

## **The Impact of Covid-19 Pandemic on Women-owned Businesses: A Multi-case Study**

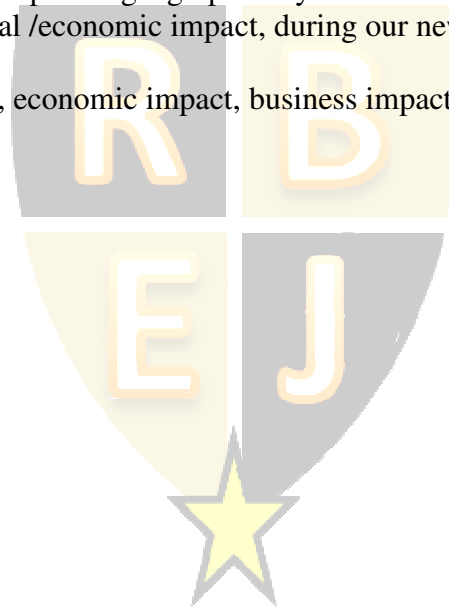
Diane D. Galbraith  
Slippery Rock University of Pennsylvania

Sunita Mondal  
Slippery Rock University of Pennsylvania

### **ABSTRACT**

The COVID – 19 global pandemics took the world by surprise as it touched people personally and professionally and upended the daily lives of people everywhere. This paradigm shift impacted many aspects of our lives from the way we shopped, congregated, the nature of work and even employer and employee expectations. This paper will examine several women-owned businesses in the U.S., dispersed geographically and diversified by industry, to determine some of the human and financial /economic impact, during our new reality.

Keywords: employee retention, economic impact, business impact, pandemic



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## INTRODUCTION

COVID – 19 changed our lives as this virus surged throughout our world, altering our vocabulary and daily routines. Words and phrases like social distancing, masking, pandemic, quarantine, unprecedented, ‘flattening the curve’, work from home (WFH), vs. return to office (RTO) became the daily vernacular on the news. Working professionals were profoundly affected from child and pet-care arrangements to alterations in their workloads and overall stress levels. Social events, parties, weddings were cancelled or postponed as the pandemic swept through communities. Office buildings became ghost towns as businesses downsized, employees worked from home, office space devalued and significant business was conducted via video chat platforms such as Zoom, Microsoft Teams and WebEx.

The “new normal” includes some permanent whitewater as companies attempt to navigate the changing dynamics of work, globally. Omnipresent hiring signs revealed the burgeoning labor shortages and supply chain issues as all sectors were impacted. There are many strategic implications as companies grapple with structural, operational, and organizational culture changes. The adoption of hybrid / remote models for employees, when possible, may become permanent.

Economic challenges were exacerbated by this pandemic, as resource allocation, planning, and research and development became strategic imperatives. Strategic plans were rendered useless as the unexpected happened and many were unprepared without contingency plans. The agility of companies was in question, as many unfortunately did not survive. Some companies ranging from Amazon to 3M were positioned better than others to capitalize on the pandemic. Nassim Taleb, (2007) an American statistician, philosopher and former hedge-fund manager, coined the term, Black Swan Event, to describe unpredictable and improbable events that have devastating consequences. He stated, that “the problem with experts is they do not know what they do not know”. Although COVID – 19 would appear to be a Black Swan event, Taleb, recently clarified the terminology and described the crisis as a White Swan event, based on the fact that we haven’t seen a pandemic for close to 100 years. Moreover, he believes that due to extreme connectivity, such pandemics are unavoidable (p. 307). In a March, 2021 interview with ET Now Digital, the author believes that countries and companies that did well throughout the pandemic will also fare well in the future. With the quick implementation of lockouts (quarantines for travelers) vs. lockdowns, countries could save trillions of dollars. This prescient author lauds entrepreneurs who capitalize on these circumstances, vs. awaiting government aid. Sectors such as food, grocery, law firms and home delivery services flourished, while real estate and tourism were reeling, since many employees worked from home and ceased to travel.

This paper will explore the journeys of four female-owned companies as they traversed through the muddied, complicated world of COVID – 19.

