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Entrepreneurial Resilience in the COVID-19 Crisis: A Qualitative Study of Micro and Small Entrepreneurs in Poland

“The life of an entrepreneur is a constant crisis. However, I have never experienced anything like this.”

An entrepreneur with 12 years of experience in the market

Abstract: During global crises, small businesses suffer the most damage. At the same time, they are not sufficiently represented in the literature on entrepreneurship. At the outbreak of the pandemic, and then three months later, we conducted in-depth interviews with micro and small business owners operating in different industries in Poland. We focused on three levels of resilience: the owner, the company, and the environment. We found, among other matters, that the entrepreneurs differed in regard to the strategies they adopted in connection with the crisis and that the role of prior conceptualization in introducing new strategies was crucial. Our study contributes to the literature by providing insight into a crisis considered as an event and as a process. We also provide proposals for further research into entrepreneurial resilience. The results of this study could have practical implications for policymakers and those planning aid for entrepreneurs in a state of crisis.

Keywords: MSE, entrepreneurship, crisis, COVID-19, resilience

Introduction

A crisis can be defined as “a low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly” (Pearson and Clair 1998: 60). Although crises are thought of as rare occurrences, entrepreneurs in fact encounter them on many occasions in the form of economic downturns, natural disasters, technological malfunctions, or other events. These unpredictable and often unavoidable occurrences usually cause considerable distortion in the entrepreneurial activity and, in many cases, may lead to irreversible damage and the failure of the business. Studies on how businesses deal with crises are needed because they would broaden our understanding of the processes that occur in these complex situations.

In the past, an entrepreneurial crisis was mostly defined by its low probability and unexpectedness, yet this approach is now considered to be too limited (Bazerman and Watkins 2004). Thus, it has been suggested that a crisis should be viewed as an inevitable, everyday occurrence that might evolve either rapidly or over time. This view shifts the perception of crisis-like events and causes them to be viewed as part of entrepreneurial reality, especially since crises, apart from the various threats with which they are associated, may at the same time offer valuable lessons (Cope and Watts 2000). The debate in the literature has also focused on the distinction between two approaches to crisis operationalization: either as an event or as a process (Williams et al. 2017). The COVID-19 crisis eludes these categorizations. We may argue that it actually has the characteristics of a crisis as an event and, since it has lasted long enough to develop stages, might also be viewed as a process (Roux-Dufort 2016).

The stability and survival of micro, small, and medium companies is essential for national and global economies, as these companies are, as studies consistently show, the backbone of every economy (Elmore 2009; Harvie and Lee 2002; Holt 1992). In fact, micro and small enterprises represent approximately 70–85% of businesses and more than 50% of employment worldwide (World Bank 2020). In Poland, micro enterprises constitute 97% and small enterprises 2.2% of all registered firms. They generate respectively 29% and 9.1% of Poland's GDP and constitute respectively 4 million and over 1 million of Poland's workplaces (PARP 2021).

Research on entrepreneurial crises has a considerable history, mainly focusing on crisis management and crisis-evasion strategies. Predominantly, these studies are applicable to medium or large companies or corporations where crisis management relies on detailed plans and incorporates techniques that benefit from the input of external experts and consultants (Mayr et al. 2017). Insufficient attention has been paid to micro and small entrepreneurs (MSE) so far, with a few important exceptions (Eggers 2020; Herbane 2018; Doern et al. 2019). Therefore, researchers have highlighted the need for further studies concerning crises within small organizations (Branicki et al. 2018).

One of the most frequently studied aspects of organizational crises is resilience. This concept has become important in research on entrepreneurship for two reasons. First, it is connected with a business's preparedness to absorb shocks more efficiently (Walker et al. 2004). Second, it helps to analyze the cognitive and behavioral mechanisms of adjusting to new situations (Biggs et al. 2010). Thus resilience has been defined as the ability to function effectively after a disruption and to recover from that disruption successfully (Doern 2017; Luthans 2002). What is more, it has become a useful framework for studying an entrepreneurship crisis as a process.

Korber and McNaughton (2018), in reviewing the literature on interrelations between resilience and entrepreneurship, identified two different sets of narratives: *ex ante* and *ex post*. The *ex ante* approaches are focused on the resources that are the basis for surviving a shock, responding flexibly, or adapting to changes over time (Williams and Vorley 2014; Folke 2006). In *ex post* narratives, resilience is conceptualized as a response in the processual perspective, where capacity for action is stressed (Linnenluecke et al. 2013). We consider these approaches particularly suitable for analyzing entrepreneurial resilience during the COVID-19 crisis due to the crisis's prolonged impact over time. It also gives us the possibility to follow Korber and McNaughton's (2018) suggestion for a multiple dimensional examination of that phenomenon.

In the COVID-19 pandemic, in order to meet health, social, and economic challenges, individual, organizational, and societal resilience is needed (Liu et al. 2020). Many characteristics of entrepreneurs, such as identifying unexplored opportunities, taking the initiative, and facing changes with a positive attitude, are associated with resilience (Ayala and Manzano 2014; Bullough and Renko 2013). For organizations, business resilience means adaptation and survival during turbulent circumstances (Duarte Alonso and Bressan 2015). Entrepreneurial resilience is therefore a mixed category of individual and organizational resilience embedded in a wider social and economic context (Huggins and Thompson 2015). These interrelated dimensions of resilience influence each other, which is particularly important in the case of small businesses.

