



## HOW DID THE ENTREPRENEURS OF MANIPUR COPE COVID-19 PANDEMIC?

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### ABSTRACT

The Covid-19 pandemic, undoubtedly was one of the worst cataclysmic events in human history. With total lockdown that was imposed due to the pandemic, schools and offices began operating from home. Entrepreneurs too, with the closure of physical stores began to shift their modus operandi. The present study is based on Covid-19`s impact on the entrepreneurs, adaptation strategies, and shift towards online home-based business. The study consisted of randomly selected 104 entrepreneurs from the state of Manipur, a North-Eastern state of India. The study was a mixed approach since questionnaire was used to asked to be filled and then at the end of the session interview method was employed. The data is analysed using IBM SPSS software. The results revealed that ninety-one percent of the entrepreneurs were affected by the pandemic. Many entrepreneurs also saw the sudden surge in price of imported products or they weren't available at all. So, out of them 85.5 percent adopted various adaptation techniques. While 95.19 percent of the entrepreneurs resorted to online business and thirty-one percent of them who did not have home-based business shifted to home business due to the pandemic.

**KEYWORDS:** Covid-19, pandemic, impact, adaptation, entrepreneurs.

### 1.INTRODUCTION

The first case of coronavirus was detected at Wuhan, the capital of Hubei province, China by the end of December 2019. Initially unidentified, this new pneumonia like virus showed symptoms such as dry cough and fever in its victims. When in a few days it was identified, it emerged to be a genome of a novel coronavirus. This novel coronavirus was first named as 2019-nCoV, later as SARS-CoV-2. Since then, the virus has been spreading like wildfire, causing thousands of deaths and bringing an enormous impact on people`s lives. (Wu, 2020). Due to the rise of the widespread of the pandemic and in an effort to contain the further spread of the coronavirus, Wuhan City and the major cities of China were put under complete lockdown on the 23<sup>rd</sup> (Lau, 2020) and 24<sup>th</sup> of January 2020, respectively. This Wuhan lockdown marked the 1<sup>st</sup> lockdown to ever take place in the world due to the covid-19 pandemic and World health organisation lauded this step calling it a public health emergency. The next country to do so was Italy on 9<sup>th</sup> March and by April 2020 more than ninety countries and its 3.9 billion population was either under lockdown or was ordered by their respective governments to stay at home. (Sandford, 2020). Coming to India, the first lockdown was announced on 23<sup>rd</sup> March 2020 by prime minister. Narendra Modi spanning for twenty-one days covering the entire twenty-eight states and eight union territories. This lockdown limited the movement of 1.3 billion people and affected the entire socio-economic structure of the country. India`s covid-19 national lockdown has been termed as the largest in the world and from the first lockdown it continued to span all the way till the end of November 2020, although unlock phases took place zone wise during this lockdown period.

With the lockdown in effect, people were restricted from various socio-economic activities such as stepping out of their homes, mass gathering and functions. Offices, workplace, schools, and other educational institutions remained strictly closed to prevent the further spread of the virus. With the exception of a few, shops big or small were ordered to be closed down until further notice. So, for a few months, barring some essential items like medicines, basic food items, there were no production of goods, or provision of services. Overall, the economy



came to a standstill. Thus, this led to the complete shutdown of the economy. The economy of India was already in a perpetuated slump even before the pandemic and with the lockdown the country recorded the worst ever fall of the GDP (Palliwal, 2020). According to the World Bank rating agencies, India's growth for 2021 is reported with the lowest figure India has seen in three decades since 1990s. In spite of the fact that all the sector of the economy suffered, the worst hit are the entrepreneurs or the self-employed. A survey by the All-India Manufacturers Organisation (AIMO, June.2020) reported that as many as forty three percent of the entrepreneurs sees poor prospect in recovery of their enterprise and majority of them have begun to shut down their operations. Past studies have shown that due to the high levels of economic uncertainty during crisis (such as Covid-19) those conditions which supports entrepreneurship and innovation seems arduous (Doern, 2014). These are times of unfamiliarity and uncertainty for entrepreneurs and their enterprises in all the sectors. While some entrepreneurs have confounded the pandemic, others have utilised the opportunity the pandemic brings. In this paper we will be discussing about the impact Covid-19 had on the entrepreneurs of Manipur, a North-Eastern state of India and the adaptation strategies these entrepreneurs adopted to overcome the adversities bought by the pandemic. We hope that this paper will help the researchers, academicians and especially the entrepreneurs in understanding and overcoming the impact bought by a crisis such as Covid-19.