## LITERATURE REVIEW

Information from the Center for Disease Control (CDC), defines the COVID-19 pandemic as an ongoing pandemic of coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). It was first identified in December 2019 in Wuhan, China.

A report entitled, *From Insights to Action (2020)* by UN Women's Senior Research authors, states that COVID-19 has reversed the 22 year trend of declining world poverty. "Weakened social protection systems have left many of the poorest in society unprotected, with no safeguards to weather the storm," says Ginette Azcona, lead author of the report. The statistics are startling as 47 million women and girls have descended into extreme poverty, defined as living on \$1.90 or less for a total of 435 million globally. The pandemic rife with job loss and layoffs, has further exposed the vulnerability of women.

According to the UN Women, (2020), the pandemic like other economic crises, impacts women disproportionately due to such factors as women tend to earn less, they comprise the majority of single-parent households and they have more limited access to social protection. Women have lost their livelihood at a rate of 25% as compared to men at 21% during this once-in-a-century pandemic. The UN authors posit that governments need to augment women-owned businesses through sustainable funding including grants, subsidized loans, and stimulus monies in order to protect this female sector. This relief should extend to industries where women comprise a large proportion of the workers. Other recommendations include gender-responsive social protection systems like expanded access to affordable childcare and equal pay for equal work guarantees. Some countries fared better than others according to the World Bank authors, Buba, Ucrat, Iacovone and Medvedev (June, 2021). Characteristics included: stringent lockdowns correlate with more job losses on average, some more than double compared to countries with less restrictions; poorer countries were hit harder; countries with strict labor regulations seemed to do better in the short term and policies supporting firms like government support / wage subsidies are working, so far.

The pandemic's toll in America as of the fall, 2021 was, 44, 105, 375 COVID-19 cases and the total number of deaths was 708,784. The national ensemble predicts that a total of 734,000 to 756,000 COVID-19 deaths will be reported by this date. Female deaths involving COVID – 19 to date were 314, 932 out of a total of 2, 751,101 from all causes in 2020 and 2021.

A (2020) study by the U.S. Chamber of Commerce, reveals that COVID – 19 has disproportionately impacted the health of women-owned businesses. Male business owners remained optimistic dropping only 5% points when reporting organizational health, compared to women -owned businesses ranking their overall business health 13% lower, due to the pandemic, between January and July of 2020. Females surveyed were more pessimistic regarding increased revenue generation, investments and increasing their staff size as compared to their male counterparts. These statistics were reported despite assistance from the CARES Act, and federal assistance like the Paycheck Protection Program. Another study, *Women in the Workplace (2020)* noted that women, particularly women of color, were more likely to have been furloughed or laid off due to the pandemic, forestalling their career progress and further jeopardizing their economic security.

In what has been deemed *The Great Resignation*, the labor force has also been decimated, compared to pre-pandemic numbers. Down by approximately 4.4 million workers, the *Wall Street Journal* (Oct. 2021) reported a record number of employees quitting. Particularly hard hit

are women, those 55 years and older and workers without college degrees are much more likely to be out of the workforce and the labor-force participation rates. In contrast, entrepreneurship is on the rise, up 56% from the same period in 2019, with 4.54 million new businesses registered, further contributing to the labor woes for businesses looking to hire and retain employees. Self-employed workers increased by a half a million workers, since the beginning of the pandemic, now accounting for 5.9% of U.S. workers and 9.44 million, according to the Labor Department (Mitchell and Dill, Nov. 2021). Pew Research reported by (Kochihar, Nov. 2021) indicate that self-employed female workers have grown 4.3% from July 2019 – July 2021, compared to a decrease of 1% in males who are self-employed. LinkedIn's examination of User profiles illustrates male-owned organizations with a growth rate of 17% compared to women-owned increases of 27%. Also, some of the Gen Z population is trending toward free-lance work instead of pursuing full-time employment. Almost half of this new crop of entrepreneurs come equipped with college degrees and 4/10 have post-graduate degrees.