Small businesses are generally regarded as less resilient than large businesses. They have fewer resources and less bargaining power (Smallbone et al. 2012). They are also disproportionately exposed to a wide range of external shocks (Battisti and Deakins 2012). On the other hand, MSEs are more flexible and have easier access to a broad range of resources through the social connections of extended networks (Lengnick-Hall et al. 2011). These capacities might be considered to be sources of “underlying resilience” (Smallbone et al. 2012: 1). However, existing studies on MSEs facing crises require further elaboration, as our study aims to provide.

COVID-19’s Impact on Entrepreneurship

The COVID-19 pandemic has had an enormous impact on entrepreneurship worldwide. Within a few months, the global economy was shaken, leaving business owners and their stakeholders in disbelief and uncertainty. The June 2020 Economic Outlook (OECD) projected a 6% decrease in global GDP and a 7.6% decrease if a second wave of the pandemic were to occur by the end of 2020, with a double-digit decline in some of the most affected countries (OECD 2020). According to the OECD, at the time more than half of SMEs faced severe losses in revenue. One third of SMEs feared going out of business without further support within one month and up to 50% within three months. According to a survey of SMEs in 132 countries, two thirds of micro and small firms reported that the crisis had strongly affected their business operations, and one fifth were at risk of shutting down permanently within three months (ITC 2020). Nearly all countries have introduced response policies in regard to the pandemic.

The economic situation in Poland before the pandemic was favorable. Over the past three years, GDP had increased by approximately 4% annually, and in the same period, the unemployment rate was approximately 5% (GUS 2020). As reported by KPMG (2020), 78% of companies pointed to COVID-19 as the main source of their current troubles.

Scope of the Research

Many researchers have highlighted that there is a shortage of studies on MSEs in critical situations, and yet the subject is an important one both for theory and practice (Herbane

2010; Doern et al. 2019). In this study, we wanted to investigate the functioning of MSEs in Poland during the pandemic, focusing especially on manifestations of entrepreneurial resilience. As many researchers have done before, we wanted to address this opportunity of collecting data immediately after the crisis emerged (e.g., Runyan 2006; Doern 2016). Because COVID-19 as a crisis factor was completely new in its impact, we found the grounded theory approach most applicable (Glinka and Gutkova 2011). We used an exploratory approach to investigate the current situation of micro and small business owners and how the situation has changed over time. Thus, we repeated our interviews approximately 2–3 months after the first round of interviews, which were conducted in March 2020.

Our main research questions were as follows:

1. How are MSEs dealing with the COVID-19 crisis?
2. What strategies have MSEs undertaken to minimize the severity of the crisis' impact on their companies?
3. How do various external entities (clients, contractors, government agencies, etc.) impact MSEs?
4. Have strategies and attitudes changed over time?

These research questions were investigated in regard to three basic levels of resilience: the entrepreneur, the company, and the environment. In MS companies, the role of the business owner is crucial. The individual resilience of entrepreneurs is often conceptualized as a psychological construct of several individual traits and qualities such as flexibility, optimism, perseverance, and emotional intelligence (Humphrey 2013). On the other hand, dealing with obstacles, stress, fear, and other negative emotions might interfere with business decisions. Paradoxically, entrepreneurs are actually especially prone to errors in decision making due to the high levels of uncertainty and the emotional roller coaster they experience (Baron 1998). Therefore, in our study we wanted to capture the cognitive processes underlying strategic decisions and actions. We also wanted to include the issue of personal life interfering with business operations, as in the case of COVID-19 this interference was remarkable.

A business owner deals with numerous types of people, that is, employees, contractors, clients, investors, and so forth. Each of these social exchanges can actively influence the economic situation and entrepreneurial resilience of the company in a positive, neutral, or negative way. Additionally, many countries have an aid system that helps businesses in difficult situations. The most widely used instruments in response to the COVID-19 outbreak have been income tax and profit tax deferrals, loan guarantees and direct lending to MSEs, and wage subsidies (OECD 2020). These factors can also contribute to the resilience of MSEs.

The data we obtained from the two rounds of interviews is of great importance for understanding the dynamics of entrepreneurial activity during a crisis. The need for a dynamic conceptualization of the interrelations between resilience and entrepreneurship, as a source shaping the ability of socio-ecological systems to overcome shock, has been stressed by Korber and McNaughton (2018). These processes should be investigated from multiple perspectives: psychological, social-political, technological, and so forth (Pearson and Clair 1998). As Smallbone, North, and Kalantaridis (1999) note, as crises are becoming an integral part of business activity, it is unrealistic to try to avoid them. Therefore, studies

on entrepreneurial resilience are needed in order to understand mechanisms of preparedness and endurance in crisis situations. More in-depth research on this phenomenon could help entrepreneurs prepare for these rare yet unavoidable occurrences and hopefully maneuver out of them safely and intact (Cope 2005). Our study contributes to this research field by providing empirical evidence on three levels of analysis over an extended period of time.