## 2. PRIOR RESEARCH RELATED TO THE STUDY

### 2.1. *Studies on impact of Covid-19 pandemic*

Even though Covid-19 have a global reach like the great influenza pandemic popularly known as the “Spanish flu”, due to the high advances in modern health care and timely government interventions, the grave effects of the latter seem to be far off than the former in case of public health (Barro, 2020). But coming to the impact on economic activities, Covid-19 seems far more extreme than the 1918 influenza flu (Bartik, 2020). Covid-19 not only has disrupted the normal course of functioning of businesses during the lockdown but have also caused massive dislocation of the same. The manner in which the pandemic affected the enterprises are not at all uniform. During the initial phase when the crisis was at its peak, the enterprises felt the impact of the pandemic on their enterprises to be on a much higher scale than at the later phases (Fzlinda, 2020). Restrictions in the form of lockdowns, movement control orders have caused reduction in consumption of various goods and services, which have all together transformed the demand and supply and entrepreneurship landscape (Donthu, 2020). The entrepreneurs also saw that sale of essential items like food, face masks, sanitization products etc. were more in demand than their normal offerings. This resulted into loss of income for entrepreneurs which ultimately led to the closure of their firms. However, it is found that firms which engage in promoting and selling their products online are less impacted than those firms which doesn't use online for selling or promotion. These online firms are thus able to escape the harsh impact of the pandemic. And since policy measures meant to protect firms from economic downfall focuses mostly on established corporates, the crisis has put small entrepreneurs and start-ups at risks than the large firms. No doubt Covid-19 created a crisis worldwide, but it also shaped the economic landscape and challenged entrepreneurs (Kuckertz, 2020). It is said that when entrepreneurs experience crisis like Covid-19, they tend to become more rational in their decision-making behaviour (McCarthy, 2003).

### 2.2 *Studies on adaptation to Covid-19 pandemic*

The significance of entrepreneurs during a crisis like Covid-19 has been well emphasised in various literatures. It has been observed that the characteristics of entrepreneurs such as opportunity recognition, innovation, resilience, social entrepreneurship for a cause during an economic crisis helps to weaken the hardships and strengthen the environment. Those entrepreneurs who possess such features are the ones who will be able to survive and thrive during these uncertain times. Covid-19 has bought us a new type of entrepreneurs -the necessity opportunity entrepreneurs. (Maritz, 2020). The necessity opportunity entrepreneurs are those type of entrepreneurs who are not only helping themselves by recognising opportunities and acting on it, but also aiding the entire community by serving the people necessity products or services during a challenging time such as Covid-19. Entrepreneurs demonstrate their ability to manage the impact of the crisis on their business by leveraging existing resources and acquiring new ones. Many firms began to embed business strategies almost immediately. In the initial adaptation to the crisis, many entrepreneurs started experimenting with ideas they have had for ages before the crisis and some of them took the opportunity during the crisis to fit in those ideas which they had abandoned before. (Bjorklund, 2020) The areas where entrepreneurs started experimenting most were, using alternative promotion or pricing techniques (Naidoo, 2010), or selling and promoting their products through popular social media apps such as Facebook and WhatsApp (Fzlinda, 2020). When accessing literatures on adaptation of business to Covid-19 most of them suggested on the lines of adaptation through digitization (Seetharaman,2020). (Baug, 2020) the authors have laid down a plan for the first ninety days which is a road to recovery from Covid-19. This plan has four efforts to launch immediately. The four efforts are to refocus digital expectation towards changing customer



expectations, to use new data and artificial intelligence to improve business operations, to selectively modernize technology capabilities, and to increase organisational drumbeat. Digitization offers two trends in entrepreneurial ecosystem. It shapes the locus of opportunities for entrepreneurs as well as transforms good practises in order to utilise those opportunities. In other study, it is said that even though Covid-19 crisis presented opportunities to the firms yet the firms could not fully utilise digitalisation nor use expansion and limited its scope in sector such as grocery (Dannenberg, 2020) this may be because of the unpredictable nature of the crisis.