So, what are some of the lessons? Twenty Won (Komondor, 2021), is a book illustrating 21 female entrepreneurs and their respective journeys through the pandemic. After a description of the tumultuous times, they collectively focused on areas that could be harnessed and adjusted for the future. Some thoughts were to focus and serve others, enhance and depend on your friends and support system, the importance of social media for business, invest/ believe in yourself. Other advice was to take charge of your own story, (p. 205), it's never too late to start another career, have fun and expand on something you do well, don't be afraid to ask, and pivot while stepping into success (pp.189-196).

## **DATA & METHODOLOGY**

Four women-owned businesses were surveyed for this multi-case study. They are located in the mid-Atlantic and eastern portion of the United States and encompassed four distinct and diversified businesses including printing /apparel; engineering; behavioral health; and Management consulting / fundraising and non-profit management. This research will contextualize the results collectively and by industry. Four distinct businesses were surveyed, as depicted in Figure 1 (Appendix).

These businesses surveyed are in different stages of development, with the engineering firm being established in 1984, the printing and apparel business starting in 2000, the behavioral health firm in 2015, and the management consulting firm being the most recently established in 2018. Hence our dataset comprises a decent mix of new and well-established business, to identify the differential impact of the pandemic on these diverse types of business operations.

The businesses were also disproportionately affected by COVID-19. While printing and apparel had no employees affected, the engineering firm witnessed 20 percent of its employees who contracted COVID-19, while behavioral health had around 10 percent of employees affected and management consulting with 17 percent of employees being affected.

All of the businesses reported issues with worker shortages that impacted their business operations. Major effects were slower turnaround time of orders and lost work hours. The engineering firm faced limitations on field work, as employees needed to be screened for projects. Employees could not be easily replaced, especially ones that had family considerations due to COVID-19 issues that resulted in their absence from work.

A variety of economic stimulus including Paycheck Protection Program, and availability of low-interest loans were provided by the government to small business owners in combating

the effects of COVID-19 (<https://www.sba.gov/funding-programs/loans/COVID-19-19-relief-options>). The economic impact of such government support programs is not clear. The behavioral health firm received a Paycheck Protection Program (PPP) loan, the printing and apparel firm received a \$600 small business grant in 2020, and the engineering firm received a PPP Loan of amount \$175,000 to cover employee salaries. The businesses in our survey indicate these economic stimuli had little to no impact on their employees. The printing and apparel business were able to retain some employees owing to the stimulus monies, whereas the engineering firm reports that such stimulus program hurt their business. Employees were incentivized to collect those paychecks and stay home, rather than reporting to work.

In discussing the estimated hours of work lost per month due to COVID-19, the management consulting firm was able to transfer all employees to remote work, while the behavioral health firm lost 1200 hours, printing and apparel lost 150 hours, and the engineering firm lost 80-100 per month. While management consulting and the engineering firm were able to shift most employees to remote work, the behavioral health and printing firms could not operate virtually, due to the nature of their business. Hence, COVID-19 disruptions had significant impact on half of the businesses in our survey.

In discussing the amounts of sales/revenue/grants made available to the companies, behavioral health reported none. The sales revenues reported by the other three firms are depicted in Figure 2 (Appendix).

The engineering firm reports spending approximately \$1500 per employee to set up a work from home option (WFH). Arrangements to set up work remotely took about 2 months of lost efficiency, however, eventually was a successful venture. In discussing the direct and indirect impacts of COVID-19, the firm points out that new work was impacted negatively, and regular projects were put on hold, which hurt their business profitability. The firm had plans to branch out their service to provide other types of laboratory and field testing. These plans had to be abandoned due to uncertainty of work due to COVID-19. Furthermore, it was challenging to obtain sanitary supplies to cover the increased need for heightened protection at the office and for the employees including hand sanitizer and masks. This was due to the supply chain challenges faced due to COVID-19 disruptions. The firm had to lay off employees at the beginning of the pandemic, as the office was instructed to shut down operations. It took months to resume operations remotely. At this point, the business no longer felt confident exploring other market strategies due to the current uncertainty of work. Multiple projects were either put on hold or abandoned as the government struggled to stay abreast of the conditions and restricted operations and work conditions. Stress and anxiety levels were high amongst employees, including the personal losses of family members and friends. Managers had to spend increased time reaching out to their staff to ensure their well-being, extending a culture of care.

