



Crisis management during the first wave of COVID-19 pandemic – Finnish solo-entrepreneurs' perspective

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Science *with* Arctic Attitude

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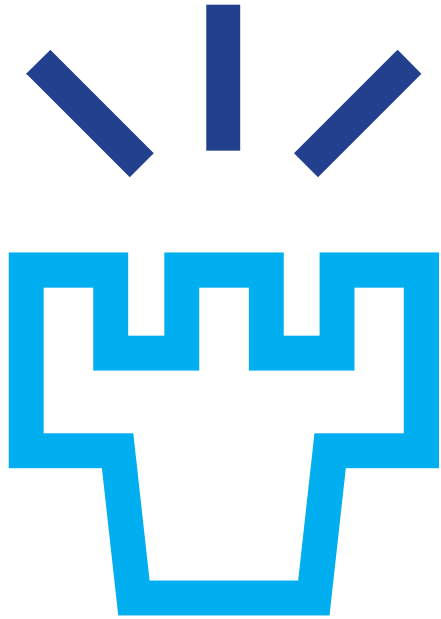
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- 1. Introduction**
2. Method
3. Results & discussion

2020

COVID-19 TIMELINE IN FINLAND

March 16th – June 16th Emergency powers act State of Emergency	March 17th Finland closes its international border	March 18th – May 15th Uusimaa closing borders	March 18th – May 13th Distance learning at schools	April 4th – May 30th Restaurants closed	April 15th Uusimaa border opens	June 16th State of emergency ends	
March 2020				April 2020		June 2020	
March 19th Business Finland's funding for business development in disruptive circumstances open		March 31st Funding for micro companies opens (employing less than 5 employees)	April 2nd Finnvera's working capital loan's interest rate is lowered retroactively starting from March 1st	April 8th – June 6th Entrepreneurs eligible for unemployment benefits	April 20th Operating support for solo entrepreneurs opens	June 5th Funding for restaurants opens	June 26th Support for business costs from the State Treasury opens
March 19th Bank of Finland: 500M€ crisis package						June 25th Opportunity for VAT refunds opens	



Background



The COVID-19 crisis hit unexpectedly with massive disruptions on markets, and it has pushed all kinds of businesses to adapt their operations in resilient ways (Verma & Gustafsson, 2020).

COVID-19 crisis sets demands for new robust and sustainable business strategies as well as operating models to remain agile and productive.



Research gap

However, the context-specific specific impact and actions among solo entrepreneurs have not been reported.

Aim of the study

This longitudinal multiple case study investigates short-term crisis management among solo-entrepreneurs during the first months of COVID-19 crisis.

This study aims to answer how entrepreneurs can maintain and develop their business while working under unexpected crisis conditions.



