

SELF EMPLOYMENT AND ENTREPRENEURSHIP DURING THE COVID-19 PANDEMIC IN INDONESIA

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Abstract

The Covid-19 pandemic led to substantial change in the working world. Previous research suggests that the number of micro, small and medium enterprises (SME) around the world rose during the crisis. In Indonesia, the SME sector contributes substantially to economic growth and accounts for 97 percent of domestic employment (Wirjawan, 2020). This research aims to explore the development of entrepreneurship and small business foundation during the global pandemic. It sheds light on self-employment as a survival strategy during the Covid-19 crisis, evaluates which strategies are applied, what motivations exist to start a new business and which backgrounds founders have. With qualitative interviews, this paper gives context to a new phenomenon.

Drawn from international theoretical established and relevant literature, this study's research model was built upon the framework of entrepreneurial research models, such as the economic growth model. Narrowing it down on Indonesia and the UMKM sector, empirical data was gathered from 6 in-depth online interviews. The relationships between variables in the interview transcripts were systematically examined applying a content analysis model. The qualitative study comes to several conclusions. Entrepreneurial trends could be identified, such as the motivations of business owners to start their business during the pandemic, the top challenges they faced, popular founding strategies, individual backgrounds and business resilience plans. Furthermore, the study results indicate that entrepreneurship during the Covid-19 pandemic has a positive impact on job creation and economic growth. In addition, it was found that opportunity driven entrepreneurship seems to be a reaction to a global crisis.