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**Small Businesses Responses to the
COVID-19 pandemic: A contingency
approach**

University of
HUDDERSFIELD

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Abstract

The main goal of this thesis was to reveal how small businesses responded to the COVID-19 pandemic, what was their contingency approach in this unprecedented situation. The paper consists of two parts – theoretical and practical. The theoretical part describes the COVID-19 pandemic and related restrictions as a new business disaster that struck the UK and The rest of the world. The government attitude towards companies that needed help is described. Another point described for the research is companies possible preparation for unexpected disasters . mainly the creation of a business continuity plan and the creation of financial reserves. Three hypotheses were established, which were accepted or rejected based on the analysis of second data sorting. Forty-six companies participated in the research, two-thirds of micro-companies and one-third of small companies. The findings show that not all companies are prepared for unexpected disasters, and they need to realise the necessity of a business continuity plan and financial reserves.

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1. Introduction

The main goal of this thesis was to reveal how small businesses responded to the COVID-19 pandemic, what was their contingency approach in this unprecedented situation.

The COVID-19 pandemic has struck most of the industries, sectors and companies. It presented a great challenge for most employers because a health disaster of these dimensions did happen a century ago for the last time. The COVID-19 pandemic meant for all of them a necessity to change their current way of running the business. There was a factor of unexpected decrease of employees available to work because many of them were either ill or in self-isolation. The social-distancing rules meant that online virtual meetings and work from home were introduced or more used wherever possible. The companies had to place some of their employees on furlough scheme because there was no work for them, and some employees were dismissed. Also, the market the companies were used to operate on and sell to have changed, and companies that wanted to survive had to adapt or change their focus to meet the demands of the new market. Also, the financial reserves had to be used in these challenging times. Or at least this could have been done by those companies that had the reserves created. For some companies, this meant an end to their existence, some have just survived, but some have a new market that they adapted to a came out of the COVID-19 pandemic even stronger than they were before, as winners. With the current speed of vaccination, end of the lockdown, end of all of the different restrictions and travel bans, it can be expected that life will gradually return to normal, or the new normal, and businesses will quickly follow. Companies that will not view this crisis just as a bad event but as an opportunity shall be more prepared for some next crises that might come in regards to business continuity planning and financial reserves.

This thesis aimed to capture crucial information related to the COVID-19 pandemic, preparedness to face random disasters, business continuity planning, and financial reserves. The thesis is solely focused on micro-businesses and small businesses and their behaviour. The paper consists of two parts, the theoretical one and the practical one.

The theoretical part begins with the description of business enterprise, its purpose and goals. Then the two types of business, which are the main aim of this thesis, are described – the micro-businesses and small businesses. Also, their properties, attitudes and characteristics are described (Lussier & Sonfield, 2015). The following section is focused on business disasters. An essential part of this section is written about the different business disaster types (environmental, biological, deliberate, utilities, equipment, informational technologies and others) that can occur and absolutely change the way how the company operates, and the business continuity plan – what is it, why is it important and how to create it (Elder & Elder, 2019). Financial reserves, their size and their purpose are also mentioned there (Schoenberg, 2020). The last part is dedicated to the description of the COVID-19 pandemic and its consequences on businesses. It starts with the description of the illness itself, where it probably originated, how it spread, and why social distancing was so necessary. Then the situation in the UK is described, when was the situation at the worst, when it got better and how to main restrictions were changing (BBC News, 2020; GOV.UK, 2021). Also, the impact on employees and The Coronavirus Job Retention Scheme, known as the furlough scheme, are discussed (Gardiner & Slaughter, 2020; Pope et al., 2020). The restrictions in the UK and the complications caused by the COVID-19 pandemic in the whole world, like demand drop,

supply chain crisis and others, are described in the last section of the literature review (Harris et al., 2020).

Based on the researched literature and the aim of the research, three hypotheses were created to test the possible relations between variables researched in the survey.

Hypothesis n. 1: Microbusinesses had it easier to change the focus of their business than small businesses.

Hypothesis n. 2: Companies that created emergency financial reserves also had an emergency plan.

Hypothesis n. 3: Companies that had their revenue decreased will create an emergency plan in future.

The practical part begins with the definitions of basic methodological knowledge and conditions. Attention is paid the ontology and epistemology, then to the two main logical reasonings – induction and deduction. Qualitative and quantitative approaches were defined according to the philosophical basics, commonly used methods of research and analysis of data. The second part is dedicated to describing the own research – used methodology, questionnaire design, discussion about the questions, the distribution, and ethical considerations.

The original intention was to explore specific situations by in-depth interviews in several companies and then qualitatively analyse them. The progress of the COVID-19 pandemic made this impossible, so the quantitative research done by the online survey was chosen. Before the distribution of the questionnaire, a pre-test on a small group was conducted, and the questions were edited according to the feedback that was received. The questionnaire consisted of 19 questions and statements. Non-probability convenience sampling method was used while finding the potential respondents. Of the 345 companies contacted, 46 participated in the research and filled in the questionnaire. That means a 13,3 % response rate. In the fourth section about data analysis are gradually processed answers to each question, with results in graphs or tables. Commentaries to each of the questions and their results are based on a comparison of the colled data in a different context and uncover possible relations and characteristics. These commentaries aim to describe the behaviour of companies during the COID-19 crisis in relation to the studied academic literature to show possible conditionalities and consequences of the behaviour of the companies.

After the data analysis was done, the first two hypotheses were rejected, and the third one was approved. Statistical validation of the hypotheses was based on the data colled via the online survey. Because of the lower number of responses, these results should be considered rather a pilot, indicative study than research to generalise the specific claims. Nevertheless, it shows interesting trends in the behaviour of the companies and the necessity to emphasise the business continuity planning for unexpected disastrous situations increasingly.

2. Literature review

2.1.COVID-19

2.1.1. Description

SARS-CoV-2, the official name of COVID 19, is a new type of disease from the coronaviruses group. These viruses usually originate from mammals like pigs, birds or, like COVID 19, from bats, and then they infect people. In the case of COVID 19, this probably happened in fall 2019 on a seafood market in Wuhan, The People's democratic republic of China (Velavan & Meyer, 2020). Then it spread to Italy in February and continued throughout Europe. In March, the United States of America was hit hard and then the rest of the world.

Typical symptoms human infected by COVID 19 has are fever, fatigue, headache, cough, and sore throat. 80 or 90 % of infected people have a mild or asymptomatic course of the disease. However, for the rest of the cases, the course of the disease is more dangerous. Furthermore, around 5 % of infected patients will face pneumonia, respiratory and multiorgan failure, leading to death (Pascarella et al., 2020). Nevertheless, what makes COVID 19 dangerous is the way it spreads. It takes several days until the symptoms appear, and even then, they look like regular flu or other respiratory illness. It spreads through the respiratory tract, and even a quick contact between two people is enough to get infected. The easiness of the spreading was the reason for strict social-distancing rules, mandatory respirators, and all of the lockdowns that came gradually (Pascarella et al., 2020). Until the development of effective vaccine and vaccination of a sufficient portion of the population, there was no better way to face the COVID-19 pandemic.

2.1.2. The situation in the UK

The first case of COVID-19 in the UK was identified on 29 January 2020. Then the spread continued, and the whole country was affected. On 20 March 2020 was announced the first wave of closing publicly exposed places like pubs, gyms, restaurants and others. The national lockdown followed on 23 March (Davillas & Jones, 2021). The same approach was used all around the world, somewhere earlier, somewhere later, but it was effectively the only protection against the spread of this invisible enemy. Many people had to start working from their homes, and some who could do this used the social program called the furlough scheme.

However, with the arrival of spring and summer, the situation started to get better. The restrictions were lifted, Pubs, restaurants, hairdressers and many other places were opened (Prime Minister's Office, 2020). Life began to return to normal, as was known before. Nevertheless, experts and specialists were warning against the arrival of the new wave of COVID-19 cases. This prediction really started to happen during the autumn of 2020, and on 31 October, Prime Minister Boris Johnson announced the second lockdown, which lasted for four weeks until 2 December (BBC News, 2020). Due to the worsened situation with mutations of the disease during Christmas, a third lockdown was announced on 4 January 2021 that lasted until 8 March 2021, when the gradual lifting of restriction began (GOV.UK, 2021). On 19 July

all of the restrictions should be over. This was mainly possible thanks to the fast development, production and distribution of vaccines against COVID-19 (BBC News, 2021b).

2.1.3. Restrictions

The massive, uncontrolled, and unprecedented spread of disease caused most countries to implement some form of lockdown and stopped everyday human life as it was known so far. However, what did this mean for companies and their business?

The social distancing rules, employees in self-isolation, lockdown with its ban of unnecessary travel and other restrictions put businesses across the UK into challenging positions. The most hit was the hospitality and travel business because of the ban of both international and domestic travel. People also had minimal possibilities where to spend their free time and spent their money (Nicola et al., 2020). Another problem for businesses was the lack of components and raw materials that are usually transported from China. There the combination of lockdowns of whole cities with ports and the first demand shock caused suppression of production, creating a production shock, and all of this ended up in a worldwide shortage in the supply chain of basically everything imaginable (Harris et al., 2020). According to (Harris et al., 2020), this is not only caused by the problems in China but also by not enough supplies and materials going into China. The locked borders between countries also presented a problem - this all caused an overall slowdown of international trade. The UK also experienced a challenge for the food supply chain because of its dependence on mainland Europe. Even though no significant problems occurred, it showed the dependence and the need for change to be more prepared in future (Aday & Aday, 2020). All of these, and many other, problems made it really tough for UK companies to keep going.

2.1.4. The Coronavirus Job Retention Scheme

The Coronavirus Job Retention Scheme, also known as The Furlough Scheme, was a unique social policy from the UK government to prevent large unemployment in the United Kingdom. It was the priciest support the UK government had to put in action during the COVID-19 pandemic (Pope et al., 2020). It started in the spring of 2020 and should have lasted until autumn of 2020. However, since then, it was extended, currently until 30 September (BBC News, 2021a).

Furlough scheme was created for people whom the COVID-19 pandemic did not allow to do their jobs. Those were mainly employees from the most affected sectors of the economy, Accommodation and food services, Arts and recreation leading the charts. It should be no surprise, as these sectors were totally closed. Also, many workers from the construction sector were on furlough (Pope et al., 2020). Payment-wise, the higher payment category employees belong into, the lower dependence on the furlough scheme. Employees with lower payments were generally more affected by the COVID-19 pandemic because their jobs were closed and not replaceable by online alternatives (Gardiner & Slaughter, 2020). According to the UK government, at the highest peak in January 2021, 5.1 million employees were on furlough at the same time, and a total of 11.6 jobs have been saved. The structure of the contribution was

also changing throughout the time. Initially, the government was paying 80 % of the wages. Then, since 1 July 2021, it was 70 % by the government and 10 % by employer, and in August and September, this will change to 60 % by the government and 20 % by the employer (BBC News, 2021a).

Overall, the situation in the labour market is getting better, as all of the restrictions are being gradually lifted, and the number of people on furlough is getting lower and lower. The furlough scheme has definitely helped to protect the country and its people from high unemployment. However, there are still different expectations of what will happen as the furlough scheme ends in autumn. Then the real test for the labour market will come (Lea, 2021).

