signed Ranks Test

| Ranks | | | | |
|---------------------------------|----------------|-----------------|-----------|--------------|
| | | N | Mean Rank | Sum of Ranks |
| more or usual - deducted or not | Negative Ranks | 5 ^a | 20.50 | 102.50 |
| | Positive Ranks | 35 ^b | 20.50 | 717.50 |
| | Ties | 70 ^c | | |
| | Total | 110 | | |

- a. more or usual < deducted or not
- b. more or usual > deducted or not
- c. more or usual = deducted or not

Test Statistics^a

| | | more or usual - deducted or not |
|------------------------|--|---------------------------------------|
| Z | | -4.743 ^b |
| Asymp. Sig. (2-tailed) | | .000 |

- a. Wilcoxon Signed Ranks Test
- b. Based on negative ranks.

Inference:

Thus, there is no relationship between the two variables. A statistically significant value Z = -1.807, p = 0.071. H₀

0

is accepted

Inference:

Thus, there is no relationship between the two variables. A statistically significant value Z = -1.807, p = 0.071. H₀

0

is accepted

Inference:

Thus, there is no relationship between the two variables. A statistically significant value Z = -1.807, p = 0.071. H₀

0

is accepted

Interpretation

Thus, there is relationship between the two variables. A statistically significant value $Z = -4.743$, $p = 0.000$.

Inference

From the rank analysis, it is found that there exists a negativetrank between working hours and salary deduction of employees

iii) Chi-Square Test

Chi-Square Analysis between will recover or not from its aftermath and how to manage in future.

Hypothesis study

Null hypothesis:

H_0 : There is no significance between will recover or not from its aftermath and how to manage in future

Alternate hypothesis:

H_1 : There is some significance between will recover or not from its aftermath and how to manage in future

TABLE 6 Chi –Square Test
Chi-Square Test

Frequencies

| will recover or not | | | |
|---------------------|------------|------------|----------|
| | Observed N | Expected N | Residual |
| agree | 87 | 55.0 | 32.0 |
| disagree | 23 | 55.0 | -32.0 |
| Total | 110 | | |

| manage in future | | | |
|------------------|------------|------------|----------|
| | Observed N | Expected N | Residual |
| agree | 100 | 36.7 | 63.3 |
| disagree | 9 | 36.7 | -27.7 |
| not sure | 1 | 36.7 | -35.7 |
| Total | 110 | | |

| Test Statistics | | |
|-----------------|---------------------|----------------------|
| | will recover or not | manage in future |
| Chi-Square | 37.236 ^a | 164.964 ^b |
| df | 1 | 2 |
| Asymp. Sig. | .000 | .000 |

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 55.0

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 36.7.

Interpretation

From the above result the expected count is less than 5.

- a. The minimum expected cell frequency is 55.0
- b. The minimum expected cell frequency is 36.7

Inference

From the Chi-Square analysis, it is found that there is some relationship between will recover or not from its aftermath and how to manage in future. Hence H_1 is accepted.

V. Suggestion & Conclusion

Suggestion

The quality of an organization's response to a crisis is typically associated with resilience and “depends on the capacity to enhance improvisation, coordination, flexibility, and endurance”. These are qualities that are closer to routine behavior among innovative startups than they are among larger more-established firms. Furthermore, smaller businesses are often more creative than large firms, and this creativity might help to ensure that those businesses remain viable in the face of adversity. Many entrepreneurs adopt the bricoleur role as they attempt to spur change and create opportunities with the resources available. Bricoleurs demonstrate that crises can nurture the development of new opportunities, innovation, and alternative products/services. This finding is in line with prior research suggesting entrepreneurial responsiveness to crises is determined by factors such as entrepreneurial culture and knowledge diversity, which cannot be addressed by short-term measures, but are the result of consistent policies fostering entrepreneurship. While the time-lag of the economic crisis hitting countries might disappear in the long run, policy makers can nevertheless observe how measures taken to protect startups are unfolding and adopt or discard them as connected to improve the knowledge obtained from crisis situations. Hereafter research should thus not only evaluate the efficacy of the different policy measures on the entrepreneurial activity in various countries but could also aim to understand the effect of short response times to economic crises. It will be key to follow up on the effects of the measures taken during the COVID-19 crisis to prepare for future akin events.

Conclusion

Small industries are the most vulnerable ones. This is because of their magnitude, scale of operation, limited financial managerial resources. They are not able to tackle with difficulties that are forced on them. It is toilsome even in normal times for them to linger, but they don't have the capacity to deal with something so unplanned ones. This research note provides new evidence on how small business owners have been impacted by COVID-19 rife, including information on their firm size, layoffs, beliefs on future prospects, as well as their awareness of existing government relief programs that can help their firms. This study provide three main findings. First, by the time the CARES Act was passed, small business owners had already been severely impacted by COVID-19-related disruptions and had laid off many employees. Second, business owners' expectations about the future are in general negative and deteriorated throughout our sample period, including the period of implementation of the CARES Act. Third, the smallest firms had the least recognition of government assistance programs. This finding indicates that small firms may have missed out on initial PPP funds because of low baseline awareness and differential access to information.

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