Coping with COVID impact on self-employment: Do gender and academic education matters?

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Coping with COVID impact on Self-Employment:
Does Gender and Academic Education Matters?

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Abstract

In this modern age of competitiveness and the quest for sustainable income source through adoption of innovative approaches, the preference towards self-employment is ever increasing among individuals in global scenario. In Nepali scenario, as the rate of employment opportunities are comparatively low in comparison to rate of individual obtaining higher degree (above high school), rate of self-employed individuals has increased in significant manner. As financial security is not as strong as that of developed countries, self-employment sector gets affected during any unwanted circumstances which was evident during COVID-19 period as well. This paper used Human Capital Theory and Need for Achievement Theory to discuss role of gender and academic knowledge as contributing factors towards identification and adoption of coping strategies during COVID-19. With desk review and interviews with self-employed individuals, this paper strongly argues, the strategies adopted to cope with COVID-19 is more guided by enterprise type and financial backing instead of academic skill and gender.

Keywords: Self-Employment, COVID-19, Impact, Gender, Enterprise, Strategy

Introduction

Since 2010, Nepal has faced series of unwanted scenario in the form of earthquake 2015, undeclared blockade 2016, flood 2017 and COVID-19. All of those resulted in an economic setback (Dhakal, 2017; Dullien et al., 2010; Jackson et al., 2020; Pant 2018; Ulak, 2015). As COVID-19 caused the economic activities to completely shut down, economic growth rate faltered in an unprecedented manner (Organization for Economic Cooperation and Development [OECD], 2020). Global economy is already predicted to recover as earliest by late 2020 that too only if vaccine get introduced (Boskin, 2020). This unpredictability has further increased economic stress on developing countries like Nepal where predicted growth rate of 8.5 percent was already declared to drop down to 2.27 percent signifying the impact level caused by COVID-19 in Nepali economy (Kumar, 2020; Ministry of Finance [MOF], 2020;). Self-employment sector is the one
affected the most and is at enormous pressure and risk for their survival and existence due to their smaller size and scale in comparison to other full-fledge enterprises.

**Shift towards Self-Employment - An explanation**

With increased competitiveness, reduced employment opportunities and introduction of technologies and concepts at rapid pace, preference towards self-employment opportunities has increased in recent years (Budig, 2006; Margolis, 2014). Agriculture, Information Communication and Technology (ICT), vocational skill based small enterprises and trade are among the most preferred areas for self-employment opportunities in developing economies (Francis et al., 2016). Self-employed individuals are the one, dependent on the limited resources either it be financial, technical, or human and working on diverse areas in independent manner (William & Lapeyre, 2017). With self-employment, individuals can have opportunity of creating their own image and brand, can play with the concepts and ideas, can apply innovative approaches based on updated resources, can work with full creative freedom and independency over time bound or contract bound opportunities (Dawson et al., 2009).

**Factors deciding Impact Level: Gender and Academic Knowledge**

From socio-economic dynamics, individual of age 25 years or over, with high academic degree and male (primarily) chose areas of self-employment as their career prospering option with more background study, conceptual clarity, risk management strategy and more of the financial backing (Krasniqi, 2014). Need for Achievement Theory (Simpeh, 2011) suggests individuals with a need to succeed and accomplish tend to take risks and apply innovative approaches to stabilize income sources. Thus, the discourse between necessity or choice further plays key role in determination of choosing coping strategies to mitigate risks during crisis scenario like COVID-19 pandemic.

With undeniable fact, COVID-19 severely affected economic sectors but the significant level of impact is on small enterprises based on their existing ability and resources to recover (International Trade Centre [ITC], 2020). The branches of Entrepreneurship Theory namely Human Capital Entrepreneurship Theory and Need for Achievement Theory discuss about an individual’s ability based on their gender, knowledge and experience to succeed in self-employment.