### **3.1 RATIONALE OF THE STUDY**

Even though there exist some studies on impact of Covid-19 and adaptation strategies for developed economies, there is still a lack of such study for developing economies like India and especially on a small state like Manipur.

### **3.2 OBJECTIVES**

- I. To examine the impact of Covid-19 pandemic on entrepreneurs of Manipur.
- II. To study the adaptation technique employed by such entrepreneurs.
- III. To evaluate usage of online platform for conducting business during covid-19 pandemic.
- IV. To explore the advantages of home-based business during pandemic.

### **3.3 METHODOLOGY USED-**

The samples were chosen based on simple random sampling technique. Altogether we contacted 183 entrepreneurs, out of which 148 entrepreneurs showed their willingness to participate in the survey but in the end, we were able to get 104 respondents for the study. Those entrepreneurs who had given their contact details in their Instagram, Facebook pages or website was contacted by calls and the questionnaire for the study was sent to their respective emails. Meanwhile for those entrepreneurs who hadn't mentioned their contact details, we visited them at their residences and collected the primary data.

The raw data is then analysed using IBM SPSS (Statistical package for social sciences) software employing various tools wherever needed.

### **4. DATA ANALYSIS**

The questionnaire was divided into 5 parts namely: Part A, Part B, Part C, Part D and Part E.

Part A was about the details of the entrepreneurs and their enterprise.

Part B was on the impact of Covid-19 on entrepreneurs and their business operations.

Part C was on the adaptation techniques employed.

Part D was about entrepreneurs' usage of online platform for business operations.

Part E was about home-based entrepreneurs.

### **4.1 IMPACT OF COVID-19 ON ENTREPRENEURS OF MANIPUR-**

The present study includes 104 entrepreneurs of them fifty-two are male, forty-six are female, while six are transgender. The enterprise consists of seventy-seven home-based business and twenty-seven office-based business. The different sectors of business of these entrepreneurs are given in following table.



**Table 1: Type of entrepreneurs**

Sectors in which entrepreneurs are operating	No. of entrepreneurs	Percent
Agriculture/ Poultry	7	6.7
Wholesale/Retailing	9	8.7
Manufacturing	8	7.7
Food	18	17.3
Healthcare	4	3.8
Handicraft	18	17.3
Gifting	9	8.7
Clothing and accessories	13	12.5
Others	18	17.3
Total	104	100.0

*Source: Primary source*

Most of the enterprises were established before the COVID 19 Pandemic. Out of 104 enterprises, seventy enterprises were established before 2020. The remaining thirty-four enterprises were established during the pandemic.

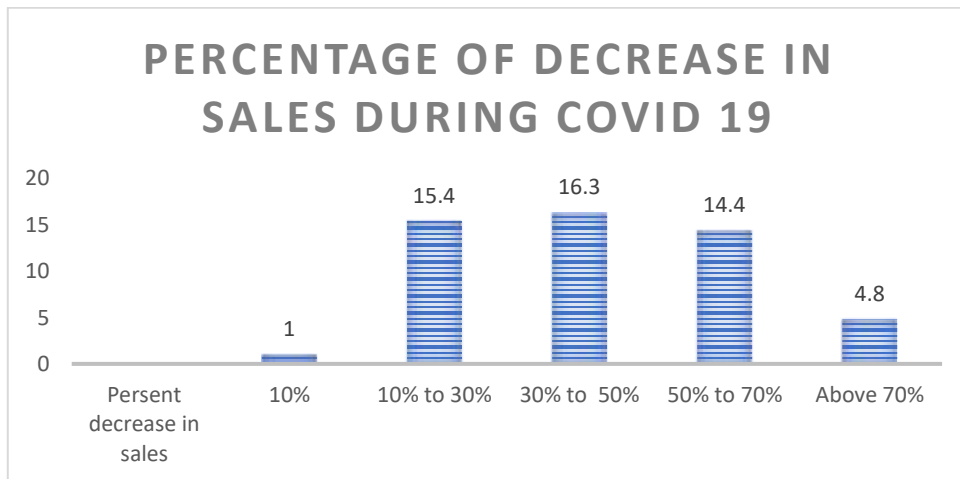
**Table 2: Whether business was affected by the Pandemic**

