

## ENTREPRENEURSHIP IN PANDEMIC: HOW TO SUCCEED?

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### **Abstract**

*The entrepreneurship-oriented literature has always highlighted that risk and uncertainty highly influence the activity of each entrepreneur. In the context of the COVID-19 pandemic, end 2019 – beginning of 2020 also revealed that risks and uncertainty cannot be fully anticipated by individuals. The only remaining alternative consists in adapting to the new trends and requirements of the market in which they operate.*

*The present article aims to identify and illustrate, in broad lines, the key factors that lead to the success for some of the most well known companies at global level, in the context of COVID-19. Also, the research in question will reveal how the winners and losers appeared, by presenting representative examples in this regard.*

**Keywords:** Entrepreneurship, Entrepreneurial Activity, Crisis, COVID-19, Pandemic

**JEL classification:** L26, O30, F20

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### **1. Introduction**

Unusual situations test individuals' entrepreneurial skills and the results can be easily noticed. The challenges facing entrepreneurs can be identified every day in one form or another, but there are times when the amplitude of an event goes far beyond expectations. In this context, we acknowledge that there are individuals who are more or less equipped with entrepreneurial skills or abilities.

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Although entrepreneurial activity is not, and will not be, a zero-sum game, the COVID-19 pandemic has shown that there may be winners and losers. The status of each individual is determined by the ability to quickly respond to the rapid reconfiguration of new consumer expectations, but also the ability to decide which is the best choice at a certain moment in time.

The present work aims to answer the following question: *Which were the main success drivers of companies in the context of the COVID-19 pandemic?* In order to get a better understanding regarding the determinants of success in the current pandemic circumstances, scientific articles and recent interviews were compiled. In addition, for a clear picture of reality, related statistical data were analysed.

The results of the current research have highlighted the existence of three main drivers of the success of some companies in the context of the pandemic: *bearing high risk and uncertainty, the adaptation to new demands of consumers and the transition to online.*

## **2. Methodology**

The present article aims to identify what has led to the emergence of the entrepreneurial world winners in the context of COVID-19, based on examples. The whole research proposed to answer the coming question: *Which were the main drivers of the success of companies in the context of the COVID-19 pandemic?*

From a methodological perspective, in line with the stated purpose, scientific articles and recent interviews were synthesized in order to identify the main success drivers influencing the entrepreneurial field, in the current pandemic circumstances. In addition, aiming to obtain a clear picture of reality, statistical data presented by World Bank, OECD, Statistics, Forbes and Financial Times were analysed.

## **3. About Risk, Uncertainty and Knowledge in Pandemic**

The uncertainty is generated by the limited/partial knowledge that individuals possess (Knight, 1921) (Knight, 1942) (Brooke, 2010). None of the individuals can have a perfect knowledge (Mises, 2018 [1949], p. 25). The knowledge is central and define the human action which, in its turn, is inherently entrepreneurial, belonging exclusively to individuals as subjective entities, without being found and offered/disseminated to all other members of society for the purpose of entrepreneurship (De Soto, 2008, p. 20). Certainty and complete information are aspects that can only be adopted in a utopian and

limiting environment. In the real market, imperfect knowledge creates uncertainty (Mises, 2018 [1949], p. 16) and the ability to act is within the limits of the skills and information that the individuals possess (Fetter, 1928 [1915], p. 424). The competition between entrepreneurs energizes the entrepreneurial process, using the individual knowledge thus contributing to innovation, discovery, and, hence, to creating an advantage for the individual entrepreneur.

The implications of pandemics on the economy have been studied on several occasions. Acemoglu *et al.* suggest that pandemic environments play an important part in shaping the path of economic development when they affect institutional development (Acemoglu, D., Johnson, S., Robinson, J., 2003). However, the fact that many managers did not include pandemics as a risk factor is somewhat surprising given that pandemics and disease outbreaks are not new phenomena: they occurred on smaller scales in the 2000s with the SARS, H1N1, Ebola, and Zika viruses, and on large scales several times in the 1900s and in earlier periods (Schroeder, 2020).

#### 4. Some Success Stories

Redefining the socio-economic context leads to a reconfiguration of entrepreneurs' activities. In this type of template, we can also include the actual time, when SAR-COV-2 has changed the behaviour and the decisions of individuals. For the entrepreneurs, adapting to the new consumer needs and requirements has become mandatory. However, there are many SMEs that either lost due to the impossibility of adapting or can be eliminated from the market by competitors. Finally, the impact on national economies will be disastrous (Syriopoulos, 2020).

