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

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Track 34. “Working here”: Linking Place and Strategies as Practice
Science with Arctic Attitude

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1. Introduction
2. Method
3. Results & discussion
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

March 18th – May 30th
Restaurants closed

April 4th
Uusimaa border opens

April 15th

June 16th
State of emergency ends

March 2020

March 19th
Business Finland's funding for business development in disruptive circumstances open

March 19th
Bank of Finland: 500M€ crisis package

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 25th
Support for business costs from the State Treasury opens

June 26th
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.
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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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?
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

<table>
<thead>
<tr>
<th>Process</th>
<th></th>
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<th>Unusual effectiveness</th>
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<tbody>
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<tr>
<td>Business as usual</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Unusual ineffectiveness</td>
</tr>
</tbody>
</table>

See Flanagan 1954, Stauss & Weinlich 1997
## Data collection

<table>
<thead>
<tr>
<th>Case</th>
<th>Communication channels</th>
<th>Follow-up period</th>
<th>Number of contacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Facebook Messenger, telephone</td>
<td>March 20&lt;sup&gt;th&lt;/sup&gt; to May 14&lt;sup&gt;th&lt;/sup&gt;</td>
<td>14</td>
</tr>
<tr>
<td>B</td>
<td>written diary, telephone</td>
<td>March 23&lt;sup&gt;rd&lt;/sup&gt; to June 21&lt;sup&gt;st&lt;/sup&gt;</td>
<td>6</td>
</tr>
<tr>
<td>C</td>
<td>email</td>
<td>March 30&lt;sup&gt;th&lt;/sup&gt; to June 30&lt;sup&gt;th&lt;/sup&gt;</td>
<td>6</td>
</tr>
<tr>
<td>D</td>
<td>email</td>
<td>March 25&lt;sup&gt;th&lt;/sup&gt; to June 30&lt;sup&gt;th&lt;/sup&gt;</td>
<td>9</td>
</tr>
<tr>
<td>E</td>
<td>telephone</td>
<td>March 27&lt;sup&gt;th&lt;/sup&gt; to June 18&lt;sup&gt;th&lt;/sup&gt;</td>
<td>6</td>
</tr>
<tr>
<td>F</td>
<td>telephone</td>
<td>March 27&lt;sup&gt;th&lt;/sup&gt; to June 18&lt;sup&gt;th&lt;/sup&gt;</td>
<td>6</td>
</tr>
<tr>
<td>G</td>
<td>telephone</td>
<td>March 31&lt;sup&gt;st&lt;/sup&gt; to June 15&lt;sup&gt;th&lt;/sup&gt;</td>
<td>8</td>
</tr>
<tr>
<td>H</td>
<td>telephone, face-to-face, Whatsapp</td>
<td>March 26&lt;sup&gt;th&lt;/sup&gt; to June 5&lt;sup&gt;th&lt;/sup&gt;</td>
<td>5</td>
</tr>
<tr>
<td>I</td>
<td>telephone, Facebook Messenger</td>
<td>March 31&lt;sup&gt;st&lt;/sup&gt; to June 8&lt;sup&gt;th&lt;/sup&gt;</td>
<td>5</td>
</tr>
</tbody>
</table>
1. Introduction
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<table>
<thead>
<tr>
<th>Case</th>
<th>Core business</th>
<th>Company age (years)</th>
<th>Immediate impact (1-3 weeks)</th>
<th>Short-term impact (1-3 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Streaming live videos online; video production</td>
<td>7</td>
<td>cancellation of all pre-booked events; travel restrictions prevented business trips</td>
<td>increased demand for online streaming services; total sales exceeded year before; hiring an employee must be postponed</td>
</tr>
<tr>
<td>B</td>
<td>Producing online and hybrid matchmaking events</td>
<td>6</td>
<td>cancellation of pre-booked events</td>
<td>development funding for a new technical solution; new online service was well received by customers</td>
</tr>
<tr>
<td>C</td>
<td>Composer, lyricist, producer</td>
<td>12</td>
<td>all music shows cancelled, and business was shut down</td>
<td>offering new musical pedagogical coaching online; development of service portfolio and re-thinking customer segment strategy</td>
</tr>
<tr>
<td>D</td>
<td>Graphic design: illustrations</td>
<td>10</td>
<td>no immediate impact on pre-booked orders but new sales was stopped</td>
<td>no success in grant funding; in total, only minor impact on business</td>
</tr>
<tr>
<td>E</td>
<td>Jewelry shop</td>
<td>30</td>
<td>dramatic drop in in-store customer flow and demand for present items</td>
<td>limited opening hours; still little in-store customers; generally negative impact on business and motivation</td>
</tr>
<tr>
<td>F</td>
<td>Wood product manufacturing</td>
<td>9</td>
<td>changes in customers’ leisure time activities decreased the sales</td>
<td>building product stocks for future demand bound financial capital and increased economic risks; problems in domestic material supply; personal capital used to survive</td>
</tr>
<tr>
<td>G</td>
<td>Digital applications, mobile applications</td>
<td>8</td>
<td>no immediate impact: company survived with a development funding grant received before crisis</td>
<td>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</td>
</tr>
<tr>
<td>H</td>
<td>Wholesale of food products</td>
<td>5</td>
<td>the shop closed immediately, scaling down the stock and increasing online sales</td>
<td>focus on re-adjusting the business model and re-thinking personal motivations for entrepreneurship</td>
</tr>
<tr>
<td>I</td>
<td>Sales of secondhand products</td>
<td>22</td>
<td>sales stopped when restaurants were shut down; buying trips and transportation of products postponed</td>
<td>application for unemployment benefit until the business could be re-launched</td>
</tr>
</tbody>
</table>
# Short-term strategic managerial responses to COVID-19 crisis.