Respondent's answer	No. of Respondents	Percent
yes	95	91
No	9	8.65
Total	104	100.0

*Source: primary data*

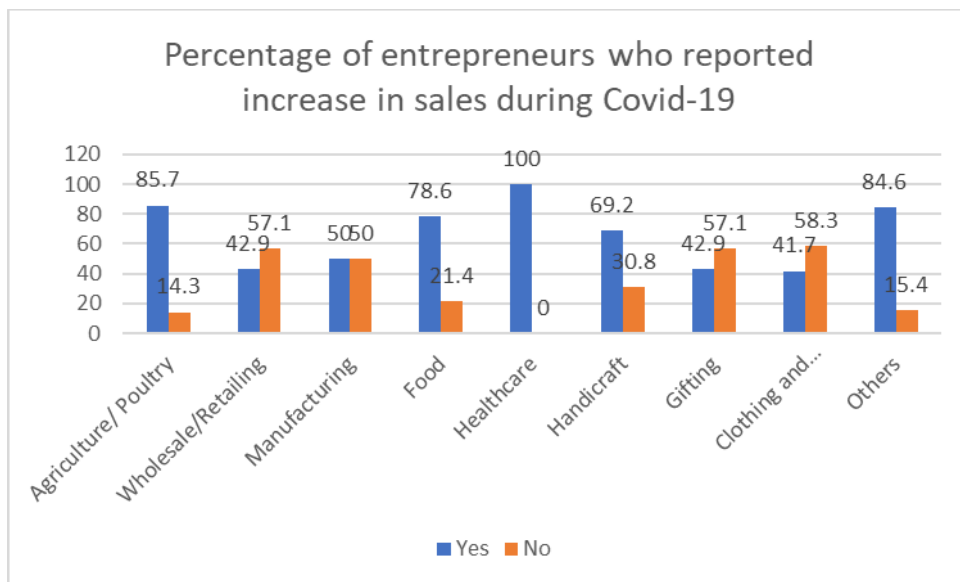
Out of 104 entrepreneurs, nearly ninety one percent reported that their business is affected by the pandemic. Entrepreneurs who were engaged in clothing and accessories line of business were very much affected by the pandemic while entrepreneurs engaged in healthcare business and producing essential local products like food, poultry, candle and incense making were less affected.

For those affected businesses, the percentage decrease in sales volumes is given below:



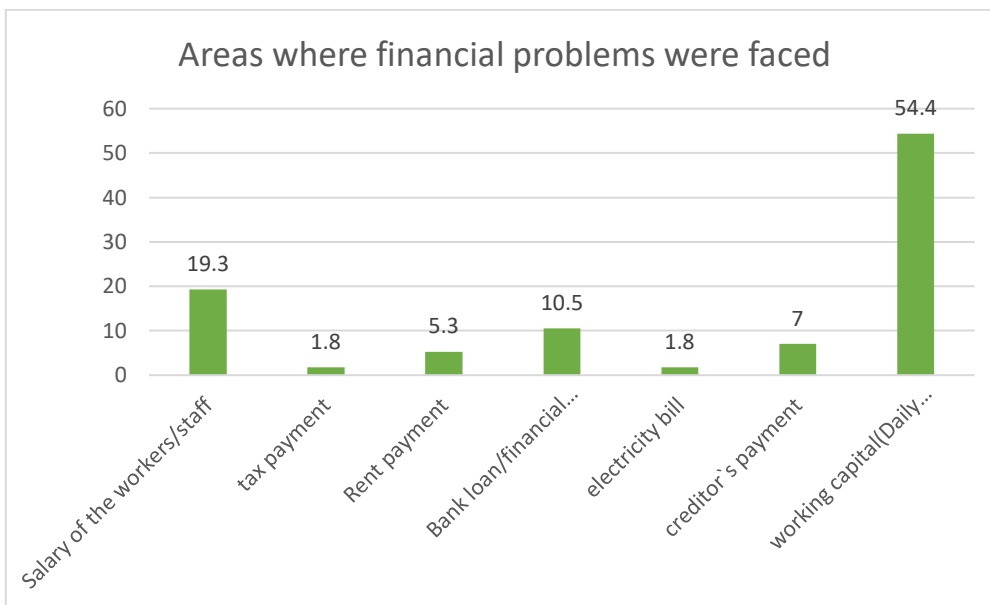
Source: primary data

About fifty-four entrepreneurs reported a decrease in sales during Covid-19. Out of those, only one percent saw a decline in sales as less as ten percent where as much as 16.3 percent of the entrepreneurs saw a decline of thirty to fifty percent. Some entrepreneurs, even reported a decline in sales of above seventy percent.



Source: Primary data

Healthcare sector saw the most increase in sales during the Covid-19 which was expected. Agriculture, poultry, food which are all necessities also saw a surge in sales during the pandemic.



Source: primary data

As many as sixty percent entrepreneurs in the study reported financial problems during the pandemic. Nearly fifty-four percent of the entrepreneurs faced financial problems related to working capital and nineteen percent faced financial problems with salary of workers/staff.

Meanwhile, it was reported that the biggest problem entrepreneurs had to face in working capital was procuring raw materials during the lockdown. On analysis, it was found that seventy-two entrepreneurs had faced problems and the reasons for the same are given in the following table:

Table 3: Reasons for problems in procuring raw materials.

Reasons	No. of entrepreneurs	Percent
Imported from other countries	4	6.0
Usually ordered from other states of India	28	41.8
Too costly during covid lockdown	30	44.8
others	5	7.5
Total	67	100.0

Source: primary data

#### 4.2 ADAPTATION TECHNIQUES USED BY THE ENTREPRENEURS

Out of 104 entrepreneurs, eighty-nine have applied adaptation techniques during the pandemic. The following table gives different types of adaptation techniques adopted by the entrepreneurs. The most applied techniques are reduced cost of operation followed by reduced production of goods and services and increase the selling price of goods and services.



**Table 4: Adaptation Techniques**

Adaptation techniques	No. of entrepreneurs	Valid Percent
lay off of employees	5	5.6
reduced cost of operations	20	22.5
reduced production of goods and services	19	21.3
borrowed new loans	7	7.9
shut down some operations	7	7.9
increase the selling price of goods and services	15	16.9
cut advertising cost	9	10.1
others	7	7.9
Total	89	100.0

Source: primary data

**Table 5: Whether work from home**

Whether allowed to the employees	No.	Percent
yes	77	74.0
no	27	26.0
Total	104	100.0

Source: primary data

Work from home is a sustainable option for every business during the lockdown period due to the Covid-19 pandemic. In this regard many entrepreneurs allowed their staff to work from home as an adaptation technique seventy-seven (seventy-four percent) entrepreneurs allowed their staff/workers to work from home.

To cope up with the financial crunch during the pandemic some entrepreneurs had to borrow capital for their business.

**Table 6: Whether financial aid received**

Respondent's answer	No. of Entrepreneurs	Percent
yes	18	17.3
no	86	82.7
Total	104	100.0

Source: primary data

Only eighteen entrepreneurs have received financial aids from sources such as banks, money lenders, relatives, Govt. organisation etc. But the main source of financial aid is from relatives (forty-four percent) and money lenders (twenty-eight percent) only. This may be due to the easy accessibility option available to the entrepreneurs.



*Was the lockdown perceived as an opportunity or as a threat by the entrepreneurs?*

**Table 7: Threat or Opportunity**

	Frequency	Percent	Valid Percent
opportunity	52	50.0	51.5
threat	49	47.1	48.5
Total	101	97.1	100.0
Missing System	3	2.9	
Total	104	100.0	

*Source: Primary data*

Lockdown due to the pandemic was an opportunity to fifty-two entrepreneurs while for forty-nine entrepreneurs it was perceived as a threat to their business. Three entrepreneurs did not answer on this.

#### 4.3 TOWARDS ONLINE BUSINESS: AN ADAPTATION TECHNIQUE

Before the pandemic only about thirty-eight entrepreneurs used online platform for conducting their business. But during the pandemic as many as ninety-nine entrepreneurs started using social media apps for their business. Most commonly used social media apps are Instagram (forty-seven percent), Facebook (twenty-seven percent), WhatsApp (nineteen percent).