Reshaping the entrepreneurial activity has influenced the international market, but also the knowledge of entrepreneurs, as well as the ability to bear risk and uncertainty. In some particular cases, this pandemic contributed to the achievement of high(er) profits. *Table 1* brings to the fore 30 entrepreneurial stories that have been successful in the context of the current pandemic. Further, we aim to identify which were the main drivers of their success.

**Table 1 Prospering in the pandemic: the top 30 companies**

	<i>Name</i>	<i>Country</i>	<i>Sector</i>	<i>Market cap (\$bn)</i>	<i>Market cap added (\$bn)</i>	<i>Change %</i>
1	Amazon	US	CD	1,317.3	401.1	43.8
2	Microsoft	US	TH	1,473.0	269.9	22.4
3	Apple	US	TH	1,523.9	219.1	16.8
4	Tesla	US	CD	183.80	108.4	143.8

5	Tencent	CN	CM	550.9	93.1	20.3
6	Facebook	US	CM	671.0	85.7	14.6
7	Nvidia	US	TH	227.3	83.3	57.8
8	Alphabet	US	CM	991.1	68.1	7.4
9	PayPal	US	TH	192.4	65.4	51.5
10	T-Mobile US	US	CM	126.8	59.7	89.0
11	Pinduoduo	CN	CD	99.2	55.2	125.6
12	Netflix	US	CM	196.9	55.1	38.9
13	Meituan Dianping	CN	CD	129.6	53.7	70.6
14	Shopify	CA	TH	97.6	51.5	111.7
15	Zoom Video	US	TH	66.8	48	255.1
16	JD.com	CN	CD	95.8	44.4	86.3
17	Adobe	US	TH	199.2	40.1	25.2
18	Audi	DE	CD	76.3	37.8	98.4
19	AbbVie	US	HC	168.7	37.8	28.9
20	Kweichow Moutai	CN	CS	249.1	35.6	16.7
21	Chugai Pharmaceutical	JP	HC	84.7	33.9	66.9
22	Alibaba	CN	CD	601.8	32.8	5.8
23	Sea Group	SG	CM	50.5	31.9	171.1
24	Home Depot	US	CD	269.8	31.6	13.3
25	ASML	NL	TH	151	27.3	22.1
26	Roche	CH	HC	303.7	27.1	9.8
27	Prosus	NL	CD	145.7	24.7	20.4
28	ServiceNow	US	TH	76.4	23.2	43.0
29	Regeneron Pharmaceuticals	US	HC	61.2	20.2	49.2
30	Alibaba Health Information Technology	HK	HC	34.1	20.2	145.3

Source: author's processing using data available on Financial Times, 2020

Abbreviations: CM – Communication services, CD – Consumer discretionary, CS – Consumer staples, HC – Healthcare, TH – Technology.

The Financial Times ranked the top 100 international companies for which the COVID-19 pandemic was a generous source of profit. Among these we can observe sectors such as communication services, technology, healthcare, consumer staples and consumer discretionary. Changing consumer habits has provided a framework for developing the online environment, even in the entrepreneurial sphere.

## 5. Determinants of the Entrepreneurial Success in the Pandemic

While identifying a successful recipe is a cliché, we state that in the context of the COVID-19 pandemic can be identified a number of factors which

have led to substantial profits in some entrepreneurial activities. Among them, we distinguish:

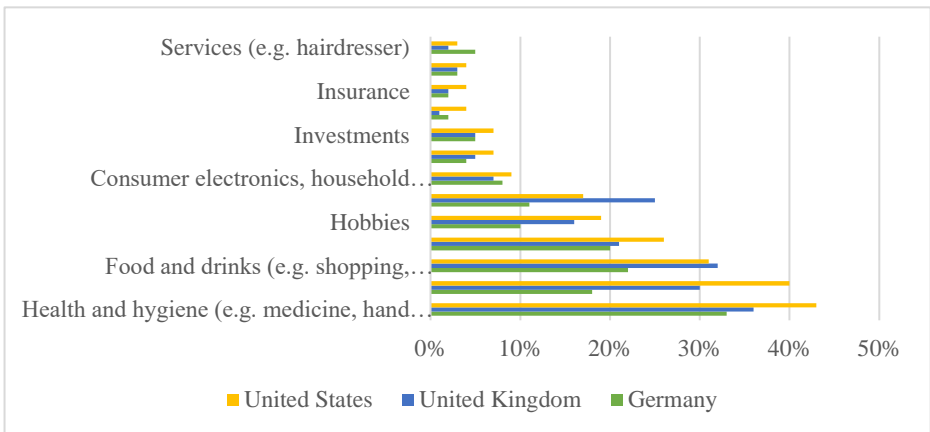
*1. bearing higher risk and uncertainty*

The current pandemic highlighted the following postulate: the higher the uncertainty, the higher the potential profit. Anticipating the consumer preferences and needs always entails risks and uncertainty, and entrepreneurs are the individuals who take them. Rethinking of the original strategy has naturally led to changes in the actions of the entrepreneurs. This caused the emergence of many businesses in a short period, in order to meet the new challenges facing the society. In an article for Forbes, Schroeder notes the emergence of start-ups or changes in the business of companies in sectors such as: clearing services, medical light, stylish protection (data, etc.), delivery services, delivery services, entertainment (Schroeder, 2020). The risk and uncertainty-oriented attitude complements the ability to apply subjective knowledge for innovation.