Sample Description and Data Collection

The focus of our analysis is MSEs operating in the city of Krakow (a voivodeship city in southern Poland, with an area of 326.85 km² and a population of 779,115). Between March and April 2020, during the initial stage of the lockdown, we conducted 20 in-depth semi-structured individual interviews with owners of micro and small enterprises. The number of interviews was determined by the process of saturation of emerging analytical categories. The Polish government introduced measures against the epidemic on March 12. The gastronomy sector was restricted; shopping and cultural institutions were closed. The borders of the country were closed for private crossings, and deliveries of supplies were impeded. On April 1, further restrictions were introduced. Public gatherings were banned, and businesses in public places were closed. We conducted the first round of interviews during the most severe period of the lockdown. The entrepreneurs in the study represented various industries, including education, gastronomy, and retail (the characteristics of the sample are presented in Table I), and all described their business position before the pandemic as stable and growing.

We conducted interviews via online communicators (Skype, FaceTime, or Messenger) in order to have visual contact with the interviewees. The interviews lasted 34–60 minutes on average. The participants were recruited via snowball sampling. We aimed to contact those entrepreneurs whose activity might have been curtailed due to either government restrictions or the nature of their industry. We asked the participants for permission to record the interviews in audio mode and received positive responses. After recording, the interviews were transcribed and coded to protect the anonymity of the participants. We selected a grounded approach when coding to avoid forcing our analysis into pre-generated categories (Bryant and Charmaz 2007).

To be able to explore the dynamics of the COVID-19 crisis we conducted a second round of interviews with the same participants. We wanted to interview the participants as soon as the first lockdown restrictions were lifted. This occurred three months after the first round of interviews. Therefore, the results of our study concern the first wave of the pandemic. At the moment of collecting the data we did not foresee the upcoming waves of the pandemic. In the second round of interviews, conducted between June and July 2020, we experienced a slight shrinkage in our sample. Four participants (male business owners) either declined to participate in the study or were out of reach. Two participants declared their business's bankruptcy or suspension of activity as a reason for declining further participation in the study (both were in the fitness industry). Therefore, in the second round of interviews, 16 micro and small business owners took part. These interviews were conducted after all the restrictions had been waived. It seemed that the epidemic was under control.

Table I
Characteristics of the sample

Feature	In the studied sample	Details
Gender	12 male, 8 female [Eight male, eight female in the second round.]	Seven of the micro companies were owned by men and six by women. Five of the small companies were owned by men and two by women.
Years in the market	From 2 to 33 years.	Three companies were in the market for less than five years, three were for more than 20 years, and the rest were somewhere in between. [The companies with four and 18 years in the market were closed or suspended. The companies with three and 12 years were still operating but did not participate in the second round of interviews.]
Employed staff	From 1 to 50	In almost all of the firms, we noticed mixed forms of employment, either full time or other forms.
Size of the company	Micro 13, small 7.	
Status during the pandemic	11 had suspended activity, 3 had partly suspended activity, and 6 were operating as usual.	Partly suspended activity consisted of additional or replacement activities, for example, conducting activities online or delivery.
Industry	Gastronomy (2), education (1), legal services (1), production (1), sports and leisure (5), retail (3), specialized services (3), IT services (2), and beauty parlors (2).	

Discussion of the Results

We applied the phenomenological approach, which suggests that the world and the objects we perceive exist through the meanings we give to them via an act of interpretation (Gray 2004). We begin with an analysis of the data from the first round of interviews and then move to the second round, showing the differences between these two points in time in regard to the issue. Simultaneously we relate our results to the existing entrepreneurial research in order to underline our contribution to the theory. In each section we provide quotes from the interviews that best depict a given aspect. Each quote is followed by a specific code representing the following information about the interviewee, in the following order: number of years on the market, gender, micro or small enterprise, operating status during the first round of interviews (0 for closed due to strict government orders or 1 for operating), and the round of interviews (A for the first and B for the second round of interviews).

The entrepreneur—individual resilience

An entrepreneur is a key figure, particularly in micro and small businesses, where their impact on the company is most direct. The personal characteristics of individuals are

generally poor predictors of specific behaviors, especially in complex bad situations (Rauch and Frese 2007) such as an unexpected global crisis. However, some studies show that general dispositions, such as resilience (Ayala and Manzano 2014) or optimism (Hmieleski and Baron 2009), might influence how a person deals with difficult situations. Thus we decided to begin our analysis by focusing on entrepreneurial resilience as an individual quality.

Emotional response

An emotional response to business failure is usually complex. It may manifest as anger, despair, disbelief, or self-depreciation. Despite the considerable amount of data on the emotional processes of entrepreneurs who have failed and/or lost their businesses, there is little evidence on the emotional aspects of MSEs during crises. The ability to deal with strong negative emotions is crucial for entrepreneurial resilience and for learning from experience, which, in turn, builds a solid foundation for future endeavors (Shepherd and Cardon 2009).

Surprisingly, we discovered that the respondents admitted their fears not in the first but only in the second wave of interviews:

“Now it’s a bit better. At the beginning, obviously, there was this major health threat. So these emotions, of course, were there, but now they’ve calmed down.” 33/M/S/1/B

This suggests that entrepreneurs might have repressed their actual emotional responses and only admitted them after the first threat had passed. According to different authors (Doern 2016; Emmons and McCullough 2003), people use various strategies to regulate their emotions during difficult times. These strategies might include focusing on the positive aspects, using downward comparisons, or appreciating that the situation could have been worse. In our sample, we observed many of these strategies, such as downward comparisons (e.g., “other industries are in a worse position”) or focusing on the positives (e.g., “at least I have time to rest”). Feelings of helplessness and disappointment were also expressed. The latter involved bitterness about the change in the person’s previous position. Most entrepreneurs described their pre-crisis situation as favorable, with plans for a steadier income and less strain. They expressed disappointment with the fact that they would have to start over, building their stability from the beginning, or close altogether:

“Finally, I could say that I am satisfied with my situation, and within two months, everything has fallen apart. Returning to pre-pandemic business in my industry is impossible; it is as if we were setting up a business from scratch.” 13/F/M/1/B

Building individual resilience requires dealing with unpleasant emotional states and uncertainty. Our research findings support arguments that the psychological traits behind individual resilience are coping ability, remaining positive, and withstanding stress in the face of a crisis (Norris et al. 2008; Baron and Markman 2000).