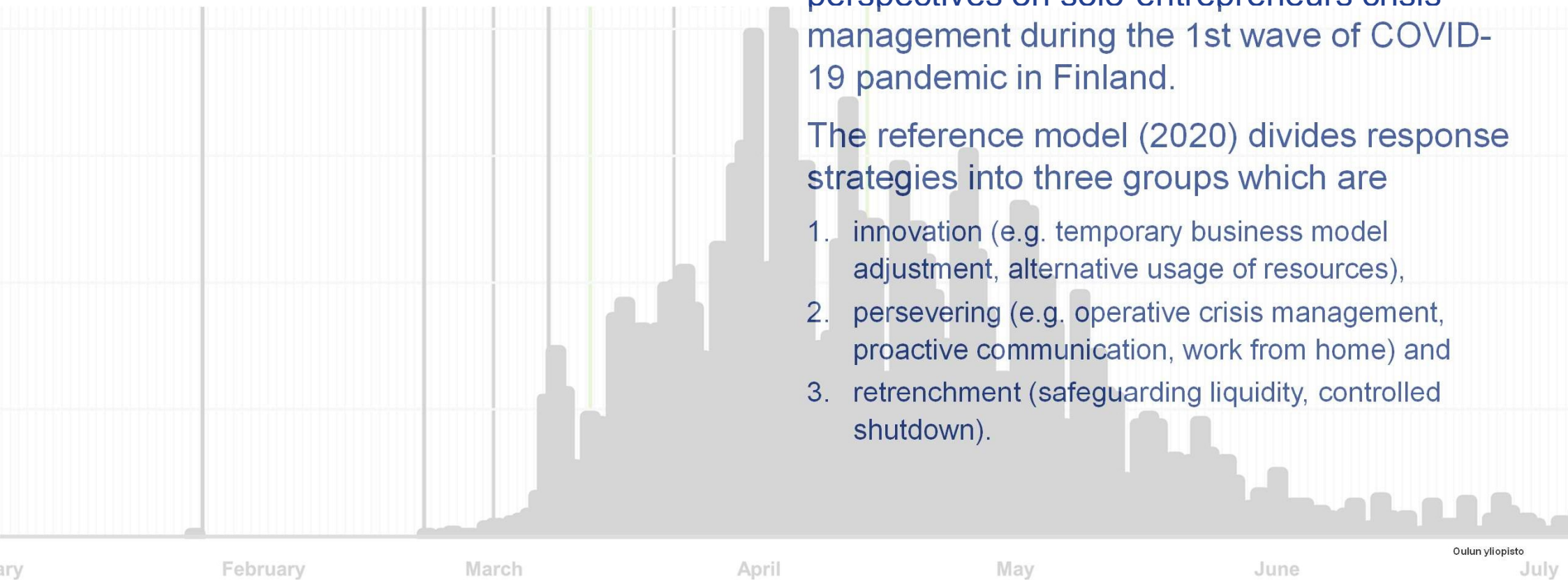
Theoretical framework

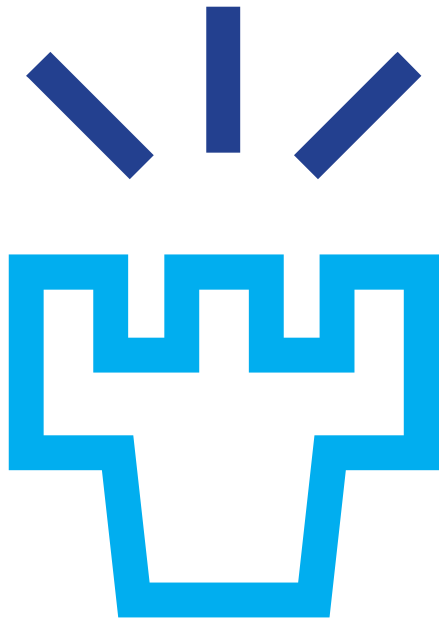
Kraus et al. (2020, 1081) propose a model of responses to crisis including temporal, both short-term and strategic, perspectives.

In this paper we focus on short term, ad-hoc, perspectives on solo-entrepreneurs crisis management during the 1st wave of COVID-19 pandemic in Finland.

The reference model (2020) divides response strategies into three groups which are

1. innovation (e.g. temporary business model adjustment, alternative usage of resources),
2. persevering (e.g. operative crisis management, proactive communication, work from home) and
3. retrenchment (safeguarding liquidity, controlled shutdown).





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Research Question

This longitudinal multiple case study investigates short-term crisis management among solo-entrepreneurs during the first months of COVID-19 crisis.

This study aims to answer how entrepreneurs can maintain and develop their business while working under unexpected crisis conditions.

What kind of response strategies did the Finnish solo-entrepreneurs' use during the first wave of COVID-19 pandemic?



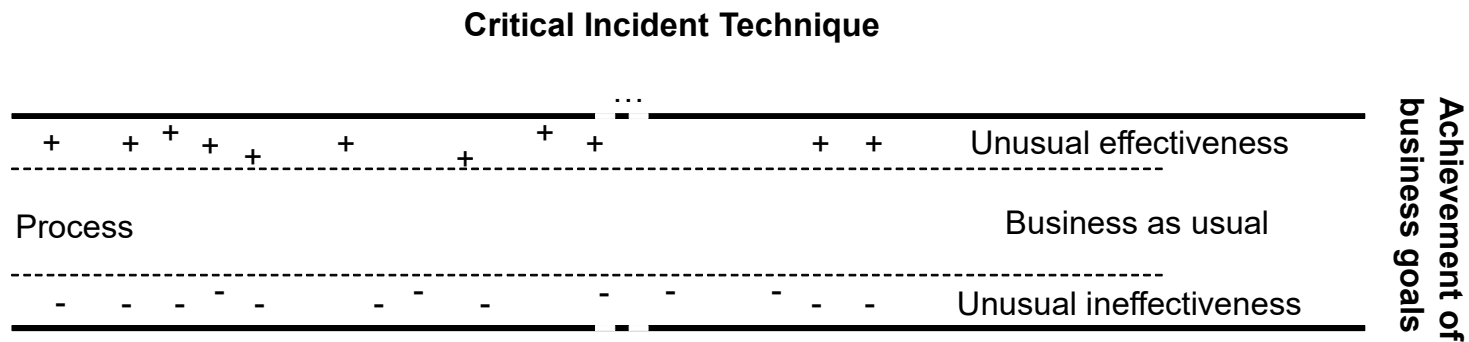
Longitudinal multiple case study strategy

The data consist of nine solo-entrepreneurs who were regularly contacted between March and June 2020 through phone calls, emails and other social media channels. The short follow-up interviews covered repeated themes.