2.2. Business Enterprise

Entrepreneurship is definitely the reason, which drove the will for improvement deeply embedded in people, and that gave the world all of the luxuries and advancements it can use today. Entrepreneurs, people who found and run these businesses, create jobs for their coworkers, see opportunities and develop the overall economy. The shared passion and motivation of all entrepreneurs all around the world move the whole world and humankind forwards (Frederick et al., 2018). In the Oxford Dictionary of English, entrepreneurship is defined as *“the activity of setting up a business or businesses, taking on financial risks in the hope of profit”* (Stevenson, 2010).

To achieve their goal, entrepreneurs set up business enterprises, their companies. (Khemani, 1993) describes the word enterprise as *“a term in the commercial world used to describe a project or venture undertaken for gain”*. According to the number of people they employ, the UK government divides these enterprises into several categories - large businesses with 250 or more employees, medium-sized businesses with 50 to 249 employees, and small businesses with 0 to 49 employees. There is a mention of companies with 0 to 9 employees, usually referred to as micro-businesses (Barton, 2019).

2.2.1. Micro-business enterprise

Micro-businesses are by far the most common type of business in the UK. (Barton, 2019) shows in government statistics that there were 1,155,385 businesses with nine or fewer employees, followed far back by 211,295 small businesses. That is more than five times less. According to (Greenbank, 2000) there are often many positions concentrated in the powers of one person. It is typical that the main decision more is in the hands of one or two owner-managers. This is due to the very low workforce given by the size of the company. The manager work is there very complex, reaching into managing, operations, communication, and other fields. This can cause that the owner-manager does not have full expertise in any of these fields. He just has to do them all. That can also be physically and psychically demanding. Due to the small size, the management styles tend to be very informal and based on general knowledge gained during normal workdays. The smaller number of employees and overall small size of these businesses allow them to quickly respond to the signals from the market, making them quite nimble, way faster than other sized businesses. However, this has its downside, that micro-businesses are the most likely to fail (Lieberman-Yaconi et al., 2010).

2.2.2. Small business enterprise

Small businesses are companies with 50 or fewer employees. They are often called the backbone of the economy. The micro-business category of companies is often counted into the small businesses. Lussier & Sonfield (2015) have identified that small businesses tend to have non-family members of the leadership of the company, employ external consultants, use more elaborate and professional financial methods and have a more formal management style than the micro-companies. Also, compared with micro-businesses, small businesses tend to make less affected by the manager own attitudes, preferences and values (Lieberman-Yaconi et al., 2010). Small businesses can be viewed as a middle step between the very risky micro-businesses, and ‚proper‘ medium or large-sized businesses, as potential large company. Thou not as much as micro-businesses, small businesses are still quite nimble, not too slowed down by many layers of management, and have big entrepreneurial and initiatives in them (Day, 2000).

2.3. Business disasters

A world that would function exactly accordingly like planned is probably a dream of many people. No surprises, no unexpected events. However, reality does not work like that. According to Taleb (2007), there is an unexpected event that he called ‚Black swans‘. The black swan was for many centuries believed not to be real, but it was a day this animal was spotted. In his Black Swan Theory, he describes these events as a surprise, with huge effects and unpredictable. Though it is impossible to predict these events, it is important for a business to be prepared to face them. And not just black swans, but another irregular, unpredicted or random events a company can face.

2.3.1. Business disaster types

In the Oxford dictionary, disaster is defined as *“an unexpected event, such as a very bad accident, a flood or a fire, that kills a lot of people or causes a lot of damage”* (Stevenson, 2010). According to Elder & Elder (2019), a business disaster is either *„an unexpected event, such as a very bad accident, a flood or a fire, that kills a lot of people or causes a lot of damage“* or *„an unexpected event, such as a very bad accident, a flood or a fire, that kills a lot of people or causes a lot of damage“*. They point out thou that these definitions are highly individual for each company because for each those ‚*interruption*‘ and ‚*unncceptable period of time*‘ can mean absolutely different things. They have also recognised these seven categories of disasters.

Environmental

Into this category belong, e.g. hurricane, tornado, tsunami, flood or wildfire. These are highly dependant on the place where the company is built. The owner should know what to expect in his area and try to prepare for it. Thou sometimes, the disaster strikes where it had never before (Elder & Elder, 2019).

Biological

Here belong all kinds of illnesses, mainly those transmitted from person to person, each can spread through the company, flu is the most common one. However, it can get way more serious than the flu, as the recent coronavirus crises have shown.

Deliberate

Violence in work, bomb threat or attack, fraud and others are types of deliberately done harm. The damaged company can become a target by accident or by choice (in case of revenge, sabotage or fraud).

Utilities

In today's modern world, electricity and online connection to the surrounding world are crucial. Being disconnected even for a few hours can cause big inconvenience and, for a longer time, even serious problems that can harm the company and its customers.

Equipment

The lack of spare parts or backup machines/devices can cause a huge problem, in the case of them being very specialised and hard to obtain. However, the recent COVID-19 pandemic and supply chain delays (crisis) could cause a problem with even regular goods that were easy to obtain in previous years.

Information technology

Nearly all of the processes in the company, from manufacturing, logistics, accounting to internal communication, sales and customer support, is dependant on IT technologies. That makes data more and more important and very valuable. Because of that, they should be store in a very safe environment (and for sensitive data, this is true several times more) and ideally be backed up on several different secured storage. That should keep the company's data safe from both hardware failure and cybercrime.

Other

The amount of problems that can occur is nearly endless, like labour disputes, infrastructure problems or changes in key positions, to name some more.

2.3.2. Emergency plan

In case of any of these disasters happen, it is crucial that the company have an emergency plan, also called a Business continuity plan – because even with the disaster, the business needs to continue working as soon and as effectively as possible, to reduce the financial losses. But why is it so important to have a plan? Is it not enough that one or two employees in leading positions know approximately what to do? Definitely not! It would be very hard to tell everybody what to do, especially in the chaos that will inevitably happen. Also, the person with knowing what to do could be hurt, and then everybody would have to improvise. That is why a written continuity plan is essential (Elder & Elder, 2019).

Steps to create a business continuity plan

To create the business continuity plan, (Elder & Elder, 2019) have suggested this ten-step procedure that should guide businesses throughout the process.

Obtain management support

Project big like this needs to have full management support to be created. Management should understand why is it crucial to have this plan. They are also really important links in the plan, and their insights will be needed during the creation of it.

Assemble a planning team

This step depends on the size of the company for which the plan is created. But in bigger companies, several employees will be needed to fully understand the day-to-day operational processes within the company. People from all of the sections of the company and from all the levels should be included at least for a while.

Collect data

It is essential to collect and analyse data from the whole company, to identify the most important processes, customers, suppliers and other key elements of the business, to fully understand how is the company working just after that functional plan can be created.

Evaluate options

In this step, the planning team has to look into the data, identify all of the key processes happening in the company and create an alternative for each of the key processes if they stopped running.

Identify and evaluate risks

This is a risk assessment process in which the planning team has to analyse the weakest links in the company and identify the biggest external threats. They have to be sorted in order based on their severity and likelihood of happening.

Determine recovery strategies

This step is about knowing how to behave in different parts of the disaster. Firstly company should try to prevent the disaster from happening, then how to behave during the disaster and how to behave after it. It should describe how to communicate, whom to contact and overall map all of the processes that are necessary to be done.

Organise and document a written plan

Then the plan has to be written down in a document. It should include an introduction, business continuity strategy, response team and supporting documents. The plan should not be too long and too complicated, but also not too short and brief to miss some important information.

Communicate and test the plan

The finished document should be then distributed to all the employees who are expected to take part in it in case of an emergency situation. The plan should be talked through a lot and executed in practice so everybody knows what they should be doing.

Evaluate and update the plan

The plan should be evaluated and modified according to all of the comments and observations during the practice. This should be then repeated at least once a year to ensure the plan is still valid and that everybody remembers their roles.

2.4.Financial reserves

Each company should be prepared for the fact that their income will not be consistently the same or just be gradually growing, but it might also drop down, and the company might get into trouble with payments. For these situations, each company should hold a financial or cash reserve in a reserve fund. This does not include only cash but also highly liquid investments that can be quickly turned into cash (Liberto, 2021). The generally advised amount of cash that a company should hold is between three to six months of worth of regular expenses. Nevertheless, this is just a suggestion each business might need different amounts of reserves for themselves. However, having too much cash in financial reserves is also not good. The money is losing value because of inflation, while it could be earning more money in revenues if invested properly (Schoenberg, 2020).

2.5.Research objective

The main goal of this research was to reveal how small businesses responded to the COVID-19 pandemic, what was their contingency approach in this unprecedented situation. On the basis of the knowledge gained from the study of academic literature, these three hypotheses were created.

Hypothesis n. 1

Microbusinesses had it easier to change the focus of their business than small businesses.

H0: The number of employees does not influence the business's adaptability to the market.

H1: The number of employees does influence the business's adaptability to the market.

Hypothesis n. 2

Companies that created emergency financial reserves also had an emergency plan.

H0: The creation of an emergency financial reserve does not relate to the creation of an emergency plan.

H1: The creation of an emergency financial reserve does relate to the creation of an emergency plan.

Hypothesis n. 3

Companies that had their revenue decreased will create an emergency plan in future.

H0: Decrease of revenues does not initiate the creation of an emergency plan.

H1: Decrease of revenues does initiate the creation of an emergency plan.

3. Methodology

3.1. Ontology and epistemology

Ontology and epistemology are two different philosophical positions or assumptions towards how the research is done. They represent “*different views of the world and knowledge*” (Al-Saadi, 2014). He also states that it is important that the author knows what his position on ontology and epistemology is and that he can defend his position. They create the approach to the research, even if not fully acknowledged.

In the Oxford Dictionary of English, ontology is described as “*a branch of philosophy that deals with the nature of existence*” (Stevenson, 2010). Generally, ontology describes how it is, how it is perceived and deals with the actual state and nature of things and relationships existing. It could also be defined as the study of being or the state of reality (Marsh & Furlong, 2002). If one wants to work with an ontological approach, he has to see the knowledge as ‘*hard, objective and tangible*’ and analyse it with further testing and measurement methods (Al-Saadi, 2014). On the other hand, epistemology does not ask the question ‘what is’ and does not care about the knowledge, but instead tries to understand and describe “*her views of what we can know about the world; literary an epistemology is the theory of knowledge*” (Marsh & Furlong, 2002). It studies the nature of knowledge and the way of looking at the world and trying to understand it. The knowledge then can be viewed as ‘*personal, subjective and unique*’, it does not demand a scientific approach and allows the researcher a more subjective attitude to the studied element (Al-Saadi, 2014).

3.2. Induction and deduction

Induction and deduction are the two main styles of logical reasoning. They both aim to logically and reliably reach the logical conclusion of the given problem. However, they both use different strategies how to do it (Streeftek, 2019). Inductive reasoning uses the so-called ‘bottom up’ approach, going from specific to general. It starts with general observation, without any direct or predicted intention. Then it finds patterns in these observations, creates hypotheses, and, in the end, forms a theory.