*2. the adaptation to new demands of consumers*

The changes in the social and economic context influenced the consumer preferences and behaviour. The regulations, national restrictions and isolation have influenced the fate of some entrepreneurial activities. The social networks and online entertainment activities have gained ground, old habits being replaced by new ones.

**Figure 1. Products and services people spend more than usual on due to the COVID-19 pandemic**



Source: author's processing using data available on Statista.com

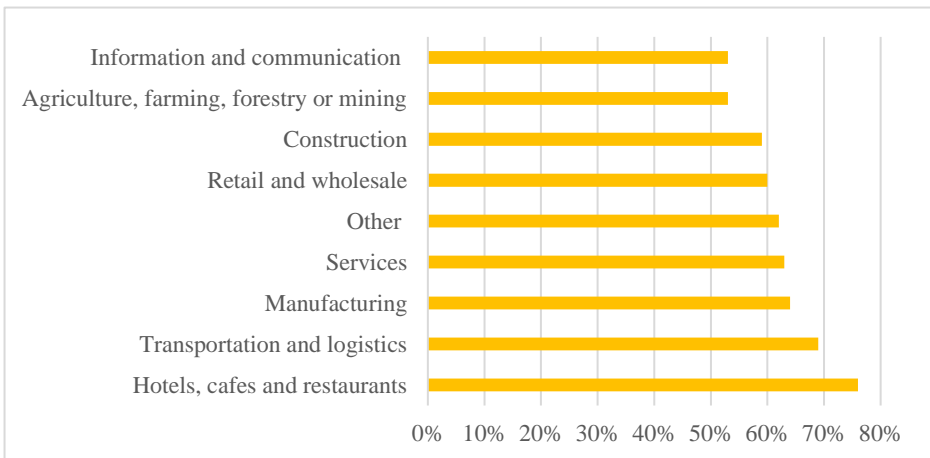
According to Financial Times, Netflix occupies the 12th position in the top of the income during the pandemic, when the individuals were in isolation at home (FinancialTimes, 2020). Another sector that came to meet consumer needs is pharma. The fever to limit the effects of COVID-19 has led to an increase in pharmaceutical and personal care products (sanitizer, facemasks, etc.).

### 3. the transition to online

In some cases, the adaptability was similar to the online transition of the entrepreneurial activities. The increase in online sales has been an inherent effect of the establishment of quarantine and isolation at home. Thus, Amazon reported solid second quarter results, registering a 40 per cent increase in net sales to \$88.9 billion, compared with \$63.4 billion in the same period last year (Ians, 2020).

The number of entrepreneurs who have managed to benefit from substantial gains from the Coronavirus pandemic is quite low. On the other hand, according to the Global State of small Business Report, most SMEs recorded major losses during the pandemic period, as shown in *Figure 2* (Facebook, The Organization for Economic Co-Operation and Development and The World Bank, 2020).

**Figure 2. The proportion of operational SMBs reporting a decline in sales, by sector**



Source: author's processing using data available on Global State of Small Business Report, 2020

The pandemic has affected important sectors in the economy, such as hotels, restaurants and transport, which have a significant share of the GDP. There are a lot of prediction regarding the actual situation. Many of them predict that it will take four years for retailers to overtake pre-pandemic levels (InfluencerMarketingHub, 2020).

## **6. Conclusions**

The entire entrepreneurial activity is under risk and uncertainty. Some events are accentuating the situation of entrepreneurs who are faced, every second, with a decision that can influence their future (in a positive and negative way). Most studies in the literature, articles and news highlight, as it was expected, the negative side of the COVID-19 pandemic on the economy and, consequently, on entrepreneurial activity. However, in the whole market framework there are also benefits for some entrepreneurs that should not be overlooked from this picture.

*Which were the main drivers of the success of companies in the context of the COVID-19 pandemic?* From our perspective, the research questions answers can be oriented in three main directions: *bearing high risk and uncertainty, the adaptation to new demands of consumers and the transition to online.*

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