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# Exploring the Effects of COVID-19 on Nascent Entrepreneurial Intent in the UK

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# Objectives of the Study

The objectives of the study are to:

- To explore how participants think and react to different situations and how these reactions influence entrepreneurial behaviour, this situation being COVID-19.
- To use regulatory focus theory to explore if participants are more promotion-focused or prevention-focused and whether their focus affected their entrepreneurial intent post-COVID-19.
- To analyse participants' motivations for becoming an entrepreneur, to see if these motivations are push or pull factors due to COVID-19.
- To critically explore the impact COVID-19 had on the participant and their entrepreneurial intent.



# A Review of Entrepreneurial Intent & Behavior

Entrepreneurial intent is the core variable to help researchers predict entrepreneurial behaviour.

Hou et al (2019) & Zhang, Wang and Owen (2014).

Shapero (1982)

Shapero in 1982 came up with, 'Shapero's Model of Entrepreneurial Event' (SEE) and this model states that for the nascent entrepreneur to have positive entrepreneurial intentions, the decision maker must see the opportunity as desirable, feasible and actionable (Shapero and Sokol, 1982; Esfandiar et al, 2019; Krueger, 2017).

Ajzen (1991)

Ajzen (1991) came up with the concept of the 'Theory of Planned Behaviour' (TPB). This model states that for the nascent entrepreneur to have positive entrepreneurial intentions depends on the attitudes towards the outcomes of the behaviour, social norms, subjective norms and perceived behavioural control. These elements combined according to this model will provide the motivation for entrepreneurial intentions and therefore as a result entrepreneurial behaviour (Ajzen, 1991; Esfandiar et al, 2019).

Krueger (2009)

Krueger (2009) combined both the SEE and TPB models into one. The model uses the elements of the propensity to act, desirability and feasibility from the SEE model and the social norms and self-efficacy from the TPB model and created the model of entrepreneurial intention. The hypothesis is that even though a nascent entrepreneur might have one of these abilities, it may not be enough alone, whereas, a nascent entrepreneur having all of the abilities is essential for success (Esfandiar et al, 2019; Bridge and O'Neill, 2018).



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# A Review of Reasons Preventing Entrepreneurial Behavior

69% of nascent entrepreneurs take little to no action in the year after stating that they wish to engage in entrepreneurial activities  
Gelderen, Kautonen and Fink (2015).

Thompson (2009)

The degree and intensity of this intent will vary from person to person at different points in a person's life as circumstances change.

Espinoza-Benavides  
and Diaz (2019)

If a person has experienced failure in the past, it can be hard to get back up and create a second business as the person will want to avoid uncertainty.

Yu, Khalid and  
Ahmed (2021).

factors such as age, gender, family business background and uncertainty avoidance will influence the link between intention and association.



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# A Review of Regulatory Focus & Entrepreneurial Intent

Regulatory focus theory describes how different people engage in self-regulation and the processes of reaching personal standards and goals.

Rietzschel and Ritter (2018).

Promotion focus motivates effort towards new and innovative opportunities, as a person with a promotion focus wants to grow and explore new things and prevention focus is said to guide nascent entrepreneurs away from risk and ambiguity, such as entering a new market or industry (Trevelyan 2010). Brockner, Higgins and Lowl (2004) argue that people's past experiences affect their regulatory focus in terms of motivation, expectations, goals, outcomes and the strategies to achieve them.

Brockner, Higgins and Lowl  
(2004)

An individual needs a promotion-based focus for activities such as generating ideas and prevention focus for tasks such as screening those ideas.

Pihie and Bagheri (2013)

Individuals that have higher promotion-based focus have greater intentions of starting a business and prevention focused individuals are less likely to choose entrepreneurship due to seeing wage-employment as secure and safe.

Pollack et al (2015)

Entrepreneurs need both promotion and prevention focus to be successful.



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# A Review of Stress Events Theory

An event is an occurrence that has some level of importance (Collins Dictionary, 2022).

Morgeson, Mitchell and Liu  
(2015)

There are three types of events, these include novel events which are events encountered by an entrepreneur for the first time; disruptive events that change the environment and critical events, these events are so impactful that they successfully hinder an entrepreneur's goals. It can be argued that COVID-19 was an event which covered all three types.