On the other hand, deductive reasoning uses ‘top down’ approach, from general assumption to a specific result. Deduction starts with general theory, which is then condensed into a more clear hypothesis. Observation is carried out to either confirm or deny the hypotheses (Creswell & Plano Clark, 2018). Both of these reasonings seem very different from each other, and there was an extensive discussion on which is better. However, that does not mean that any of them is terrible. Each of them has its qualities, and sometimes both are used in the same research project, just at different times of it (Streeftek, 2019).

3.3. Quantitative research

3.3.1. Philosophy - positivism

Quantitative research is mainly based on a positivist approach. Positivism was present in western thinking for centuries, but french philosopher Auguste Comte was the first one to formulate and create terms of modern positivism as known today. It is based strictly on positive, empirical evidence, observation, experience and, when beyond that, on pure mathematics and pure logic. It also uses Immanuel Kants a posteriori thought – after the fact. There is no place for metaphysic or any kind of speculations, guesses, or apriori thoughts that cannot be backed by evidence. *“Positivism is thus worldly, secular, antitheological, and antimetaphysical”* (Feigl, 2020).

3.3.2. Basic methods

Experiment – Experiment is a prepared process done to test the hypothesis. The experiment should be followed by the done procedure so that it could be repeated. Usually, many experiments are carried out to gather enough data. In a natural experiment, a hypothesis is created and tested by data collected from observing the processes around it, and no variable is involved. A controlled experiment is carried out in a controlled environment, and variables can be purposely changed. Field experiment than takes place in the real world conditions, not in lab enviroment (Helmenstine, 2020).

Survey – Surveys are a very popular method for gathering data from a predefined group of people by questionnaire. This can be done either offline or online, as mostly is today. The questionnaire should be well prepared, so it is engaging, and participants don't get bored and quit filling it in. A pre-test on a small test group can provide valuable feedback and suggestions before releasing the final version (Stopher, 2012).

Systematic observation – The goal is to gather data from observing specific features, which are predefined. The researcher has to follow strict procedures on observing and recording these data, so they are undistorted and objective. The same results should be obtained by repeating the same process under the same conditions (Hardman & Hardman, 2017).

Interview – A strictly structured sequence of questions asked by the researcher on a larger sample of the target group. It does not allow any further questions. It can be done in person or via phone. This is usually an example of political opinion polls or pre-election surveys (de la Croix et al., 2018).

3.3.3. Data type/analysis

Data collected for quantitative research has to be in any numerical form because they are later used to test the created hypothesis statistically. Data can be either obtained primarily – via survey, interview or other methods, or secondarily from already existing data. The number of necessary data is higher than for qualitative research to ensure valid results. The sample has to be big enough to make the results generalisable for the rest of the population. Very important is also that data are collected from relevant respondents. Statical tools are later used to analyse collected data on different levels of significance. The calculations are primarily used for testing

the hypotheses, which were created before the data were collected. Also, multiple other relations between different variables can be found (Gelo et al., 2008).

3.4. Qualitative research

3.4.1. Philosophy - interpretivism

One of the philosophies qualitative research is based on is interpretivism, also known as anti-positivism. In contrast with positivism, which is based on the a posteriori thought, interpretivism is a priori based. It focuses on people's thoughts and their character, the way they view the world. Interpretist researchers also study the motives behind people's behaviour and their interactions with other members of society. To sum up, interpretists are not collecting and analysing vast amounts of correct data but instead thoroughly study, interpret and find meaning in small samples. One of the pioneers who laid down the basics of modern interpretivism was, for example, Max Weber (Chowdhury, 2014).

3.4.2. Basic methods

Interviews – They are a common method of gathering data for qualitative research. The quality of the result data heavily depends on whether the interviewee felt comfortable and safe. Then they open up and offer valuable insights. The interviewer should be trying mainly to listen and just slightly adjust the way of the interview by asking proper questions. There are several types of interviews. Semistructured follows a prepared structure, but there is a space for additional questions. The narrative interview is just a natural conversation, which dependent on the interviewers' skill to steer it where needed (de la Croix et al., 2018).

Focus groups – They usually consists of five to fifteen interviewees with similar or the same demographic background. It is harder to set up a trust and good feel here, but if executed properly, focus groups can offer a valuable insight not only into what the people answer but how they interact with each other, either verbally or nonverbally. The presence of other participants can also empower and help some participants to sincerely open up (Jenkinson et al., 2019).

Observation – A systematically done observation of people in their natural environment. A researcher should try to get in insight into the functions of the given group. The researcher can either be directly involved in the researched environment or observe it from a different environment and not get involved (Baker, 2006).

Ethnographic research – Ethnography is the behaviour, habits and interactions of people that are found in the same environment, same specific location. The main tool to do this research is the researcher himself, who mainly observes the behaviour in the studied group and tries to understand why they are behaving as they are. The researchers' view should not interpret the result but by the vies of the given sample population (LeCompte & Schensul, 2010).

3.4.3. Data type/analysis

The qualitative approach does not focus on a large number of answers but instead on smaller samples that are studied more in-depth. That allows a selective choice of respondents

who are full of valuable information. To gather these data, researchers are using the qualitative methods described above. The process of getting the data can be recorded because the data need to be transcribed before analysing. All of the responses are then divided into smaller parts, where similar themes are recognised, coded, and studied and compared together, finding various connections between them. The use of inductive approach then interprets the results, the researchers are looking for common themes, and with joint with literature and theory is created at the end (Gelo et al., 2008)

3.5. Quantitative and qualitative research comparasion

To sum up, quantitative research is focused on more extensive samples of data. It uses a deductive approach and tries to find objective evidence to verify the hypothesis. The research, if done correctly, can be repeated. The results for the tested sample can be extended to the whole population. On the other hand, qualitative research works with a small sample, it uses induction, and its goal is to create a theory in the end. It offers a great and in-depth insight into the researched problematics.

3.6. Research methodology

To study COVID-19 influence on small business, qualitative research could have chosen, and several interviews with small business owners conducted in order to get the information needed for the research. However, the situation with the COVID-19 made it impossible, so quantitative research was chosen and carried out.

In order to study the research aim, three hypotheses were set up to be objectively tested. A deductive approach was used, which usually accompanies quantitative research. Data were necessary to test the hypothesis. It was decided to collect primary data because the COVID-19 problem is very recent, and it would be hard or impossible to use enough secondary data. For the research method to collect the data, the creation of an online survey questionnaire was chosen.

3.7. Questionnaire design

The questionnaire was created in the online web-based software tool Google Forms. The main reason to do so was its convenience of use. It is quite simple to work with. The finished questionnaire looks clean and easy to fill in. Many respondents also know this software; thus, it might have been more convenient for them to fill in the answers. Another bonus is that it is for free, which makes it very likeable for students. There are even no ads, which make it again more convenient for respondents. Also, the data is immediately collected in another Google software – Google Spreadsheets, which allow either immediate work with collected data or is easy to export to Microsoft Excel or another sheet software (Vasanth Raju & Harinarayana, 2016).

The questions were based on the research objectives and hypothesis. The questionnaire consisted of 19 questions in total. Six of the questions were opened and required numbers as an answer. The next thirteen questions were statements with which respondents expressed their agreement on a scale I strongly agree – I partly agree – I partly disagree – I strongly disagree.

Two of these questions were connected to positive answers to previous questions and were optional to answer.

The questionnaire design was tested on a small focus group. Based on their feedback were some questions adjusted to be more clear and understandable. At the same time, the number of questions was lowered to make the questionnaire less time-demanding and pleasant to fill in.

3.8. Discussion about questions

3.8.1. Question n. 1 – How many employees does your company have?

This question is demographic. It describes the basic distribution of companies into groups by a number of employees. The categories were used as defined by the UK government (Barton, 2019). The behaviour of companies according to the number of employees is directly related to hypothesis n. 1. Nevertheless, during the analysis of collected data, it was interesting to observe the differences between micro-businesses and small businesses in relation to government financial support (question n. 13), creation of emergency plan (question n. 16) or creation of financial reserve (question n. 18).

3.8.2. Question n. 2 – How many years has your company been operating?

Question n. 2 was of a descriptive character; nevertheless, it was an interesting guideline for evaluation of some questions. It is partly related to the second, third hypothesis. It was evident that experiences gained in entrepreneurship play an important role in the creation of financial reserves (question n. 11) or the creation of emergency plans (question n. 16).

3.8.3. Question n. 3 – The COVID-19 pandemic made it challenging to run my business because there was not enough demand for my goods/services.

An unexpected event (like the COVID-19) pandemic is always a proper check of the adaptability of the company to the new situation (Harris et al., 2020; Velavan & Meyer, 2020). This question is related to hypothesis n. 2 and hypothesis n. 3.

3.8.4. Question n. 4 – The COVID-19 pandemic made it challenging to run my business because I did not have enough employees (they were infected or quarantined).

The purpose of this question was to find out if the operation of the company was influenced by the human factor, thus the lack of employees who were either ill or in self-isolation (Gardiner & Slaughter, 2020). It was interesting to find out if the companies used the furlough scheme at the same time and if they had to dismiss some employees. This question is related to hypothesis n. 3, to find out if these companies will create an emergency plan in future, to be better prepared for the lack of workforce.

3.8.5. Question n. 5 – For how many months did you have to close?

The closure of the company is closely related to hypothesis n. 3. During the analysis, the answers were put into context with question n. 4 (lack of workforce) and question n. 13 (government financial support).

3.8.6. Question n. 6 – How many employees did you have to fire?

If the demand gets lower, so does revenue which usually leads to the dismissal of some employees (Gardiner & Slaughter, 2020). The open question got the number of dismissed employees and was put into relation with the use of government financial support, the decrease of revenue and the adaptation to new needs of the market. This question is related to the third hypothesis.

3.8.7. Question n. 7 – Due to the COVID-19 pandemic, I lost part of my sales/profits.

The impact of the COVID-19 pandemic on sales/profits was researched in this question. There is a relation with the ability to adapt to the new market (question n. 10), who was able to do that and who was not. The question is also related to the third hypothesis.

3.8.8. Question n. 8 – What was your business's revenue for the year 2019?

This question was finding out the business's revenue for the year 2020, to compare it in year-on-year change. It is related to the third hypothesis, but offers interesting findings with questions n. 3, 6, 7, 11, and 18.

3.8.9. Question n. 9 – What was your business's revenue for the year 2020?

This question follows up on the previous one and finds out the business's revenue for the year 2021. It is related to the third hypothesis. It also offers interesting findings with questions n. 3, 6, 7, 11, and 18.

3.8.10. Question n. 10 – During the COVID-19 pandemic, I adapted/changed the focus of my business to the needs of the market.

The flexibility and adaptability of companies during the COVID-19 crises that lead to a reduction of losses, or even to the utilisation of the opportunity, was the purpose of this question (Elder & Elder, 2019). This behaviour is related to the hypothesis n. 2 and 3.