**Table 8: Most used online app during the pandemic**

Online apps	No. of entrepreneurs	Percent
facebook	28	28.3
whatsapp	19	19.2
twitter	3	3.0
instagram	49	49.5
Total	99	100.0

*Source: primary data*

Using online platforms has resulted in the increase of sales for a majority of the entrepreneurs during the pandemic. Nearly ninety-two percent of the entrepreneurs reported increase in sales after using online platforms.

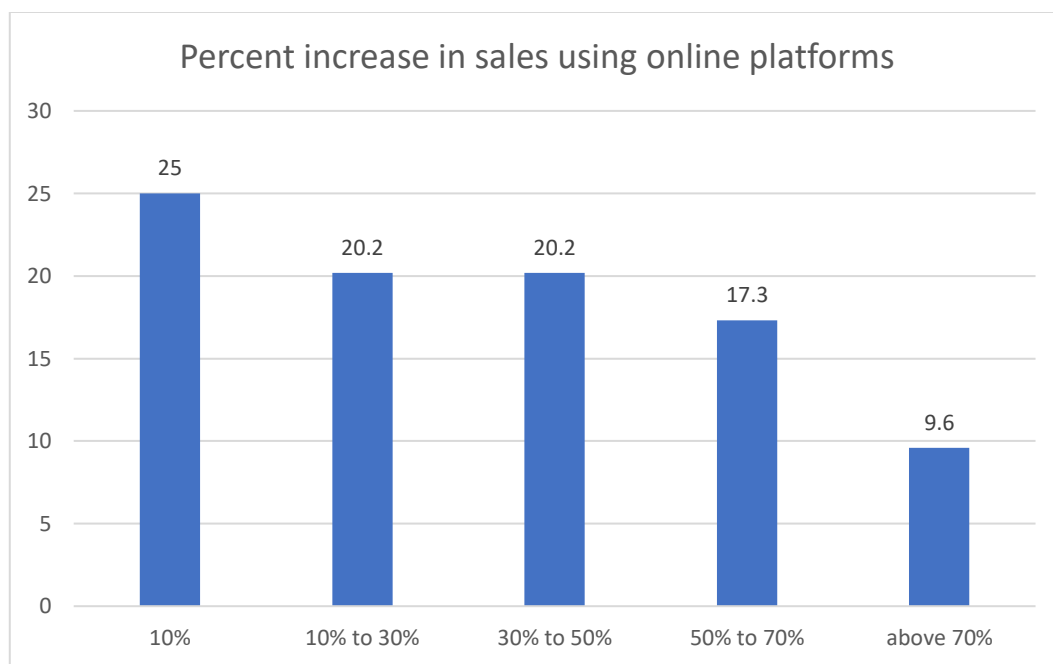
The following table gives the percent increase in sales by using online platforms during the pandemic.





*Table 9: Increase in sales by online platforms*

Increase in sales	No. of entrepreneurs	Percent
10%	26	25.0
10% to 30%	21	20.2
30% to 50%	21	20.2
50% to 70%	18	17.3
above 70%	10	9.6
Total	96	92.3



*Source: Primary data*

As the use of online platforms has resulted in a better way in increasing the sales almost all the entrepreneurs except six of them prefer to continue it even after the pandemic. Only six entrepreneurs found some difficulty in online business such as finding customers online. Overall, online business was a better option in the lockdown period.

*Table 10: Whether to continue online platforms*

	Frequency	Percent
Yes	98	94.2
No	6	5.8
Total	104	100.0

Source: Primary data



#### 4.4 HOME-BASED BUSINESS: AN ADAPTATION TECHNIQUE

In the present study, there were seventy-one entrepreneurs who were home-based business before the pandemic. However, thirty-three entrepreneurs who weren't home-based business earlier have shifted to home-based business due the pandemic.

The following table 11 gives the reasons for better progress in the home-based business.