Comparatively, women are self-employed in the areas that requires more of physical movement which has been completely shut down during COVID-19 pandemic (Dy & Jayawarna, 2020). It increased the impact level among self-employed female comparing to self-employed male (United
Nations Development Programme [UNDP], 2020). Societal perception, financial backing and preferred enterprise category are among the primary reasons behind female led enterprises to get affected the most (F. Nani, personal communication, September 23, 2020; K. Kumari, personal communication, September 22, 2020; T. Raja, personal communication, September 22, 2020). Studies concerning self-employment do have their own share of disagreement towards linking gender with enterprise set-up and operation as entire economy was disrupted (Fairlie, 2020). Gender aspect is an issue on country like Nepal but debating on gender limits and put question mark over their existing potential to move forward (K. Kumar, personal communication, September 23, 2020).

The impact of COVID-19 on self-employed individuals were found to have higher impact among individual with lower academic degree (Beland et al., 2020). Robinson and Sexton (1994) argued the role of education in bringing success to self-employment. Thereafter, literatures are yet to strongly show the relationship between education and self-employment (Simoes et al., 2013). The situation is more complex as the self-employment can be on varied areas that may or may not requires higher education level. However, the role of education on self-employment from revenue level and longevity perspective has been mutually agreed. Some areas required high interaction rate with customer which demands knowledge about financial strategy, marketing strategy and customer handling strategy that cannot happen spontaneously but can upgrade with knowledge and experiences on same sector as addressed by Human Capital Entrepreneurship Theory (Simpeh, 2011). Meanwhile, P. Kumari (personal communication, September 23, 2020) argued, “education, knowledge and skill add values to the growth of enterprises but, it is not the only thing that decides the outcome”. Continuous zeal to add something new and innovative (Need for Achievement Theory), still being informed about competitive market and available resources (Liquidity Theory) keeps the self-employed individuals moving in positive direction (Simpeh, 2011). K. Kumar (personal communication, September 23, 2020) echoed the same citing number of successful individuals with lower academic qualification continuously and successfully operating their enterprises.

**Take on Coping Strategy**

Enterprises owned by individuals with higher academic degree give an individual the better vision and strategies to show resiliency with comparatively lower losses and adoption of proper
alternatives and approaches to cope up with crisis scenario. K. Kumar (personal communication, September 23, 2020) with bachelor’s degree reduced number of delivery person during COVID-19 pandemic and made the contact number public enabling a business opportunity behind the door at its own pace. Meanwhile T. Raja (personal communication, September 22, 2020) with high school level made the public announcement to sell their property to re-pay the loan to start-up their business. Lack of alterative ideas enabled to adopt negative coping strategies in the form of distress sales of assets and receiving help from friends and relatives. As the self-employment is still not taken as preferred choice and male considered as breadwinner, financial backing to female led enterprise is comparatively lower to that for male led enterprises which enabled male to recover quicker (Kalenkoski & Pabilonia, 2020). To cope with COVID-19 crisis, enterprises were forced to reduce staffs, scale down services, distress sales of assets, reduce financial wages and close down completely relying on their enterprise type (Hoorens et al., 2020).

**Conclusion**

The unpredictable tenure of COVID-19 has shaken entire economic sector affecting small scale enterprise the most. The ability to cope with crisis scenario is somehow associated with gender, academic degree, enterprise type and the aim behind preferring self-employment as income generating possibility. Female led enterprises were the one to be severely affected with limited opportunity to adopt diverse coping strategies. Meanwhile, individuals with higher degree were the one to have adequate knowledge about financial and operational aspects of enterprises that played key role in decision making towards altering operational mode. However, the adoption of strategy relied more on enterprise type and possible financial backing instead of socio-economic parameters. Overall, no enterprises remained immune to COVID-19 effect and the level of impact and mode of alternative strategies to recover from crisis scenario is something determined by whether the engagement at first is by choice or by necessity.

**References**

[https://ideas.repec.org/p/zbw/glodps/585.html](https://ideas.repec.org/p/zbw/glodps/585.html)


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