3.8.11. Question n. 11 – I have created an emergency financial reserve before the COVID-19 pandemic.

Observing the relationship between the existence of financial reserve and successful management of the whole situation is related to the second hypothesis. (Schoenberg, 2020), writes about the creation of financial reserves. In partial analysis, the relevance with a number of employees (question n. 1), the length of existence (question n. 2), change in revenue (questions 8 and 9) or existence of emergency plan (question n. 16) can be found.

3.8.12. Question n. 12 – If so, It was enough to get me through the coronavirus crisis.

The existence of financial reserve is one thing, but the usefulness of it another. It is expected that the length of the COVID-19 pandemic surprised everybody. This question was used to find a relation between the existence of financial reserve and emergency plans (hypothesis n. 2). the relation for partial analysis with a number of dismissed employees (question n. 6) or subjective satisfaction with the preparedness for the crises (question n. 15).

3.8.13. Question n. 13 – I have applied for Government financial support.

In response to the COVID-19 pandemic, the government launched financial support in the form of a furlough scheme (Pope et al., 2020). This question finds out how many companies applied for it. It is also related to the adaptation to a changing market (hypothesis n. 1) and decrease in revenues (hypothesis n. 3).

3.8.14. Question n. 14 – If so, I received enough get me through the coronavirus crisis.

This question examines if the companies who applied for financial support considered this help as big enough. It is also related to the number of employees (hypothesis n. 1), but even to the number of dismissed employees (question n. 6) and closure of the company (question n. 5).

3.8.15. Question n. 15 – I think I was generally prepared for an unexpected disaster situation.

This question finds out the perceived level of preparedness for unexpected disaster situations (Elder & Elder, 2019). It was interesting to analyse this question in relation to the existence of financial reserves (question n. 11), emergency plan (question n. 16) or change in revenue (questions n. 8 and 9).

3.8.16. Question n. 16 – I have created a specific emergency plan, which could be used in an unexpected disaster situation.

The creation of a specific emergency plan that can be followed in the case of a disaster is necessary (Elder & Elder, 2019). This question was directly related to the second hypothesis. It was also used for comparison between microbusinesses and small businesses and companies with a shorter and longer existence. Relevance with the existence of financial reserve was also observed.

3.8.17. Question n. 17 – Based on the experience from the COVID-19 pandemic, I will create a more elaborate and detailed emergency plan for any future disaster situation.

This question researched the behaviour of companies after the end of an unexpected disaster situation, the COVID-19 pandemic if they will create a specific emergency plan for

the next disaster that might come (Elder & Elder, 2019). It is directly related to the third hypothesis and also in comparison with companies that did not have the emergency plan before.

3.8.18. Question n. 18 – Based on the experience from the COVID-19 pandemic, we will create more significant financial reserves than I had before.

This question also observed the behaviour after the disaster situation, directly related to the third hypothesis. It was analysed if there is a relation with not having the financial reserve before (question n. 11), for the difference in numbers of employees (question n. 1), change in revenues (questions n. 8 and 9), and their ability to adapt to the new market (question n. 10).

3.8.19. Question n. 19 – In the end, I see the pandemic as a positive event that forced me to rework my business to make it work better and more efficiently.

This question was focused on the change in companies behaviour after the COVID-19 pandemic if they just survived it as a necessary evil or actually used it to boost and improve their business. It is related to the first and third hypotheses.

3.9. Questionnaire distribution

Due to the limited possibilities during the COVID-19 pandemic was the questionnaire distributed only via email. Non-probability convenience sampling method was used while contacting randomly chosen companies in the UK. The only condition was to approach companies that fall into micro-business or small business categories. Thus, they have 50 employees or fewer. The companies were primarily looked up in search engine Google. From March 2021 to June 2021, there were 345 contacted via email and asked to participate in the research. This email can be found as an appendix. Forty-eight of these companies participated in the research and answered the questionnaire. Two companies that responded did not fulfil the condition of having 50 or fewer employees and were eliminated from the data analysis.

3.10. Ethical considerations

During the research, basic principles of ethics were respected. Princip of voluntary participation was fulfilled by openly, fully and understandably informed about the goals, the researcher and the use of the collected data. Princip of confidentiality was fulfilled by agreed level of anonymity, which also included no providing of the collected data to third parties – the data were used only by the researcher for his research. The principle of accuracy and integrity was also fulfilled. Procedural ethics of the research was also abided. The collected data were systematically archived and kept safe.

4. Data analysis

The collected data were gathered in software Microsoft Excel. This software was also used to sort out and create the graphs. The functionality of the data filter was used to find relations between smaller groups of similar responses in each question. To find these relations contingency table was also used. The statistical values for testing the hypothesis were also calculated in the software Microsoft Excel.

4.1. Questions analysis

4.1.1. Question n. 1 – How many employees does your company have?

| Number of employees | Absolute frequency | Relative frequency |
|---------------------|--------------------|--------------------|
| 0 (self employed) | 3 | 7 % |
| 1 | 7 | 15 % |
| 2-5 | 11 | 24 % |
| 6-10 | 7 | 15 % |
| 11-20 | 8 | 17 % |
| 21-50 | 10 | 22 % |
| TOTAL | 46 | 100 % |

Table 1 Participating firms by number of employees

There were 46 companies that took part in the research, out of which two thirds with a number of employees under 10, thus belonging to the micro-businesses. A total of 39 % of respondents are companies with more than 11 employees. This structure offered the possibility to compare the behaviour of these two types of employers.

4.1.2. Question n. 2 – How many years has your company been operating?

| Years | Absolute frequency | Relative frequency |
|--------------|--------------------|--------------------|
| 0-5 | 16 | 35 % |
| 6-10 | 12 | 26 % |
| 11-15 | 5 | 11 % |
| 16-20 | 4 | 9 % |
| 21-25 | 3 | 7 % |
| 26-30 | 6 | 13 % |
| TOTAL | 46 | 100 % |

Table 2 Participating firms by years of existence

Of 46 companies that participated in the research, 40 % exists longer than 11 years, 35 % are companies existing less than five years.

4.1.3. Question n. 3 – The COVID-19 pandemic made it challenging to run my business because there was not enough demand for my goods/services.

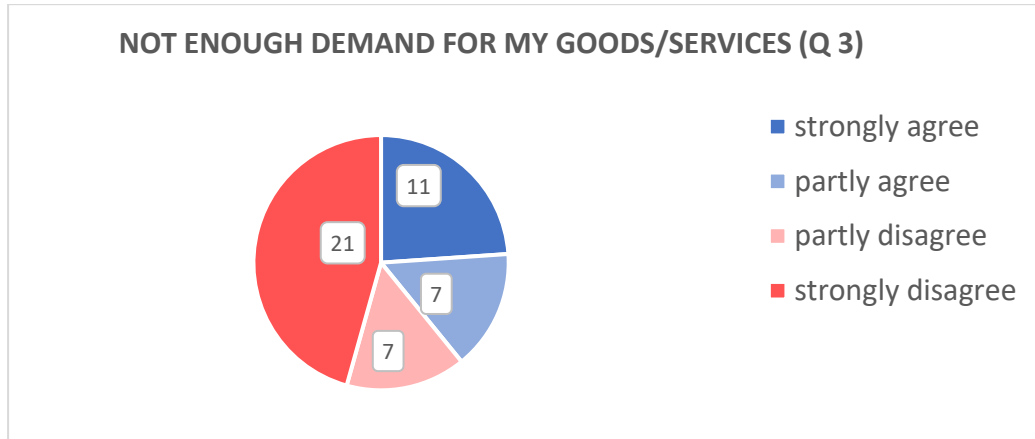


Figure 1 Not enough demand for my goods/services (Q 3)

For 39 % of respondents, the COVID-19 pandemic made it challenging to run their business because there was not enough demand for their goods/services. Surprisingly, 61 % of respondents did not consider this as a problem. Let us look into the collected data and check the relation between this answer and differences in business's revenue between 2019 and 2020. We discover that the revenue even grew bigger at eleven of these companies (compared with the results from questions 8 and 9). All of these companies also answered that they adapted/changed the focus of their business to the needs of the market.

4.1.4. Question n. 4 – The COVID-19 pandemic made it challenging to run my business because I did not have enough employees (they were infected or quarantined).

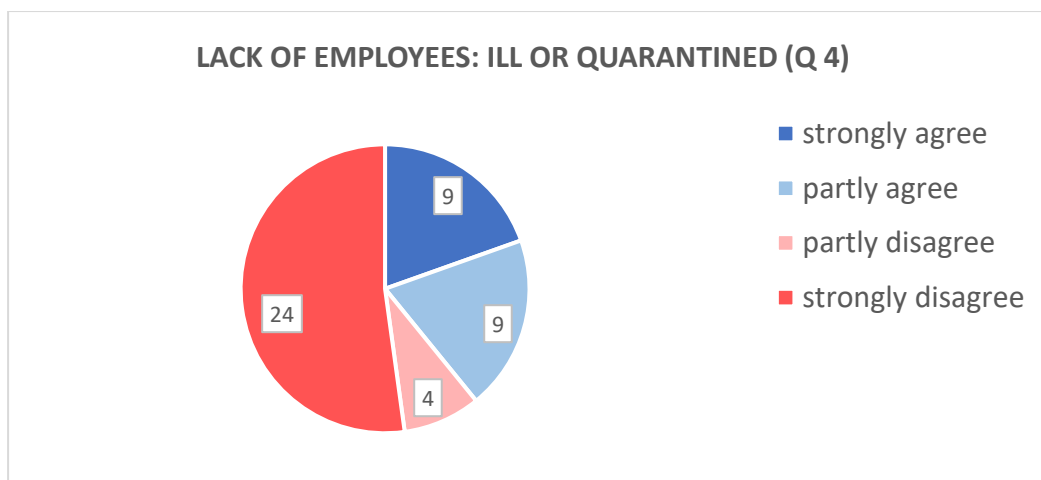


Figure 2 Lack of Employees: Ill Or Quarantined (Q 4)

From the research sample, 40 % of respondents complained about the lack of employees because of the illness or quarantine. According to the collected data, those were companies, half of which was closed and had to fire their employees.

4.1.5. Question n. 5 – For how many months did you have to close?

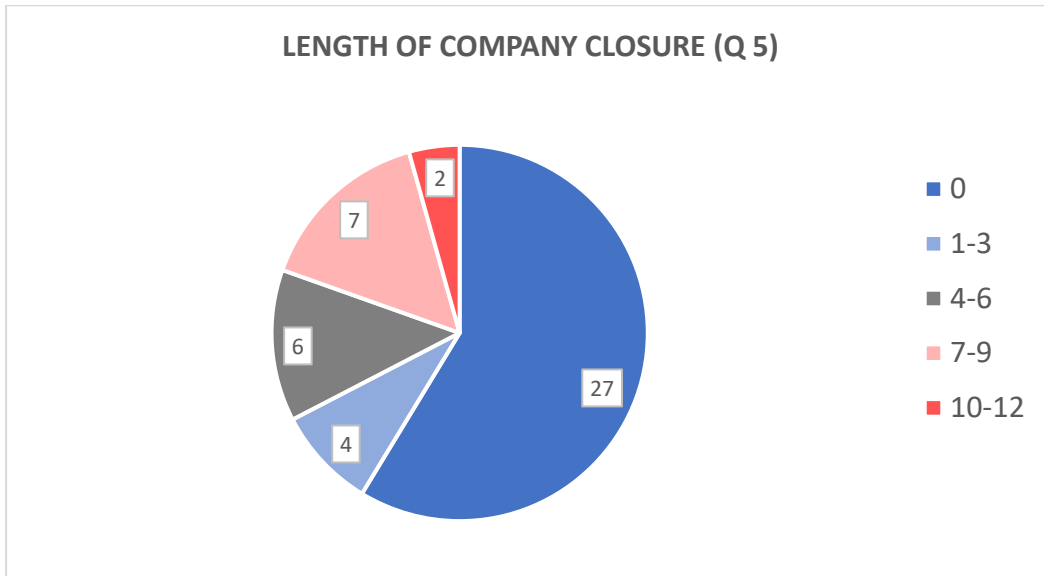


Figure 3 Length of company closure (Q 5)

This was an open question for respondents to fill in the answer. Out of the total sum, 59 % of companies was not closed. From the last 41 % was half of them closed for half a year and the rest even for twelve months. It is clear that this group was in great danger, even though they all received help from the government (question n. 13). All of them stated a decrease in revenue in 2020 in comparison with the previous year, 2019.