Entrepreneurial qualities

We observed a variety of entrepreneurial qualities among our business owners but in our analysis we will focus on those connected to resilience in this specific crisis.

Many studies explore the notion of a crisis being a springboard for innovation and new developments (Giotopoulos et al. 2017). Yet, to perceive a crisis as an opportunity, a specific entrepreneurial mindset is needed. This entrepreneurial mindset enables finding creative and flexible solutions to emerging challenges, which in turn strengthens individual resilience (Bimrose and Hearne 2012). According to de Vries and Shields (2006), individual resilience is a key trait of entrepreneurs and contributes to organizational resilience.

In the first round of interviews we found calmness and patience to be the key features that allowed owners to adapt to new situations:

“You have to be patient, to wait patiently for what will happen and for things to improve. You must also be persistent in all this and determined and be full of hope that everything will be okay, that everything will return to normal.” 14/F/M/1/A

Interestingly, in the second round of interviews, the most frequent answer regarding crucial entrepreneurial qualities was flexibility. Our interviewees found this capability to be a typical strength for entrepreneurs in general but for Polish entrepreneurs specifically:

“Entrepreneurs in Poland are hardened because the changes are so frequent in the tax or other regulations that they have to be flexible. I think that our entrepreneurs will cope well because they can adapt to changing situations, even without a pandemic.” 33/M/S/1/B

Calmness and patience are not usually associated with entrepreneurial qualities, but this was the most common reaction of the entrepreneurs in our sample. These attitudes were, however, not passive. We argue that this composure, paired with the propensity to act, is a crucial combination for active, yet rational, crisis management among MSEs. We found flexibility to be especially highlighted in the second round of the interviews among those owners who introduced specific actions in order to secure their businesses. Future studies are needed to test the relation between patience and flexibility and its role in building individual resilience.

Personal life

Some authors argue (Eddleston and Powell 2012) that family can be a source of positive balance for entrepreneurs. We decided to include personal life as a category in our study because of the particular characteristic of this crisis. Due to the precautions that were introduced, many people were forced to undertake remote work, and similarly, their children had to be schooled at home. This unprecedented situation influenced entrepreneurs and their employees, causing delays, difficulties, and emotional distress.

Surprisingly, in the first round of interviews, there were very few comments regarding this issue. Only a few interviewees mentioned that this situation had caused disturbance in their personal lives. A few indicated that there had been some additional chores related to online schooling and increased household occupancy (more cooking and cleaning, etc.). However, this subject was not critically important in the sample studied. It is worth mentioning that this was true for both the male and female participants. It would seem that familial obligations were not included in the sphere of the work struggle.

In the second round of interviews, family obligations were more openly discussed. Children's presence in the household was frequently mentioned, but mostly from the perspective of an employer whose workers are occupied with other duties:

“We try to be more organized. We know that we have to finish something because one of the employees has to go to kindergarten to get their children. Each of us has a partner working remotely; we have to take this into account.”
11/M/M/1/B

In this regard we found no support for either the enhancing or obstructing influence of familial factors on entrepreneurial resilience. More studies focusing specifically on this aspect are needed to determine whether, for MSEs, family and personal life factors are relevant in their business endeavors.

Company-level resilience

We asked interviewees to share with us an overview of their current situation and the actions that they wish to implement or are currently implementing. In the case of MSEs, individual resilience is closely interrelated with organizational resilience (Branicki et al. 2018) since such companies comprise not only economic activity but the social life constructed around them (Brieger and De Clercq 2019). In our study we wanted to investigate how these interrelations manifest themselves during a time of crisis. We also asked about the entrepreneurs’ plans regarding their staff members, as this is usually the primary cost that MSEs bear. Furthermore, because business resilience might be defined as the ability to maintain the level of employment and income (Biggs 2011), we were also interested to find out whether entrepreneurs perceived the crisis as an opportunity to introduce certain changes or even new products or services. This is one of the key features of entrepreneurial resilience. The subject was sensitive for some entrepreneurs, as they were in a state of emotional turmoil and were perhaps not ready to think creatively, especially during the first round of interviews:

“I know that it is psychologically nice to see opportunities in everything, but...but it’s hard because it breaks people. It was a really difficult situation, and it is still very uncertain and difficult, mentally burdensome.”
13/F/M/1/B

Therefore it was clear that not all the owners responded to the crisis in the same resilient and entrepreneurial manner. These differences in individual approach might later on contribute to the business’s overall resilience and survival.