<table>
<thead>
<tr>
<th>Strategic response</th>
<th>Cases</th>
<th>Managerial actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation</strong></td>
<td>BDG</td>
<td>Re-design and development of marketing (e.g. website)</td>
</tr>
<tr>
<td></td>
<td>BGH</td>
<td>Re-thinking business model, cost structure or pricing</td>
</tr>
<tr>
<td></td>
<td>ABG</td>
<td>Developing entrepreneurial competence and skills</td>
</tr>
<tr>
<td></td>
<td>CD</td>
<td>Development of new products or services</td>
</tr>
<tr>
<td></td>
<td>H</td>
<td>Increasing online-based services and online sales</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Using entrepreneurial networks for new business opportunities</td>
</tr>
<tr>
<td></td>
<td>FG</td>
<td>Looking for an employee</td>
</tr>
<tr>
<td><strong>Persevering</strong></td>
<td>BDFG</td>
<td>Applying for development and investment funding</td>
</tr>
<tr>
<td></td>
<td>ADI</td>
<td>Applying for COVID support grants or unemployment benefit</td>
</tr>
<tr>
<td></td>
<td>CF</td>
<td>Building material / product stocks</td>
</tr>
<tr>
<td></td>
<td>DF</td>
<td>Use of personal economic capital ('slack resources')</td>
</tr>
<tr>
<td></td>
<td>HI</td>
<td>Selling out stock products</td>
</tr>
<tr>
<td></td>
<td>E</td>
<td>Manufacturing products for future need</td>
</tr>
<tr>
<td></td>
<td>A</td>
<td>Work from home ('digitalization leap')</td>
</tr>
<tr>
<td><strong>Retrenchment</strong></td>
<td>AFGH</td>
<td>Rental payment arrangement with property owner</td>
</tr>
<tr>
<td></td>
<td>EHI</td>
<td>Shortening opening hours or temporarily pausing the business</td>
</tr>
<tr>
<td></td>
<td>FG</td>
<td>Loan arrangements with bank</td>
</tr>
<tr>
<td></td>
<td>DE</td>
<td>Focusing on personal recovery and family time</td>
</tr>
<tr>
<td></td>
<td>DE</td>
<td>Cutting down personal expenses</td>
</tr>
<tr>
<td></td>
<td>EI</td>
<td>Postpone investments and purchases</td>
</tr>
<tr>
<td></td>
<td>G</td>
<td>Rearranging invoice payment terms or paying invoices past due date</td>
</tr>
</tbody>
</table>
Conclusion: Adjusted framework for solo entrepreneurs’ responses to COVID-19 crisis
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