*Table 11: Reasons for progress in home- based business*

Reasons	No. of entrepreneurs	Percent
no working hours	18	26.5
help from family members	28	41.2
reduced cost of operations	16	23.5
others	6	8.8
Total	68	100.0

*Source: primary data*

Many entrepreneurs wished to continue home-based business after the pandemic. The entrepreneurs who want to continue the home-based business after the pandemic have cited the reasons for continuation as home base business as shown in table 12

*Table 12: Reason to continue home-based business*

Reasons	No. of entrepreneurs	Valid Percent
able to employ local people	32	41.0
unlimited working hours	22	28.2
reduced cost of operations	23	29.5
others	1	1.3
Total	78	100.0

*Source: Primary data*

## 5. DISCUSSIONS

### *Strike While the Iron Is Hot*

From the study we could see that there were many newly established enterprises during Covid-19. The reasons for the newly established enterprise during the pandemic was known via interview which was held phonically. Most of the new entrepreneurs said that due to the pandemic they saw imported products, which were essential in the daily lives of the people namely food items, candles, incense sticks etc which were usually imported from neighbouring country Myanmar were not available in their locality or the price became too costly to afford. They saw this gap and started taking the opportunity to make these products available using local raw materials. Meanwhile some entrepreneurs stated that due to the closure of their workplace and some their colleges and universities, they utilised the free time during Covid-19 to pursue their long-dreamt business ideas which they



couldn't partake earlier. So, taking the opportunity they started working during the pandemic and within a few months they had already began selling their handmade products (in most cases) locally via online platforms. Some also stated they saw the demand for essential goods rise during the pandemic and began undertaking the business of supplying necessities like masks, sanitizers, etc. Thus, the rise of necessity opportunity entrepreneurs was seen during Covid-19.

#### ***Old and new enterprise both affected by lockdown***

It was observed from the study that both old and new enterprises were affected by the pandemic. Enterprise which had already established before the Covid-19 pandemic was as expected affected by the pandemic. But it was revealed from the study that even new enterprise which was established during the pandemic was also affected. This may be because of the lockdown which was strict for a few months and the unlock phases which started opening up during the later phases but due to the surge in infected patients, various places again began to impose lockdown. This on and off restrictions created an inconsistency in the businesses.

#### ***Substitution of products during a crisis***

It has been seen from earlier studies that during a crisis such as Covid-19, there had been a decline of sales in almost all the sectors except essential items such as food items and medicines. A similar trend is seen from this study too, sales of healthcare, agricultural, poultry products etc. were reported to have increase during the pandemic. But, rise in sales of handicraft during the pandemic left us astounded. Further analysis tells us that as there was lockdown and limited supply of goods from outside the state, people started looking towards handicraft products to substitute. Examples of that included kouna products (kouna is a Manipuri word for a plant called water reed. The roots and stem of the plant is crushed for decoction and used for making various items such as), kouna baskets, kouna mats, kouna handbags, kouna hats, kouna fans, bamboo made stationery items, bamboo made combs, etc. So, whenever there is a supply deficit of some item during a pandemic, substitution can take place to fill in that deficit.

#### ***Online platform as a savior for entrepreneurs***

Many entrepreneurs have started shifting from offline to online platform for conducting business during the pandemic. Social media apps such as Instagram, Facebook and WhatsApp are popular among the entrepreneurs. The user-friendly interface as well as the wide usage of these apps during Covid-19 have made business easier. They reported that there is a surge in sales after integrating online platform in their business. Due to this, majority of them stated that they will be continuing using online platform even after the pandemic.

#### ***Home-based enterprises: An alternative during crisis?***

It was seen that some entrepreneurs shifted their place of business to their home during the pandemic. Having a home-based enterprise was not just a necessity for them to continue their business but it also had many advantages such as saving up on rent, no working hour limit, help from family members etc. This could be a feasible option for entrepreneurs during a crisis.

## **6. CONCLUSION**

We must never forget that every cloud has its silver lining. Indeed, Covid-19 had shut down the world for quite some time. But it did restore humanity in people and nature was rejuvenated due to the non-existent human activities, among other things. And yes, it impacted our global economy but it did give rise to those type of entrepreneurs who arise out of necessity and opportunistic situation and who can adapt to a turbulent environment. These types of entrepreneurs may be the torch-bearers in the future in a situation like Covid-19 pandemic.

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