4.1.6. Question n. 6 – How many employees did you have to fire?

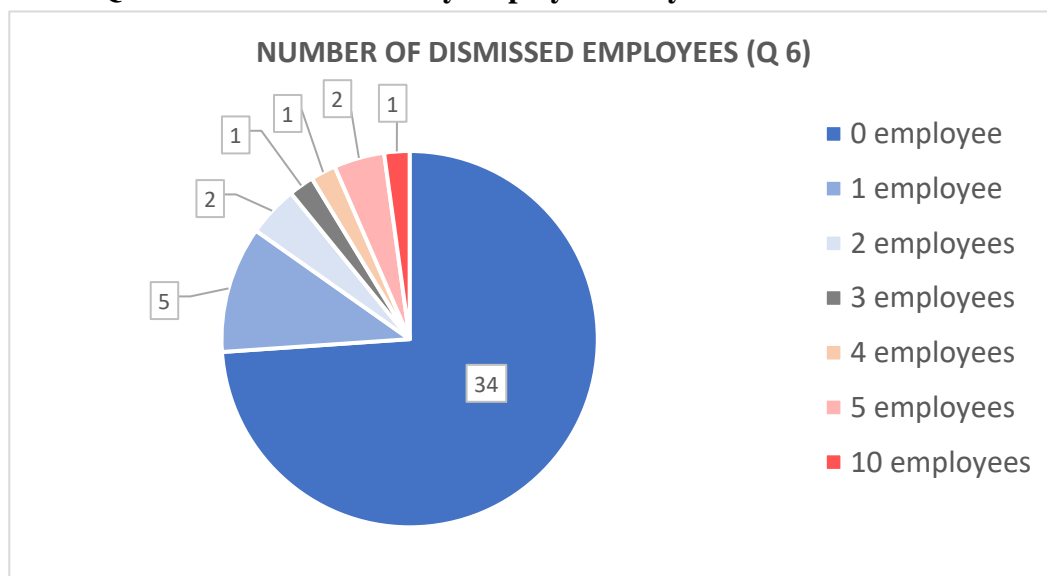


Figure 4 Number of dismissed employees (Q 6)

This question was free to fill in. Out of the total sum, 79 % of respondents did not have to fire anyone. If we look into the collected data, companies that had to do so also declared a decrease in revenue in 2020, but most of them did not adapt/change their business to the needs of the market (question n. 10), ads were not prepared to face the crises (they had no emergency financial reserve or emergency plan). There was no difference in regards to the number of employees. Micro and small businesses were precisely half and half on this problem.

4.1.7. Question n. 7 – Due to the COVID-19 pandemic, I lost part of my sales/profits.

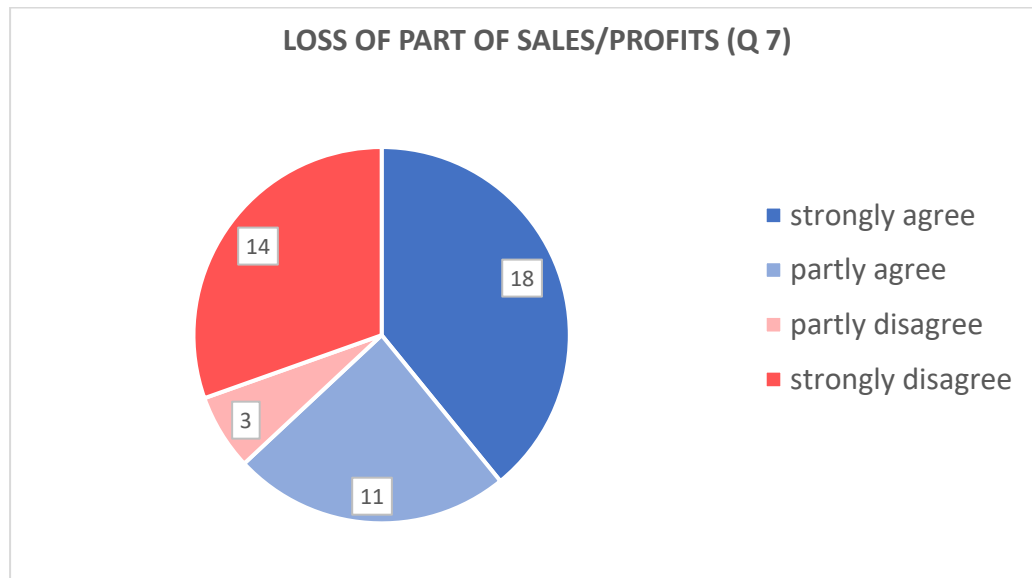


Figure 5 Loss of part of sales/profits (Q 7)

During the COVID-19 pandemic, 63 % of respondents stated that they lost part of their sales/profits. This is confirmed by the difference in business’s revenue in 2019 and 2020, which either dropped down or stayed the same.

4.1.8. Question n. 8 – What was your business’s revenue for the year 2019?

| Pounds | Absolute frequency | Relative frequency |
|----------------------------|--------------------|--------------------|
| 0 | 1* | 2 % |
| 1 - 10 000 | 3 | 7 % |
| 10 001 - 50 000 | 18 | 39 % |
| 50 001 - 100 000 | 13 | 28 % |
| 100 001 - 300 000 | 9 | 20 % |
| 300 001 - 1 000 000 | 2 | 4 % |
| TOTAL | 46 | 100 % |

* started a business in 2020

Table 3 Business’s revenue for the year 2019 (Q 8)

The results show that in 2019, 9 % of companies had revenue under £10 000, 67 % of companies had revenue under £100 000, next quarter had revenue even higher, two companies even over £300 000.

4.1.9. Question n. 9 – What was your business’s revenue for the year 2020?

| Pounds | Absolute frequency | Relative frequency |
|----------------------------|--------------------|--------------------|
| 1 - 10 000 | 5 | 11 % |
| 10 001 - 50 000 | 17 | 37 % |
| 50 001 - 100 000 | 12 | 26 % |
| 100 001 - 300 000 | 9 | 20 % |
| 300 001 - 1 000 000 | 3 | 7 % |
| TOTAL | 46 | 100 % |

Table 4 Business’s revenue for the year 2020 (Q 9)

The results of the questionnaire show that in the year 2020, 11 % of companies had revenue under £10 000, 63 % of companies had revenue under £100 000, 27 % of companies had revenue even higher, and three companies even over £300 000.

4.1.10. Question n. 10 – During the COVID-19 pandemic, I adapted/changed the focus of my business to the needs of the market.

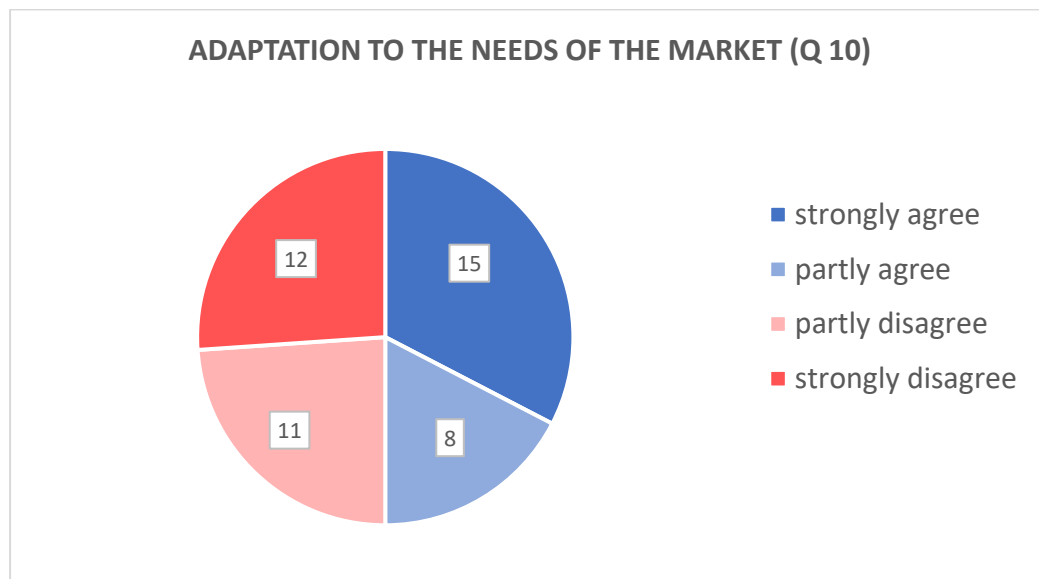


Figure 6 Adaptation to the needs of the market (Q 10)

The answers to the question about adapting/changing the focus business during the COVID-19 pandemic were divided precisely in half. The first half of companies confirmed that they were able to adapt to the new situation and changed the focus of their business. The second half did not do so. It is not sure if it was caused by their particular field of expertise or that they did not have enough money to do so. That is what the colled data suggest. This group was forced to dismiss 80 % of all dismissed employees stated in question n. 6, a third of them did not use the government support and lost part of their revenues.