Strategies

When we think about prototypical entrepreneurial answers to crises, we can cite one of our respondents:

“Yes, it seems to me that there is one such strategy: not waiting, not looking back, not analyzing, but acting. A lot of my friends are sitting and crying whereas I see different opportunities in their industry.” 12/M/M/1/A

However, the responses to the COVID-19 crisis are far more diverse, even in our small sample. Previous studies show that the variety of strategies that entrepreneurs use to deal with a crisis is broad. The most common strategies are asset reduction, cost reduction, and revenue generation (Hofer 1980). Others are adjustment of customer offerings, the adoption of new pricing models, rapid prototyping, and partnerships with competitors (Reaves and Deimler 2009). These strategies are crucial factors affecting organizational

resilience (Portuguez Castro and Gómez Zermeño 2020). Small businesses are usually more flexible and are able to respond faster to external shocks, particularly when they build organizational resilience over time:

“I run my company as if the crisis were just ahead of us. No excessive spending. We only invested in the company’s development, in remuneration and bonuses. Therefore, now we have some reserves.” 13/M/S/1/A

This is in accordance with other examples in the literature showing that cost reduction is the most common solution during a crisis among small company owners (Pearce and Robbins 1993; Michael and Robbins 1998; Latham 2009).

According to research, the most resilient companies are those that simplified their strategies, focusing on the most effective activities directed toward customers (Sabatino 2016). In the case of the COVID-19 crisis that strategy was digitalization:

“...The world forced this (digital) revolution on us, and it is, to some extent, positive. To be honest, I am optimistic in a way because I see big opportunities.” 13/M/S/1/A

Some invested in online training, which helped them to digitize their services; some planned to develop new services as a side activity; some hired marketing agencies to advertise their services online; and some invented new products. These strategies were successful, as verified in the second round of our study. While some entrepreneurs used this opportunity to enhance their online activity, others decided against taking their business online:

“Doing it online is an option but it won’t be the same as traditional training. It just can’t be done this way. There are no people present, no interaction, you can’t move it to the Internet.” 14/F/M/1/A

According to the KRD Economic Information Bureau (2020), only 5.6% of micro and small businesses in Poland could move their activity online. 42.1% could do so partially, and more than 50% do not have this possibility at all. In our sample, we observed similar proportions.

Some of our interviewees took a passive approach to the situation. These passive attitudes were connected with a feeling of complete lack of control over the situation or the conviction that if you do not know what to do, the best option is to do nothing. This highlights the importance of an intrinsic locus of control as a strong building block of resilience (Branicki et al. 2018):

“I closed the monthly billings, sent them to my accountant, agreed on things with the landlord, and now when it’s all done, I can just lie down and do nothing, although I’m not happy about it.” 3/M/S/0/A

This passive approach is in line with previous studies by Gudkova and Glinka (2006) where entrepreneurs were also mostly focused on the survival of their company rather than on the introduction of any innovations.

In the second round of interviews many respondents were surprised by the unrequested support they received from their clients, which had helped their company to survive the past few months with relative stability. Others reported a more passive approach and were intending to continue to observe how the situation developed. Hence we argue that the

level of organizational resilience might be raised actively by deliberate, strategic actions or could grow slowly but systematically by the simple occurrence of staying in business despite difficult conditions. However, the latter, passive strategy is less favorable because, first, it does not build a sense of control, and second, it might in fact be efficient only for the short period of time before the severity of the crisis is fully revealed.

Based on a qualitative study of business owners who experienced severe damages due to local riots, Doern (2016) argues that three factors are especially crucial in dealing with crises, namely experience, mindset, and resources. Indeed, we find that previous experience of crises were frequently mentioned in the interviews as enabling entrepreneurs to look more positively at the future, even if this future would entail considerable difficulties. In terms of resources, most of our interviewees declared that they had sufficient reserves to operate only for a few months, yet the governmental aid prolonged this perspective significantly. The key factor appears to be an entrepreneurial mindset that enables the adoption of effective strategies. The most striking factor that we observed is prior-idea generation. In other words, those entrepreneurs who had some ideas for improving or altering their business prior to the pandemic, unpacked and introduced those changes when the opportunity presented itself. The second situation in which entrepreneurs introduced a novel approach was more accidental, with either clients requesting additional services or the business engaging in the commonly recognized activities of other similar companies, for example, food delivery, online services, and so forth. Again we found a distinction in the strategies: some owners took deliberate actions based on their prior mental preparedness, while others either refrained from action or implemented solutions somewhat haphazardly. Further studies of the differences in possible strategies and their consequences might bring better understanding of this phenomenon.

Employees

The relationships between entrepreneurs and employees and their impact on business success, particularly in MSEs, has been the subject of many studies (Katz et al. 2000; Wynn 2016). We found that employees were a major concern for the entrepreneurs in our study. It was not uncommon for entrepreneurs to declare that avoiding downsizing was their main priority:

“I will do anything not to reduce the staff. I presented them with the plan and they already got their paycheck for that month. I’d rather not pay taxes than not pay my employees.” 12/M/M/1/A

Simultaneously, entrepreneurs are positively affected by their staff’s support and understanding. A good organizational culture, trust, and loyalty are important factors strengthening organizational resilience (Larsson et al. 2016; Micu et al. 2018). In all the cases studied, the employees were informed about the business’s action plan and possible solutions, i.e., employment reduction to part-time or decreased salaries:

“They had to come to terms with losing some of the benefits and bonuses. They were all very understanding. They know we all have to make sacrifices so that we can get past it.” 13/M/S/1/A

Many respondents also expressed their concerns regarding their employees’ physical well-being. There were even examples of employers sacrificing part of their company’s profit to shield their staff from additional strain:

“We will not have as many orders as usual this time of year. Not only because the sales are lower, but also I do not intend to accept as many orders because now the physical well-being of my staff and myself is more important than the money we could earn.” 10/F/M/0/A

In the second round of the interviews, we noted that most of the companies had managed to maintain full employment. It is important to underline that the majority of governmental support schemes for entrepreneurs included retaining employment as a condition of this support. The focus on employees was less strong than it was in the first round of interviews. It seems that when employment security was intact, the subject was less pressing. We argue that the strong commitment that MSEs have to their staffs’ employment security might contribute to overall business resilience. The emotional bond and the sense of responsibility induce and enhance the need for keeping the business stable for the sake of everyone involved. This desire to save not only the business but also the people who have created it, ignites additional sources of motivation, resourcefulness, and dedication.

The reciprocal impact of environment and entrepreneurial resilience

Micro and small businesses have to face many challenges in their economic, legal, and social environments (Banham 2010). The pandemic caused a reconfiguration of these relations and enlarged the state’s influence over these sectors (Amankwah-Amoah et al. 2020). Businesses’ relations with government institutions and other actors of the entrepreneurial ecosystem are an important framework for analyzing the resilience of the whole system (Williams and Vorley 2015; Martinelli et al. 2018). The self-adapting capabilities of the socio-economic system are indicators of macro-level resilience (Cook 2011). In the COVID-19 pandemic the crisis relates to all spheres of social and economic life, so we can look at entrepreneurial resilience as a part of community resilience (Linnenluecke and McKnight 2017).

Government support

The vast majority of our respondents in the first round of interviews explicitly stated that they do not hope for much support from the government. Sentiments similar to those below were common:

“I don’t need anyone’s help. I just need normal times. The less government there is in my company, the better.” 6/M/M/1/A

Entrepreneurs were also highly dissatisfied with the level of formalities and the severity of the guarantees necessary to receive government support. There was a clear motive to compare entrepreneurship in Poland to that in other more developed countries:

“I observe other nations: Taiwan, Singapore, Sweden. It is sad for me to see my friends from Germany receiving aid right away, and they can sleep soundly. But I never expected it to be the same way here.” 13/F/M/1/A

This dissatisfaction with government policies affecting entrepreneurs is not uncommon among Polish entrepreneurs but is also visible in other countries (Papaioikonomou et al.

2012). The level of trust in Polish society is relatively low, (CBOS 2012) and toward state institutions it is even lower. Polish entrepreneurs do not trust the national legal system nor the state administration, as they do not view it as supportive of their economic activity (Bukowski et al. 2014). However, the Polish government has introduced several measures to support the financial liquidity of enterprises through low-interest loans and financial guarantees (OECD 2020).

Although at first our interviewees did not expect to receive any support, in the second round, we found that all the respondents who had applied for governmental support had received it. The entrepreneurs had benefited from social security contributions (for three months), 40% subsidies on employee wages, non-refundable loans, and subsidies on local government funds. Although the aid was considered to be insufficient and sometimes inadequate, the entrepreneurs were content with the funding they had obtained. Gaining the support of the authorities and government could be considered a significant element of organizational resilience. In turn, supporting the most fragile businesses has an impact of societal resilience since MSEs are a significant source of employment and economic stability. However, the lack of trust in the government is an important inhibitor of entrepreneurial resilience for two reasons. First, it forces business owners to look for alternative solutions even though official aid is being planned and distributed. Entrepreneurs simply don't believe they will be able to rely on this relief and turn to other possibilities, which is a waste of their precious resources. Second, lack of trust might contribute to a sense of additional resentment and negativity, whereas the backbone of strong resilience is optimism and hardiness.

Social environment

Our respondents declared many positive experiences in connection with their social relations, including with clients, employees, contractors, or the general public. In many studies resilience is described as a part of the social embeddedness of MSEs and of their ability to build social and human capital, which could be advantageous in a time of crisis (Biggs 2011; Branicki et al. 2018). Many respondents shared stories of the solidarity and help they had received from others and that they had expressed themselves. These stories were in clear contrast to the above-mentioned difficult relations with representatives of the government and administration.

Our respondents highlighted the value of having loyal customers and spoke of how much this loyalty meant to them financially and emotionally:

"It is strange, but they are still coming to the bakery. It is immensely nice and surprising because I had foreseen that sales would be much worse. It is bad, but at the same time, it is so uplifting that these customers are coming to support me." 10/F/M/0/A

Previous studies (Ogawa and Tanaka 2013) show that the relationship between the customer and supplier plays an important role during crises. In our sample, we also found that a strong bond with loyal customers served as a source of optimism for entrepreneurs who were in trouble. The pandemic has revealed how important relations with clients are, not only in the business sense but also from a psychological perspective. These relationships in turn can strengthen the level of community resilience.

Conclusion

Following Buchanan and Denyer's (2013) call to take the processual approach in entrepreneurial research, we applied this strategy by conducting two series of interviews: one at the beginning of the severe COVID-19 restrictions in Poland and another a few months later. In our research scheme, we captured the crisis as an event (the pandemic caused an economic lockdown) during the first round of interviews, and as a process by addressing the same group of participants in the second round. We also followed Korber and McNaughton's (2018) suggestion to study entrepreneurial resilience when a disruption occurs in order to show what entrepreneurs actually do in these situations. And finally we used the multi-level approach to analyze the individual, business, and societal level of entrepreneurial resilience (Branicki et al. 2018). The study structure is presented in Table II and the most crucial findings, with corresponding quotes, are summarized in Table III.