Another challenge faced by employees was that their homes were not equipped to accommodate remote work. Several managers and employees had school-aged children who could not go to school due to COVID-19 closures, and that impacted the employees' productivity at home. All of these disruptions had a huge negative impact on the firm's decision-making abilities. Psychologically, the impact was a lot of fear among employees. Some employees were very reluctant to come to work, because of the potential for getting sick. Each employee had to set his / her own strategy for coping with the impacts. Managers at the firm had to learn to respect the threshold of concern of each of their employees and not try to talk them into anything that they would result in discomfort or increased pressure. The company's direction and motivation suffered as upper management felt a lack of control to profitably lead and guide the

company. As a result, the future of the company became much less secure. The company's management feels much less optimistic about future prospects as operating on much shorter timeframe for strategies had a significant negative impact on growth and expansion. The firm is currently operating on a case-by-case basis with no long-term plans either discussed or implemented. Since the inception of the firm in 1984, the past eighteen months have been the most stressful and challenging in their history.

In discussing the direct and indirect impact of COVID-19, the printing and apparel business indicated minimal orders for decorated apparel, since most in-person functions were cancelled. Events could not be scheduled with last minute cancellation issues, and, employee availability was uncertain given that these employees had to quarantine for ten days due to contact tracing. The business is struggling with supply chain issues to this day, dealing with shortages of clothing, which are sitting on ports waiting to get to the suppliers. Further, the firm had to layoff of all their employees at the beginning of the COVID-19-induced shut down period. Employees were eventually called back in, with government stimulus support. The business reported that employees were nervous and reluctant to interact with customers at the onset, but gradually things got better. Managers had a difficult time promising a job because of factors which were beyond their control, and it slowed the hiring process. The business notes that the pandemic attributed to increased stress and uncertainty with employee report to work, as there is no back-up plan to complete tasks if employees are absent. In adjustments made to cope with COVID-19 conditions, the firm is relying on being more hands on to ensure task completion. Employees had to work overtime to reach their target task completion. In addition, the overall economic downturn has negatively impacted the printing and apparel business. As a part of the contingency plan, the business is in current discussion of merging with another company in the region.

The behavioral health company indicated that their employees were not able to service their clients virtually, hence could not implement the work from home option. They mentioned that COVID-19 directly impacted revenues during the quarantine. Since they provide face to face services with children with autism, they were unable to schedule appointments, which directly impacted their revenue. During quarantine, their salaried employees had a pay reduction. The company, however, did not experience any supply/chain challenges. In discussing the impact of on employees and managers, the company mentioned that their team was quite resilient and ready to get back to work. There was a financial impact for their front-line staff during quarantine but the PPP helped bridge the gap until they were up and running again. The firm acknowledges a positive impact of COVID-19 on organizational culture. It brought their team together knowing that management was adjusting protocols and being supportive as needed. Their team received the vaccine very early on which was greatly appreciated by employees and staff. The firm pointed out that a lot of their team struggled with mental illness due to COVID-19. In light of the changes brought about by COVID-19, the company had to hold more meetings virtually, and as a future vision, would like to further develop their telehealth practices. In discussing the contingency plans in effect, the firm is trying to stay up to date with the latest state and CDC guidelines and have put into place action plans for if they were to quarantine again or change their prevention strategies.

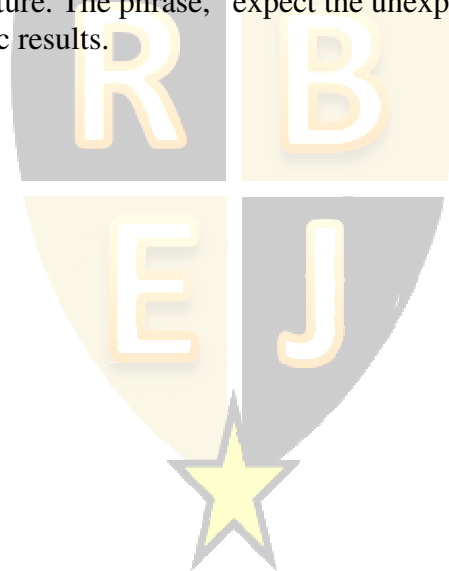
The management consulting firm, which traditionally operated on all remote work, had the least impact of disruptions due to COVID-19. Since all workers were remote prior to the onset of COVID-19, there were no reported lost work hours, or government stimulus help received by this firm. Most of the impact felt were personal, with employees dealing with their