4.1.11. Question n. 11 – I have created an emergency financial reserve before the COVID-19 pandemic.

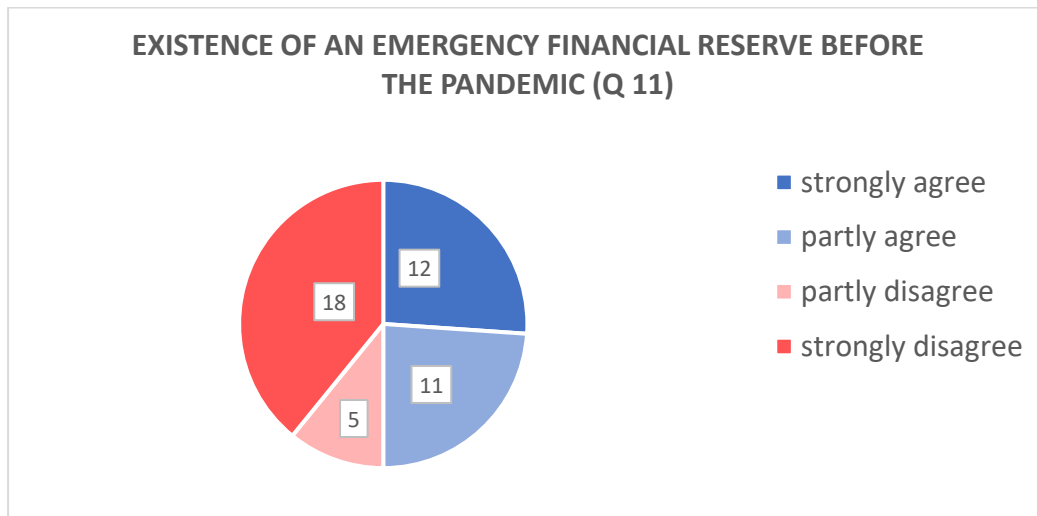


Figure 7 Existence of an emergency financial reserve before the pandemic (Q 11)

The graph shows that exactly half of the participants had already created an emergency financial reserve before the COVID-19 pandemic. We can find that a third of these companies did not have government support from the collected data, and 5 of them decreased their revenue compared with the year 2019. Companies that had financial reserves were represented by the same ratio of micro-businesses and small businesses. Nevertheless, 82 % of these companies exist five years and longer, 18 % of these companies exist for four years, and no company younger than four years had the financial reserve.

4.1.12. Question n. 12 – If so, It was enough to get me through the coronavirus crisis.

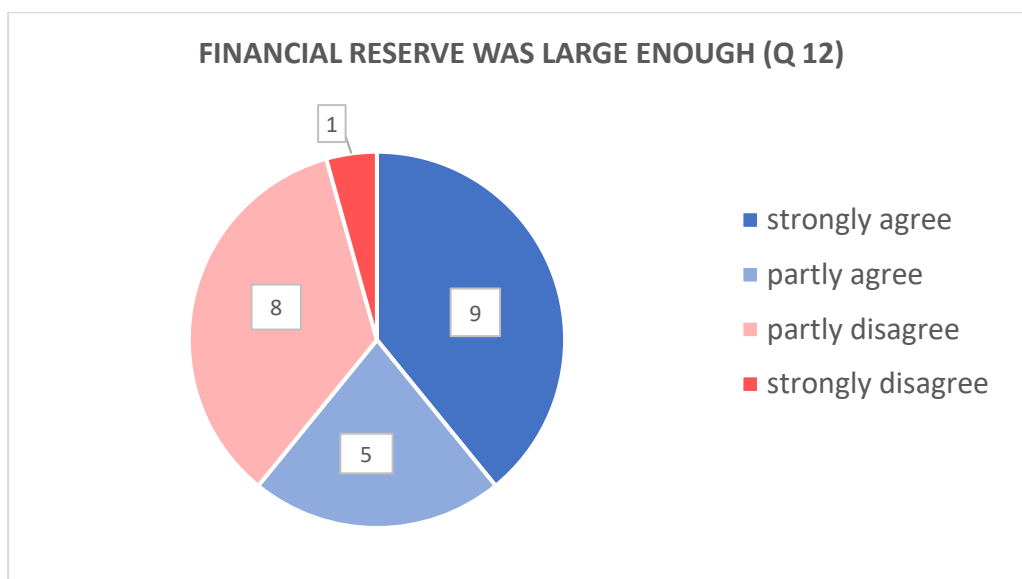


Figure 8 Financial reserve was large enough (Q 12)

This question was supposed only for respondents who positively answered the previous question and created an emergency reserve. Despite that, some respondents, who answered the previous one negatively, answered this also. Their answer to this question was not used.

Out of 23 positive answers to the previous question, 61 % of respondents considered this emergency financial reserve sufficient, and for the remaining 39 %, it was not enough. There was an interesting connection in this group with their attitude towards the future (question n. 18). Seven companies, who had emergency financial reserves before the COVID-19 pandemic, do not plan on making more reserves in future. This behaviour could be connected with the fact that all of these companies were able to adapt/change their business's focus to the changing needs of the market.

4.1.13. Question n. 13 – I have applied for a Government financial support.

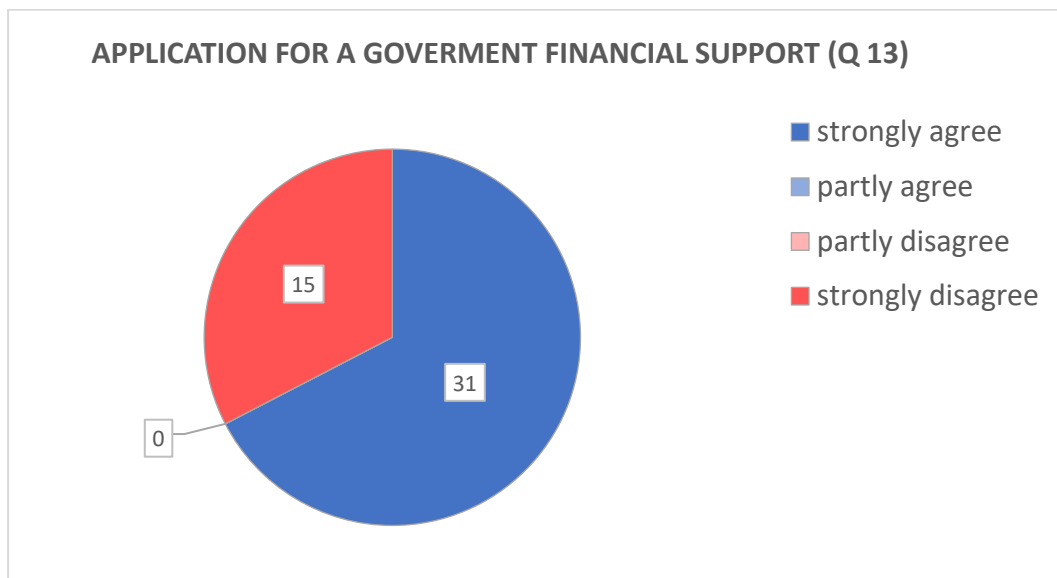


Figure 9 Application for a government financial support (Q 13)

Of all of the respondents, 67 % applied for government financial support. 33 % of them did not do so. If we analyse the collected data, ten small businesses and 28 microbusinesses applied for it. Nearly 40 % of these companies had to close for five or more months, and a third of them even had to dismiss their employees. Financial support was though necessary, nevertheless, sometimes it was not enough to save the situation.

4.1.14. Question n. 14 – If so, I received enough get me through the coronavirus crisis.

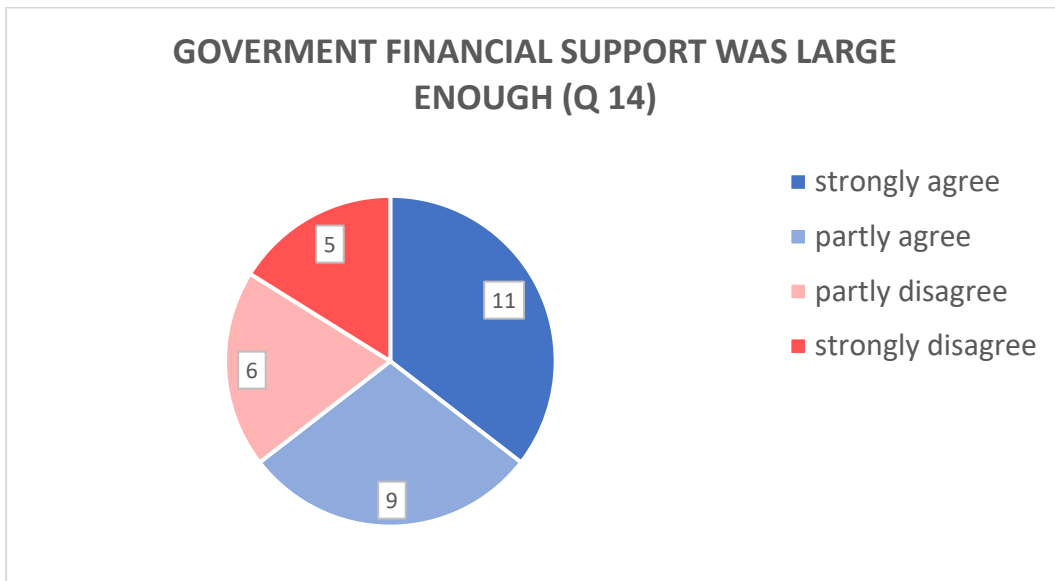


Figure 10 Government financial support was large enough (Q 14)

This question was supposed only for respondents who positively answered the previous question and applied for government financial support. Despite that, some respondents, who answered the previous one negatively, answered this also. Their answer to this question was not used.

Thirty-one positive answers to the previous question shown that 65 % considers this support to be high enough, for 35 %, it was not enough. 81 % of respondents who used this financial support confirmed that they also lost part of their sales/profits (question n. 7). Surprisingly, only 77 % of these companies plan to create an emergency financial reserve in future (question n. 18). On the other hand, four out of six companies that do not plan to create an emergency financial reserve in future were able to adapt/change the focus of their business to the market's needs (question n. 10).

4.1.15. Question n. 15 – I think I was generally prepared for an unexpected disaster situation.

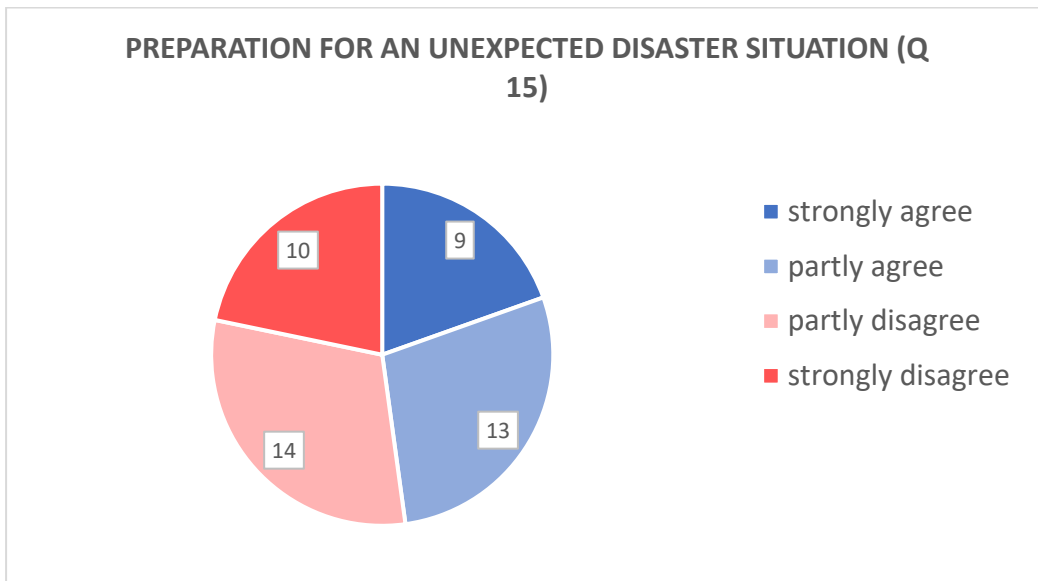


Figure 11 Preparation for an unexpected disaster situation (Q 15)

The answers shown that 48 % of companies though they were prepared for an unexpected disaster situation. These companies had usually (60 %) created a specific emergency plan for unexpected disaster situations (question n. 16), 78 / of them had financial reserve before the pandemic (question n. 11), and 64 % of them had even higher revenue in 2020 than in 2019 (differences between questions n. 8 and n. 9).