Lerman, Munyon and Carr  
(2020)

Entrepreneurs are faced with both negative and positive events and events that cannot be fully understood at the time they arise (Lerman, Munyon and Carr, 2020). COVID-19 is an example of an event that could not be fully understood at the time it started, as time went on the world learnt more about the impact and the consequences of the disease.

Lerman, Munyon and Carr  
(2020) & Hobfall, (1989)

Lerman, Munyon and Carr, (2020) suggest that entrepreneurs interpret events as either strong or weak and acute or chronic. If an entrepreneur sees an event as strong and chronic it is likely the entrepreneur will respond with appraisal-based coping and if the event is classed as weak and acute entrepreneurs will react with resource-based coping (Hobfall, 1989).



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## The Research Gap

There is a gap in the research about nascent entrepreneurs and their adopted form of regulatory focus after the pandemic. This research study seeks to fill the research gap by analysing the impact of the pandemic on the entrepreneurial intent of nascent entrepreneurs. This research will provide insight into entrepreneurial intent from a broader range of people around the UK, as well as an insight into entrepreneurial intent post COVID-19 rather than during. This will give a broader understanding of how this could impact the economy of the UK in the future.



# Research Approach

- This research took on an inductive method of theory building due to the investigative nature of the study. This is also known as the bottom-up method (Locke, 2007). The benefit of the inductive approach is that it is flexible and useful for underdeveloped areas of research, however, the disadvantages include less definitive answers (Samanta, 2021).
- The researchers chose a qualitative method of research due to arguments that it strengthens clinical trials by enhancing user involvement (Singh, 2021), giving participants a voice. With qualitative research methods, the participants have an active role in the research which allows them to express their experiences allowing the researchers to gain an understanding of the topic from a range of participants (Pathak, Jena and Kalra, 2013).
- 12 interviewees were selected; these participants were nascent entrepreneurs. Multi-sampling was used for the research. The researchers started with snowball sampling, as the researchers contacted a small sample, to begin with, and then these people suggested other potential participants to the researchers. Purposive sampling was also used to ensure that the most relevant elements were present in participants suggested by the initial small sample.





## Key Findings & Results

- Objective 1:
- The findings suggest that due to COVID-19 participants are experiencing fear in the form of fear of failure, financial failure and the fear of being unemployed even though Some participants believed that unemployment would push people towards entrepreneurship whilst other participants believe that not everyone can be an entrepreneur.
  - The findings show that all participants have high levels of self-efficacy and high levels of self-efficacy have positive correlations to entrepreneurial behaviour in nascent entrepreneurs (Mwiya et al, 2019; Sarason, Dean and Dillard, 2006).
- Objective 2:
- These findings indicate that it is important for an entrepreneur to experience both prevention and promotion-based regulatory focus. Most participants have experienced this since the pandemic. Research suggests that entrepreneurs need both promotion and prevention focus to be successful (Brockner, Higgins and Lowl, 2004). The research shows that most participants are excited to start an entrepreneurial venture but are hesitant due to the pandemic.



## Key Findings & Results Continued

- Objective 3:
- The findings indicate that the pandemic has created a mixture of push and pull motivations for the participants due to different reasons. The pull factors for the participants wanting to become an entrepreneur are independence, money, achievement and exploiting an opportunity. On the flip side, some participants also were pushed into entrepreneurship due to the fear of being unemployed as well as financial fear and fear for the future.
- Objective 4:
- The findings indicate that the participants' entrepreneurial attitude was affected by COVID-19, as research shows that entrepreneurial activity decreased from 2019-2020 (GEM, 2022). These findings match the theory that fear can affect entrepreneurial intention and as a result behaviour. As mentioned above participants also were pushed into entrepreneurship due to the fear of being unemployed as well as financial fear and fear for the future.
  - The findings also show that COVID-19 made participants crave stability, so those who may originally have had promotion-based regulatory focus and wanted to take risks to explore new opportunities, may now be taking the safer route with a prevention-based regulatory focus and therefore sticking to employment.



From the research it can be concluded that COVID-19 did impact nascent entrepreneurial intent both in a negative and positive way. The participants all have the self-efficacy to become an entrepreneur, however, despite most participants having a promotion based regulatory focus, the impact of the pandemic has caused this to shift, making participants more cautious and wanting security. Some participants found security in being self-employed, whereas others identified security in being wage-employed. All participants saw opportunities in the pandemic, and all had different motivations to pursue these opportunities, however, fear was a common factor in why participants stayed in wage-employment.



# Thank you | Diolch

Do you have any questions?