Table II
Research questions and analytical strategy

Level of analysis	Research questions	Saturated categories of qualitative analysis
An entrepreneur	1. How do MSEs deal with the COVID-19 crisis?	<p>Emotional response—The emotional state of entrepreneurs during the crisis.</p> <p>Entrepreneurial qualities—Manifested entrepreneurial qualities that are beneficial during a crisis.</p> <p>Personal life—How does the crisis in entrepreneurial activity impact the personal lives of business owners?</p>
The company	2. What strategies do MSEs undertake to minimize the severity of the crisis' impact on their companies?	<p>Strategies—Strategies introduced to minimize the effect of the pandemic.</p> <p>Employees—The relationship between entrepreneurs and their employees during a crisis.</p>
The environment	3. How do the various external entities (clients, contractors, governmental agencies, etc.) impact MSEs?	<p>Governmental actions—The extent of governmental aid during the crisis.</p> <p>Social environment—Relations with the stakeholders within and outside of the company.</p>
Change in time	4. Do the undertaken strategies and presented attitudes change over time?	

On the basis of the results we obtained, we developed five propositions that might be used in future research on entrepreneurial resilience:

Proposition 1: Research on entrepreneurial resilience should use the processual approach. Due to the repeated nature of the lockdown measures which affected entrepreneurial activity, we found that not all information, states, and mechanisms were instantly apparent. For example, in our study the participants revealed the emotional states they faced upon lockdown only during the second wave of interviews. In April, participants rarely

Table III
Generalized findings

Level of analysis	Saturated categories of qualitative analysis	Main findings	Sample quotes	Corresponding proposition
An entrepreneur	Emotional response	The emotional reaction to the crisis was rather reserved suggesting MSEs direct their attention (deliberately or unconsciously) to other though processes or that they repress it.	<i>"I don't think I had any such negative emotions that it would be the end of the world and now there won't be nothing to eat anymore"</i> 6/M/M/1/B	<i>Proposition 2. The characteristics and traits important in entrepreneurial resilience should be viewed as clusters.</i>
	Entrepreneurial qualities	The most prominent entrepreneurial qualities found in the study was staying calm under pressure which combined with propensity to act creates important behavioural strategy.	<i>"Above all, keeping calm and as long as we have enough of these earned reserves, then there is no need to panic, so I think that composure is key here."</i> 6/M/S/0/A <i>"Well, we decided to take a step forward and we are pushing forward. So I'm figuring out what additional things can be done, and for now we're just doing more"</i> 12/M/M/1/A	
	Personal life	Personal life was rarely mentioned as a factor significantly impacting MSEs actions.	<i>"The boundary between my personal and professional life has blurred in my life"</i> 18/M/M/1/A	
The company	Strategies	There was a noticeable distinction between MSEs who introduced new strategies and rapid actions and those who refrained from taking action signalling the possible differences in resilient qualities among studied businesses. Those who implemented new strategies did so after having previous plans already mentally prepared.	<i>"In fact, we are waiting for everything to unfold. We do not think ahead, we do not analyze, we allow the situation to develop and we adjust"</i> 4/M/M/1/A <i>"I had been planning for a long time to introduce the business model that I observed in the States. And it was as if this idea has been revived"</i> 7/F/M/1/A	<i>Proposition 4. Crisis preparedness and strategic planning as predictors of effective response to adverse situations.</i>
	Employees	For all participants employees' job security was a priority stimulating them to keep the employment at the current level.	<i>"I want to keep this company, and the people who work with me, because these people work with me from the very beginning, all my employees work from the very beginning."</i> 30/M/M/1/A	<i>Proposition 5. Employees in MSE as emotional liability or source of motivation.</i>
The environment	Governmental actions	We found very low level of trust in the governmental support which in general is not beneficial for social resilience.	<i>"I do not count on such a large help from our government, because I do not know what the next move they can make."</i> 15/F/M/0/A	<i>Proposition 3. Social and cultural context of entrepreneurial activity should be included in resilience studies.</i>
	Social environment	However the other social relations (with clients, contractors, etc.) were the source of significant support and optimism.	<i>"Customers also help in a way. They proposed themselves: we will be happy to share our opinion, and maybe we will record a movie to help you. So they lent us a helping hand to help us survive this period. It was absolutely phenomenal"</i> 13/M/S/1/B	
Change in time		Some attitudes persisted and some changed over time. Emotional reactivity not present in the first was admitted in the second interview.	<i>"You know what, not much has changed with us. [...] since we got the funding, everything got back on old course."</i> 30/M/M/1/B	<i>Proposition 1: The entrepreneurial resilience research should use a processual approach.</i>
		Those owners who implemented new strategies in the first study cycle were still active whereas most of those who restrained from acting were still passive.	<i>"When we talked in March there was a lot of uncertainty and fear to be honest., Hardly anyone knew what he was doing. We had some ideas, but we didn't know their implementation would go. Well, it turned out that this was possible, it goes well, and everything turned out well"</i> 6/M/S/0/B	

mentioned or showed any signs of emotional distress, whereas in June they openly admitted to having dealt with severe stress. The process of self-reflection for entrepreneurs applied not only to their emotional states but also to their activities, including the strategies they adopted. We therefore support the notion of the importance of a longitudinal approach in research into entrepreneurship. Such an approach might be difficult to implement, especially in research on crises, when the availability of entrepreneurs who can participate in academic studies is even less than usual. However, we argue that, due the dynamic nature of a crisis, only by using a processual approach can the event and its impact on resilience in entrepreneurial activity be accurately monitored. Our study supports the utility of the *ex post* narrative advanced by Korber and McNaughton (2018).