4.1.16. Question n. 16 – I have created a specific emergency plan, which could be used in an unexpected disaster situation.

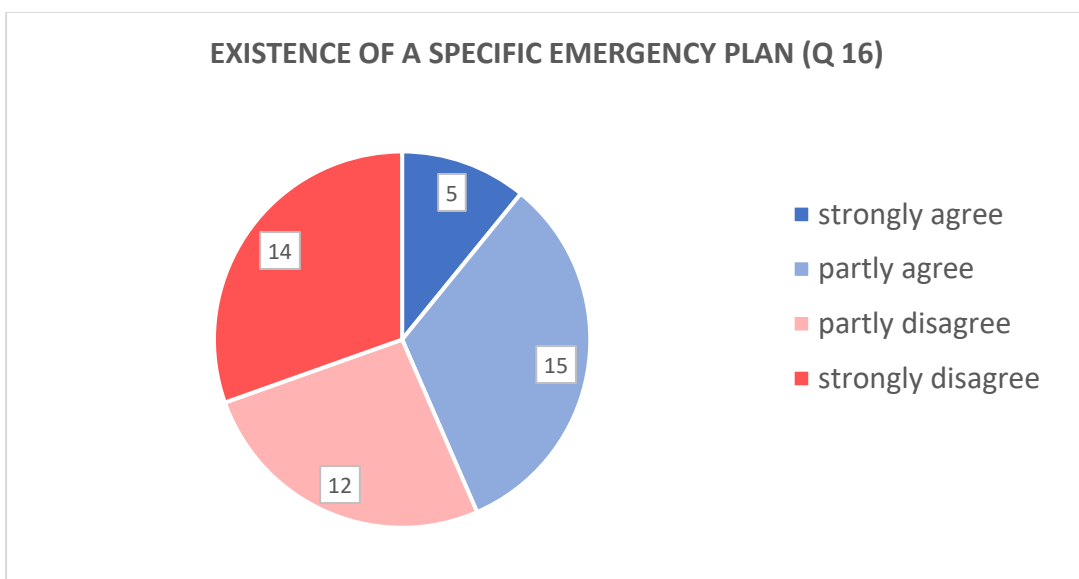


Figure 12 Existence of a specific emergency plan (Q 16)

Specific emergency plan, which could be used in an unexpected disaster situation, had only 44 % of companies. This plan was created without any relation to the number of employees in those companies (question n. 1). The first half were micro-businesses, and the second half were small businesses. Nevertheless, we can observe that this plan had 85 % of companies that are existing for at least six years and only three companies that exist three years or less.

4.1.17. Question n. 17 – Based on the experience from the COVID-19 pandemic, I will create a more elaborate and detailed emergency plan for any future disaster situation.

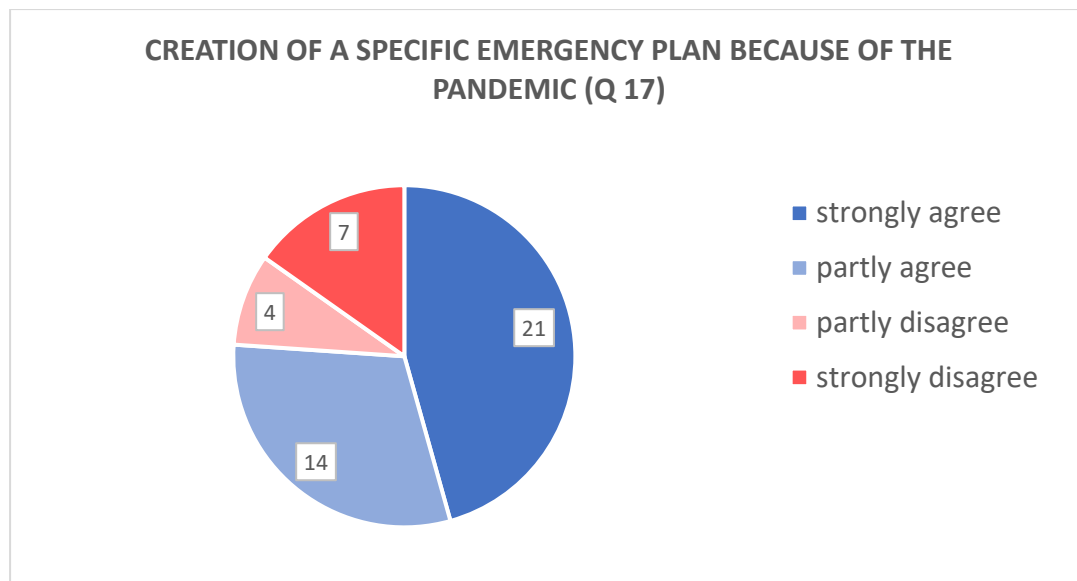


Figure 13 Creation of a specific emergency plan because of the pandemic (Q 17)

Out of all of the respondents, only 76 % plan to create a specific emergency plan in the future. If we analyse these companies, 45 % of them already had an emergency plan before the pandemic and will probably just modify it with the use of recently gained new knowledge. 45 % of these answers came from the companies that did not have the emergency plan before the pandemic (question n. 16). They have probably learned from the COVID-19 and want to be more prepared in the future to protect their business, employees and revenues.

4.1.18. Question n. 18 – Based on the experience from the COVID-19 pandemic, we will create more significant financial reserves than I had before.

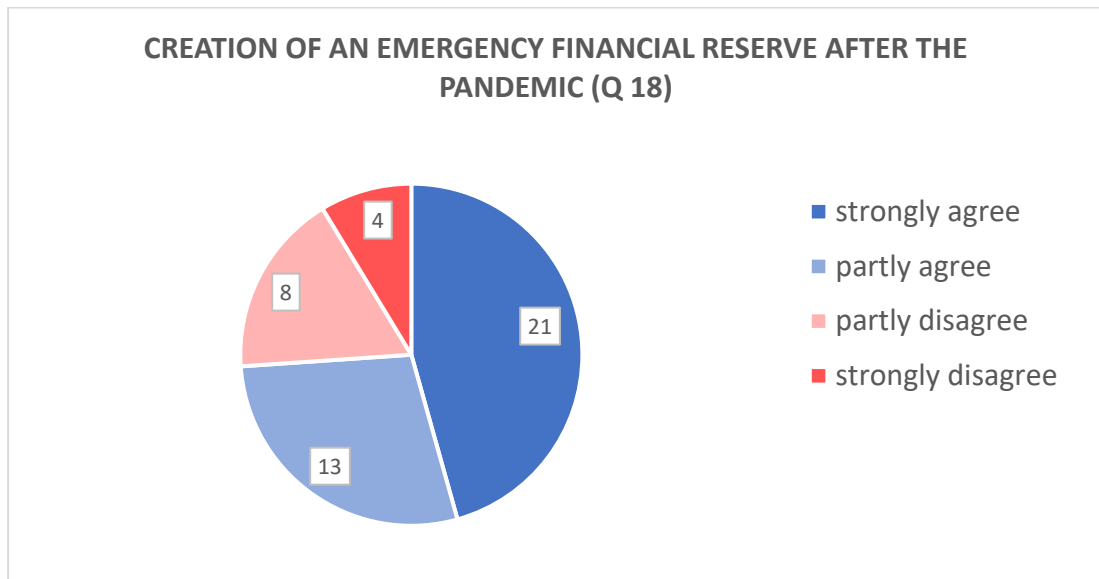


Figure 14 Creation of an emergency financial reserve after the pandemic (Q 18)

The answers show that 74 % of companies plan to create more significant financial reserves than they had before. 45 % of these companies already had it before the pandemic. The remaining 45 % will create it now based on the COVID-19 experience. IF we look into the collected data, exactly half of these companies were able to adapt/change their focus to the needs of the new market (question n. 10). The creation of financial reserves is not related to the differences in revenue between the year 2019 and the year 2020. This group consists of 32 % of companies that have increased their revenues, 38 without a change, and 30 % of companies that had a decrease in their revenues. There is only a slight difference in relation to the number of employees – 44 % micro-businesses and 56 % small businesses (question n. 1).

4.1.19. Question n. 19 – In the end, I see the pandemic as a positive event that forced me to rework my business to make it work better and more efficiently.

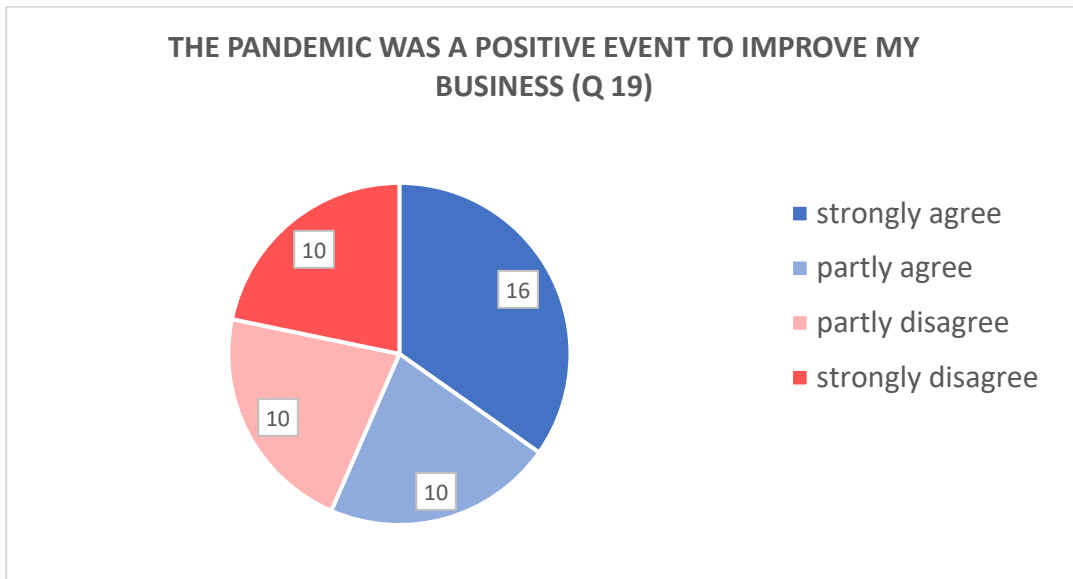


Figure 15 The pandemic was a positive event to improve my business (Q 19)

The result showed that 57 % of companies who participated in the research saw the pandemic as a positive event that forced them to rework their business to make it work better and more efficiently. 61 % of these companies did not experience a problem with low demand (question n. 3) because 69 % of them could change/adapt their focus to the changing market (question n. 10), but only 37 % of them did create an emergency plan. On the other hand, 77 % of these companies plan to create more elaborate and specific emergency plan and 73 % emergency financial reserves.