own health concerns not related to work. However, COVID-19 did create divide among the employees, with a negative effect on organizational culture.

## CONCLUSIONS

The COVID -19 pandemic clearly took a toll on America. Like every crisis, there was a choice to embrace the change or not and treat our new circumstances as a challenge or an opportunity. These women found ways to navigate this new normal and create a 'better normal', by forging new paths with courage, optimism, care and compassion. As social creatures, it was difficult to develop the same relationships with employees, but as entrepreneurs, these women remained positive and provided a path forward with extra energy and motivation, to optimize their respective work environments and create cultures of care. The virtues of resilience, creativity and adaptability were reinforced, with the concession that change is inevitable.

Although each of the organizations in this research were impacted, the study reinforces the resilience and agility necessary to lead women-owned businesses, especially through turbulent and unforeseen circumstances. The voices shared can be generalized to many businesses as these companies endured through these unprecedented times and learned some lessons for an unpredictable future. The phrase, "expect the unexpected" should be a mantra for all to minimize any cataclysmic results.

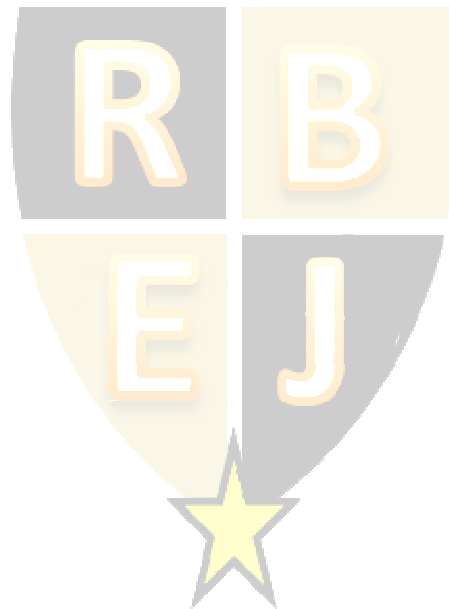


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**APPENDIX**

Figure 1: Types of Business

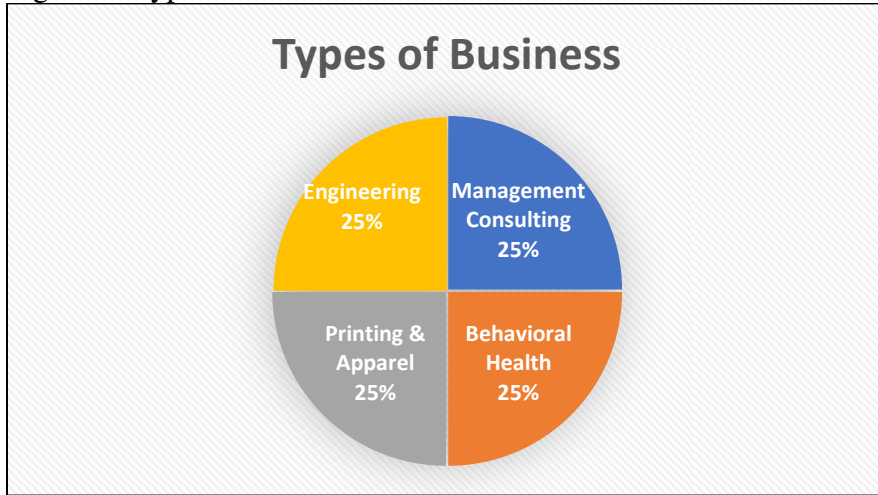


Figure 2: Reported Revenues of Business