The data was analysed through critical incident technique (CIT; Chell, E., 2004; Edvardsson & Roos, 2001; Fisher & Oulton, 1999; Flanagan, 1954) to clarify the underlying managerial priorities.



Critical Incident Technique

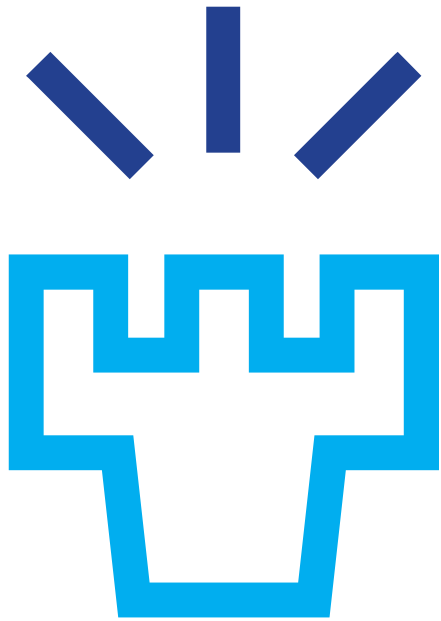


See Flanagan 1954, Stauss & Weinlich 1997



Data collection

Case	Communication channels	Follow-up period	Number of contacts
A	Facebook Messenger, telephone	March 20 th to May 14 th	14
B	written diary, telephone	March 23 rd to June 21 st	6
C	email	March 30 th to June 30 th	6
D	email	March 25 th to June 30 th	9
E	telephone	March 27 th to June 18 th	6
F	telephone	March 27 th to June 18 th	6
G	telephone	March 31 st to June 15 th	8
H	telephone, face-to-face, Whatsapp	March 26 th to June 5 th	5
I	telephone, Facebook Messenger	March 31 st to June 8 th	5



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Case	Core business	Company age (years)	Immediate impact (1-3 weeks)	Short-term impact (1-3 months)
A	Streaming live videos online; video production	7	cancellation of all pre-booked events; travel restrictions prevented business trips	increased demand for online streaming services; total sales exceeded year before; hiring an employee must be postponed
B	Producing online and hybrid matchmaking events	6	cancellation of pre-booked events	development funding for a new technical solution; new online service was well received by customers
C	Composer, lyricist, producer	12	all music shows cancelled, and business was shut down	offering new musical pedagogical coaching online; development of service portfolio and re-thinking customer segment strategy
D	Graphic design: illustrations	10	no immediate impact on pre-booked orders but new sales was stopped	no success in grant funding; in total, only minor impact on business
E	Jewelry shop	30	dramatic drop in in-store customer flow and demand for present items	limited opening hours; still little in-store customers; generally negative impact on business and motivation
F	Wood product manufacturing	9	changes in customers' leisure time activities decreased the sales	building product stocks for future demand bound financial capital and increased economic risks; problems in domestic material supply; personal capital used to survive
G	Digital applications, mobile applications	8	no immediate impact: company survived with a development funding grant received before crisis	one client did not accomplish pre-payment; minor cash liquidity problems in April; new orders in May and the June result exceeded the year before
H	Wholesale of food products	5	the shop closed immediately, scaling down the stock and increasing online sales	focus on re-adjusting the business model and re-thinking personal motivations for entrepreneurship
I	Sales of secondhand products	22	sales stopped when restaurants were shut down; buying trips and transportation of products postponed	application for unemployment benefit until the business could be re-launched