4.2.Hypothesis testing

Because the nominal data were used, Pearson's χ^2 test was used. It uses the differences between observed and so-called theoretic (expected) frequencies. The results were calculated in the software Microsoft excel with the use of functions CHISQ.TEST and CHIINV.

Hypothesis n. 1

Microbusinesses had it easier to change the focus of their business than small businesses.

H0: The number of employees does not influence the business's adaptability to the market.

H1: The number of employees does influence the business's adaptability to the market.

| | Strongly and partly agree | Strongly and partly disagree | Total |
|------------------------|----------------------------------|-------------------------------------|-------|
| Microbusinesses | 14 | 14 | 28 |
| Smallbusinesses | 9 | 9 | 18 |
| | 20 | 26 | 46 |

Table 5 Data for analysis of hypothesis 1

The distribution of observed frequencies in the contingency table is unambiguous. The result of test criterion χ^2 equals 0, and therefore can be stated that there are no statistically significant differences between individual variables. The null hypothesis cannot be rejected, and therefore the alternative hypothesis is rejected. The number of employees does not influence the business's adaptability to the market.

Hypothesis n. 2

Companies that created emergency financial reserves also had an emergency plan.

H0: The creation of an emergency financial reserve does not relate to the creation of an emergency plan.

H1: The creation of an emergency financial reserve does relate to the creation of an emergency plan.

| | With emergency plan | Without emergency plan | Total |
|--|----------------------------|-------------------------------|-------|
| With emergency financial reserve | 11 | 12 | 23 |
| Without emergency financial reserve | 9 | 14 | 23 |
| | 20 | 26 | 46 |

Table 6 Data for analysis of hypothesis 2

The result of test criterion χ^2 0,354 in comparison with critical values for the first degree of freedom and "standard" level of significance (0,05; 0,01; 0,001) means that there are no

statistically significant differences between individual variables. The null hypothesis cannot be rejected, and therefore the alternative hypothesis is rejected. The creation of an emergency financial reserve does not relate to the creation of an emergency plan.

Hypothesis n. 3

Companies that had their revenue decreased will create a new emergency plan in future.

H0: Decrease of revenues does not initiate the creation of a new emergency plan.

H1: Decrease of revenues does initiate the creation of a new emergency plan.

| | New emergency plan | No new emergency plan | Total |
|---------------------------------------|---------------------------|------------------------------|--------------|
| Decrease of revenue | 24 | 5 | 29 |
| Without of decrease of revenue | 11 | 6 | 17 |
| | 35 | 11 | 46 |

Table 7 Data for analysis of hypothesis 3

The result of test criterion χ^2 12,448 compared with critical values for the first degree of freedom and “standard” level of significance means that there are statistically significant differences between individual variables, on the level of significance (0,001). The null hypothesis can be rejected, and therefore the alternative hypothesis is accepted. Decrease of revenues does initiate the creation of a new emergency plan.

5. Conclusion

The main goal of this thesis was to reveal how small businesses responded to the COVID-19 pandemic, what was their contingency approach in this unprecedented situation. The goal of the research was fulfilled.

The COVID-19 pandemic surprised and then paralysed basically the whole world. Companies in the UK had to survive a really tough year and a half. The aim of this thesis was to study what did they do to do so, what have they learned and what they will change in the future. With regard to the stated goal was the first part of this research focused on the analysis and compilation of academic literature. Microbusinesses, small businesses, business disaster types, business continuity planning, emergency financial reserves and the COVID-19 pandemic with its consequences were studied.

The basic assumption for the first hypothesis was that the nimble micro-businesses had it easier to change the focus of their business than small businesses that are responsible for more employees and can perceive the change of business focus as a big risk (Lussier & Sonfield, 2015). Even though there were more micro-companies in this sample, there was no statistically significant difference between the groups. By further analysis of the companies that changed their focus, this was found that two-thirds of them exist five years or longer, 70 % of them did not agree with the statement that there was not enough demand for their goods/services, 56 % of had emergency financial reserve and 60 % of them did apply for the government financial support.

For the assumption for the second hypothesis was expected responsible behaviour of the company. Thus that if they have a financial reserve, they also have an emergency plan (Elder & Elder, 2019; Schoenberg, 2020). However, there was no statistically significant difference between companies that had emergency financial reserves and companies with an emergency plan. From the companies that had both plan and reserve, three were micro-businesses, and the rest were small businesses. Except for one company, the rest exists for ten years or more. Just one company experienced a decrease in revenue between 2020 and 2021, and 71 % of them were able to change their business focus to the needs of the new market.

The third hypothesis stated that the companies that had their revenue decreased would create a new emergency plan in future (Elder & Elder, 2019). This hypothesis was statistically accepted. It is evident that having a business continuity plan is for the companies necessary. Many of them realise that and plan on creating a plan that will help them to be prepared for another disaster. It is interesting that 17 % of companies that experienced a decrease in their revenue do not plan to create an emergency plan for similar events in the future. It is evident that crisis awareness is being underestimated, even with the experience with the COVID-19 pandemic.

There were three limitations of the research. The first one was found during the analysis of data. In question n. 8 and 9, about the yearly revenue, the intervals were set up too wide and were not able to capture smaller fluctuation in revenue. A possible solution would be to use open questions, which would make the revenue analysis more precise. Nevertheless, the information about revenue change was more of a supportive role and was not the core of the research. The second limitation was a badly created second question of the questionnaire. The same style as for questions n. 5 and 6 could have been used, and the questionnaire would look

a bit more neater. The last and biggest limitation is definitely the small number of gathered answers. Thou this was objectively the hardest part of the research, finding, contacting and attracting the attention of the companies, so they read the email and fill in the questionnaire.

This aim of the study appeared to be very pleasant and entertaining to deal with, and the results of the analysis indicated very interesting relations between different researched variables. It is highly recommended to continue in further research on this topic, and the recommendations for further research would be to mainly gather more responses to have more data to analyse for more objective results.

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Appendix 1

The email that was sent while distributing the questionnaire.

Subject: Help with Dissertation survey

Dear Sir/Madam

My name is Vit Kolarik, I am a student from the Czech Republic, and I study International Business (Top-Up) undergraduate program at Huddersfield Business School. I am currently working on my dissertation named 'Small Businesses Responses to COVID-19 pandemic: A contingency approach'. I am trying to find out how COVID-19 affected small businesses and how they adapted to the new situation. To gather the information that will help me solve this, I am conducting an online survey.

My goal is to reach out to various small businesses and get their insight into this issue. Therefore, I would be very grateful if you could find a few minutes of your precious time and fill in my questioner. It contains 19 closed questions and should take approximately 2 – 5 minutes to finish. The participation is entirely voluntary and anonymous, and no personal data will be asked or gathered. If you decide to participate, please use the attached link to google forms.

Link to the survey: <https://forms.gle/vxC6gRteT1ZpGdwLA>

Thank you very much for your time.

Best wishes,

Vit Kolarik

Huddersfield Business School
University of Huddersfield

Appendix 2

7/4/2021

Small Businesses Responses to COVID-19 pandemic: A contingency approach

Small Businesses Responses to COVID-19 pandemic: A contingency approach

Dear sir/madam,

I am currently studying an International Business (Top-Up) program at Huddersfield Business School. For completing my dissertation, I am researching the impact of the COVID-19 pandemic on small businesses. The purpose of this questionnaire is to get an insight into how different small businesses coped with and managed the COVID-19 pandemic.

Participation in this questionnaire is voluntary, and all of the answers will be submitted anonymously, ensuring total confidence. It should take only a few minutes of your time. I would be very grateful for every answer.

Yours faithfully,

Vit Kolarik

*Required

1. 1. How many employees does your company have? *

Mark only one oval.

- 0 (only myself)
- 1
- 2-5
- 6-10
- 11-20
- 21-50
- 50+

2. 2. How many years has your company been operating? *

Mark only one oval.

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30

3. 3. The COVID-19 pandemic made it challenging to run my business because there was not enough demand for my goods/services. *

Mark only one oval.

| | | | | | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| | 1 | 2 | 3 | 4 | |
| I agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | I disagree |

4. 4. The COVID-19 pandemic made it challenging to run my business because I did not have enough employees (they were infected or quarantined). *

Mark only one oval.

| | | | | | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| | 1 | 2 | 3 | 4 | |
| I agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | I disagree |

5. 5. For how many months did you have to close? *

6. 6. How many employees did you have to fire? *

7. 7. Due to the COVID-19 pandemic, I lost part of my sales/profits. *

Mark only one oval.

| | | | | | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| | 1 | 2 | 3 | 4 | |
| I agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | I disagree |

8. 8. What was your business's revenue for the year 2019? *

please choose an estimated sum in GBP

Mark only one oval.

- less than 0
- 0
- 1 - 10 000
- 10 001 - 50 000
- 50 001 - 100 000
- 100 001 - 300 000
- 300 001 - 1 000 000
- 1 000 000 and more

9. 9. What was your business's revenue for the year 2020? *

please choose an estimated sum in GBP

Mark only one oval.

- less than 0
- 0
- 1 - 10 000
- 10 001 - 50 000
- 50 001 - 100 000
- 100 001 - 300 000
- 300 001 - 1 000 000
- 1 000 000 and more

10. 10. During the COVID-19 pandemic, I adapted/changed the focus of my business to the needs of the market. *

Mark only one oval.

- 1 2 3 4
-
- I agree I disagree
-

11. 11. I have created an emergency financial reserve before the COVID-19 pandemic. *

Mark only one oval.

| | 1 | 2 | 3 | 4 | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| I agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | I disagree |

12. 12. If so, It was enough to get me through the coronavirus crisis.

Mark only one oval.

| | 1 | 2 | 3 | 4 | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| I agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | I disagree |

13. 13. I have applied for a Government financial support. *

Mark only one oval.

| | 1 | 2 | 3 | 4 | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| I agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | I disagree |

14. 14. If so, I received enough get me through the coronavirus crisis.

Mark only one oval.

| | 1 | 2 | 3 | 4 | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| I agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | I disagree |

15. 15. I think I was generally prepared for an unexpected disaster situation. *

Mark only one oval.

| | | | | | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| | 1 | 2 | 3 | 4 | |
| I agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | I disagree |

16. 16. I have created a specific emergency plan, which could be used in an unexpected disaster situation. *

Mark only one oval.

| | | | | | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| | 1 | 2 | 3 | 4 | |
| I agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | I disagree |

17. 17. Based on the experience from the COVID-19 pandemic, I will create a more elaborate and detailed emergency plan for any future disaster situation. *

Mark only one oval.

| | | | | | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| | 1 | 2 | 3 | 4 | |
| I agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | I disagree |

18. 18. Based on the experience from the COVID-19 pandemic, we will create more significant financial reserves than I had before. *

Mark only one oval.

| | | | | | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| | 1 | 2 | 3 | 4 | |
| I agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | I disagree |

19. 19. In the end, I see the pandemic as a positive event that forced me to rework my business to make it work better and more efficiently. *

Mark only one oval.

| | | | | | |
|---------|-----------------------|-----------------------|-----------------------|-----------------------|------------|
| | 1 | 2 | 3 | 4 | |
| I agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | I disagree |

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