Proposition 2. The traits that are important in entrepreneurial resilience should be viewed as clusters.

The history of trait analyses in entrepreneurial research is long and not without its controversies. Researchers over the years have argued passionately over whether the trait approach is valid or not (Gartner 1988; McKenzie et al. 2007). Even though a consensus has still not been achieved, most researchers agree that the trait approach has some significance and should not be abandoned altogether. The approach is particularly valid in connection with theories addressing entrepreneurship as an individual characteristic (Aldrich 2005). Even though individual traits are not the best predictors in complex situations, our point of view is similar to that of Doern (2017), who stressed the importance of personal recovery strategies as a crucial factor in overcoming crises. We found a wide array of various entrepreneurial characteristics were represented across the sample. Adopting the trait approach in studying reactions to crises was not the main goal of our study; however, we do believe this aspect deserves further attention. Specifically, we noticed the importance of a combination of reserved patience and proactive flexibility among those entrepreneurs who had the most coherent strategies for dealing with the crisis. In our findings, this approach was clearly distinguishable from a more passive attitude, or even an attitude of avoidance or denial.

In further studies it would be important to establish if this combination is indeed effective. In particular, the literature does not offer a nuanced overview of how different traits might appear in different types of situations, as sets of traits rather than individual characteristics. We argue that the approach of investigating single traits and their impact on entrepreneurial activity is futile. Entrepreneurship is a complex activity influenced by various internal and external factors.

Proposition 3. The social and cultural context of entrepreneurial activity should be included in resilience studies.

Entrepreneurship as a domain is highly dependent on contextual factors. The country or even region where the MSE is located and operates is of crucial importance. Portuguese Castro and Gómez Zermelo (2020) stress the necessity of empirical studies on the COVID-19 crisis in different cultural contexts to provide a heterogeneous background for understanding entrepreneurial resilience, especially in times of global crisis, where governmental decisions, the level of social trust, past historical events, and other culturally

specific factors may significantly influence entrepreneurial resilience on the personal and organizational level. This interrelation between the entrepreneur, the business, the local community (Linnenluecke and McKnight 2017), and even society on the macro level is vital. In some studies the building of resilience is treated as a collective process (Korber and McNaughton 2018). As Doern concluded (2017), strategies of building resilience are social, economic, and personal in their nature and we should not overlook any of them. Consequently, this makes entrepreneurial studies that much more demanding in terms of generalizing the results in regard to other contexts. Nonetheless, resilience literature, due to its practical value, should aim to depict the social and cultural context to the highest possible degree in order to strengthen the potential applicability of the results.

Proposition 4. Crisis preparedness and strategic planning as predictors of effective response to adverse situations.

As we have previously indicated, studies on crisis management and planning in entrepreneurship are mainly in the domain of medium or large companies or corporations. Less is known about strategic planning and crisis response among MSEs. In our study we found three main reactions to a crisis: passively waiting for the situation to develop—when entrepreneurs abstain from any actions; haphazard or mainstream activities—when entrepreneurs copy the most common responses or act more or less at random; and active pursuit of a strategy, after internal preparation—when entrepreneurs recognize the opportunity to implement an idea which is not in any way random but, on the contrary, developed beforehand in the entrepreneur's mind and now has the potential to be introduced and developed. On the one hand, our findings support Williams' and Vorley's (2014) arguments on the influence of entrepreneurship on macro-level resilience, which depict small firms as flexible, adaptable, and innovative in crisis circumstances. On the other hand, we can also support Branicki's, Sullivan-Taylor's and Livschitz's (2018) view that not all entrepreneurial behaviors contribute to resilience and not all resilient behaviors are distinctively entrepreneurial. This notion requires further empirical study, yet in our opinion it provides an interesting addition to the literature on resilience.

Proposition 5. Employees in MSEs as an emotional liability or source of motivation.

In our study we included three levels of analysis—the entrepreneur, the company, and the social environment—and predicted that all these levels would be found to be important when analyzing responses to the crisis and resilience building. In our sample we found that owners placed overwhelming importance on their staff's security. This supports the view of entrepreneurial resilience as resource-based and employees as being one of those important assets (Korber and McNaughton 2018). Keeping all their employees employed was undoubtedly the number-one priority for all our respondents. Assertions in this regard were so strong that we wonder if such a strong attachment to this aspect of entrepreneurial activity serves as an additional motivator, strengthening the inner drive of the employers or, conversely, the prevalent focus on staff might undermine the entrepreneur's clear judgment of the situation and influence the entrepreneur's decision-making processes. It seems open to discussion to what extent micro and small entrepreneurship is social or economic in nature or which aspect of its activity is more important in which circumstances. Therefore,

we propose a further investigation of this phenomenon with a focus on both possible explanations.

Our study contributes to the body of knowledge about entrepreneurial resilience in the face of a crisis and has both theoretical and practical applications.

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