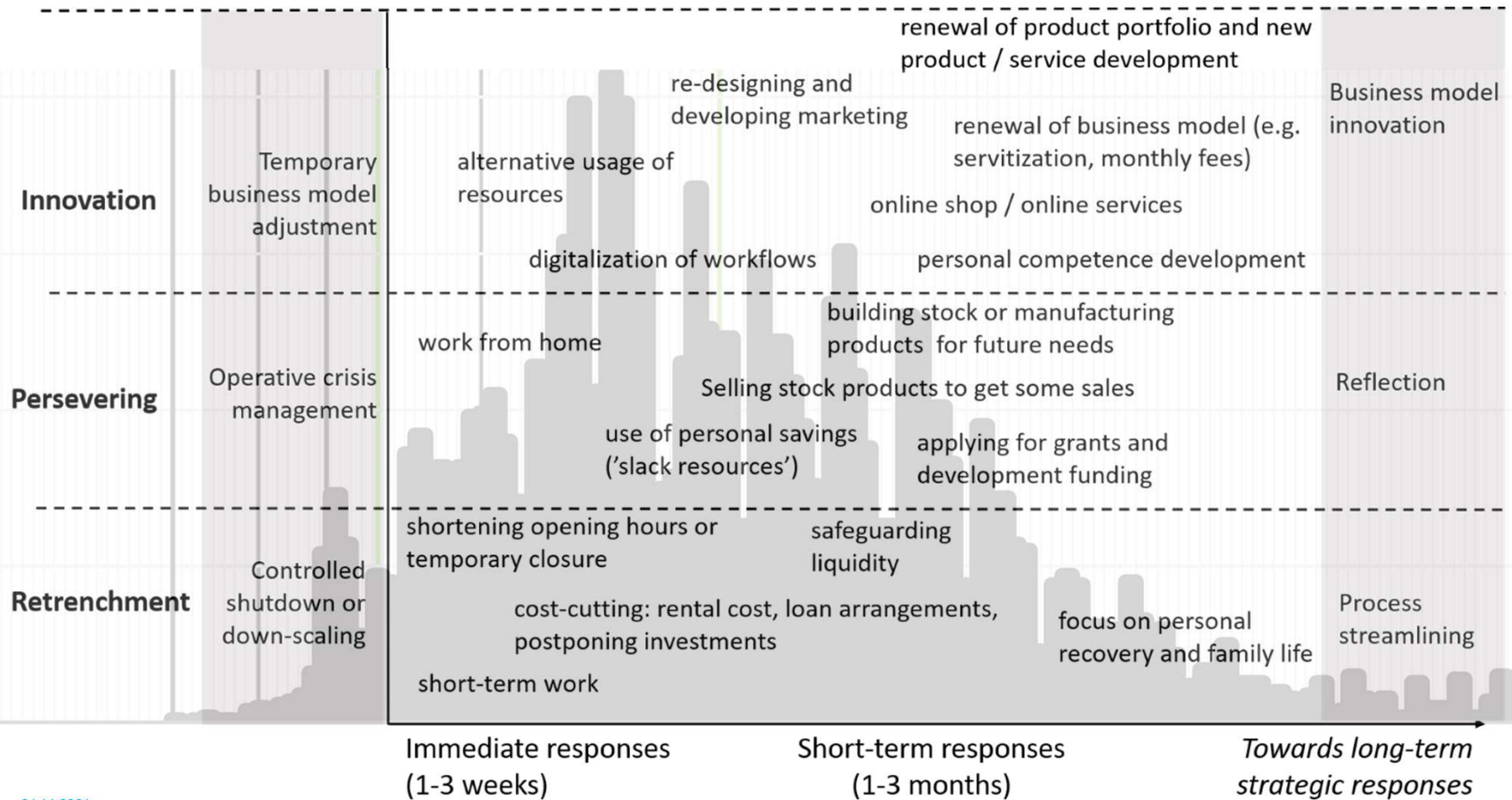


Short-term strategic managerial responses to COVID-19 crisis.

Strategic response	Cases	Managerial actions
Innovation	BDG BGH ABG CD H B FG	Re-design and development of marketing (e.g. website) Re-thinking business model, cost structure or pricing Developing entrepreneurial competence and skills Development of new products or services Increasing online-based services and online sales Using entrepreneurial networks for new business opportunities Looking for an employee
Persevering	BDFG ADI CF DF HI E A	Applying for development and investment funding Applying for COVID support grants or unemployment benefit Building material / product stocks Use of personal economic capital ('slack resources') Selling out stock products Manufacturing products for future need Work from home ('digitalization leap')
Retrenchment	AFGH EHI FG DE DE EI G	Rental payment arrangement with property owner Shortening opening hours or temporarily pausing the business Loan arrangements with bank Focusing on personal recovery and family time Cutting down personal expenses Postpone investments and purchases Rearranging invoice payment terms or paying invoices past due date



Conclusion: Adjusted framework for solo entrepreneurs' responses to COVID-19 crisis





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