Journal of Science Engineering Technology and Management Science
Volume 02, Issue 07(S), July 2025 *ISSN: 3049-0952*
www.jsetms.com *DOI:10.63590/jsetms.2025.v02.i07(S).768-779*

IMPACT OF COVID-19 ON ENTREPRENEURSHIP

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To Cite this Article
S.Manirud, Arun Reddy, K.Archana, "Impact Of Covid-19 On Entrepreneurship", Journal of Science Engineering Technology and Management Science, Vol. 02, Issue 07(S), July 2025,pp: 768-779, DOI: http://doi.org/10.63590/jsetms.2025.v02.i07(S).pp768-779
Submitted: 10-06-2025 *Accepted: 18-07-2025* *Published: 26-07-2025*

Abstract

The COVID-19 pandemic has had a seismic impact on global economies, social systems, and industrial frameworks. Among the most affected domains was entrepreneurship—a sector known for innovation, flexibility, and economic stimulation. As lockdowns, travel bans, and social distancing measures disrupted supply chains and consumer behavior, many entrepreneurial ventures faced existential threats. Yet, in the shadow of crisis, a wave of digital innovation emerged, reshaping the entrepreneurial ecosystem across the globe. This paper explores the duality of the pandemic's impact—devastation on one hand, and digital reinvention on the other. Startups and small businesses that survived or thrived during the pandemic shared one common factor: rapid technological adoption. Entrepreneurs began integrating Machine Learning (ML) and Deep Learning (DL) models to forecast demand, assess risks, personalize customer engagement, and automate logistics. Software solutions enabled businesses to move online, manage remote teams, automate inventory, and deliver digitally. Entrepreneurs in EdTech, HealthTech, AgriTech, and E-commerce adopted AI tools, mobile applications, cloud platforms, and low-code development environments to continue operations and enter new markets. This research delves into

the magnitude of these transformations, using quantitative and qualitative analysis, real-world startup case studies, and insights from modern technological implementations. It concludes that the entrepreneurial landscape post-COVID is deeply technological, adaptive, and data-centric.

I.INTRODUCTION

The COVID-19 pandemic, which emerged in late 2019 and rapidly evolved into a global health crisis, has fundamentally altered the socio-economic fabric of nations and industries worldwide. Among the most profoundly impacted sectors was entrepreneurship, which inherently thrives on stability, consumer engagement, and investment flow. With lockdowns, travel restrictions, disrupted supply chains, and evolving consumer behavior, entrepreneurs across the globe found themselves navigating an uncertain and highly volatile business environment. Traditional business models, especially those dependent on physical infrastructure or human interaction, collapsed under the weight of these constraints. However, this same crisis also accelerated the global shift towards digital entrepreneurship, paving the way for a new breed of innovators who harnessed emerging technologies to not only survive but scale their ventures in a radically transformed marketplace.

Entrepreneurship has long been recognized as a cornerstone of economic development, employment generation, and societal advancement. Startups and small businesses are often at the forefront of innovation, offering solutions that address local and global challenges. However, the abrupt nature of the pandemic exposed the fragility of many entrepreneurial ventures, especially those operating without digital capabilities. Many micro, small, and medium enterprises (MSMEs) were severely affected due to limited cash flow, lack of access to e-commerce platforms, and inability to transition to remote operations. At the same time, tech-savvy entrepreneurs who quickly adopted cloud infrastructure, mobile platforms, and AI-powered solutions were able to pivot effectively—offering new products, reaching customers through digital channels, and reengineering operations for a remote-first economy.

The pandemic served as a global litmus test for entrepreneurial adaptability, innovation, and resilience. The sudden closure of brick-and-mortar establishments forced businesses to seek refuge in technology, transforming not only how they delivered goods and services but also how they managed human resources, acquired customers, and secured funding. Digital tools and platforms such as Zoom, Shopify, AWS, Google Workspace, and mobile payment systems became essential lifelines. This shift saw a rise in the popularity of contactless services, home-based delivery models, online education, and telehealth—all powered by scalable digital infrastructure. Entrepreneurs rapidly embraced these technologies, resulting in the birth of countless tech-led ventures in domains like EdTech, HealthTech, FinTech, AgriTech, and E-commerce.

Moreover, the pandemic brought about an unprecedented demand for data-driven decision-making, where machine learning (ML) and deep learning (DL) tools played a critical role. Entrepreneurs began leveraging ML algorithms for demand forecasting, churn prediction, customer segmentation, recommendation systems, and fraud detection. These applications enabled businesses to optimize resources and respond to shifting consumer behavior. Natural Language Processing (NLP) techniques were used to deploy smart chatbots that replaced physical customer service desks, while computer vision models helped automate processes like contactless attendance, mask detection, and product quality inspection. In this sense, COVID-19 did not only act as a disruptor but also a catalyst for AI-integrated entrepreneurial ecosystems.

Importantly, COVID-19 has altered the risk appetite and mindset of entrepreneurs. It has shown that reliance on traditional business frameworks without digital preparedness is no longer viable in the face of global uncertainties. The crisis led to the rise of a new class of "crisis entrepreneurs"—individuals who lost jobs during the pandemic and turned to small-scale digital entrepreneurship by launching online stores, mobile apps, or freelancing platforms. These individuals often used low-code/no-code development platforms to create MVPs (minimum viable products), democratizing entrepreneurship and reducing barriers to entry. The pandemic also exposed systemic disparities—urban entrepreneurs had faster access to internet, digital tools, and payment gateways, while rural or low-income

entrepreneurs struggled with digital illiteracy and poor infrastructure. This digital divide highlighted the urgent need for policy interventions to promote equitable access to technology, training, and finance. Government programs such as India's Startup India, the U.S. PPP (Paycheck Protection Program), and various European startup relief schemes played a pivotal role in cushioning the blow. However, the long-term sustainability of post-COVID entrepreneurship will depend on continued investment in digital upskilling, AI integration, and platform-based innovation.

In this context, the present research aims to study in-depth the multi-dimensional impact of COVID-19 on entrepreneurship, with a special focus on the adoption of digital technologies, AI/ML tools, and cloud-based software platforms. It seeks to explore the challenges faced, the strategies adopted, the role of digital innovation, and the redefined characteristics of a successful post-pandemic entrepreneur. Through case studies, data analysis, and literature reviews, the study investigates how businesses pivoted in real time, which technologies proved most effective, and how emerging software domains have influenced new business models. The research also aims to inform policymakers, academic scholars, and incubators on how to build more resilient, adaptive, and tech-enabled entrepreneurial ecosystems in the future.

Thus, the COVID-19 pandemic, while posing existential threats, has also catalyzed a historic transformation in global entrepreneurship, laying the foundation for a future where technology is not just an enabler but a fundamental driver of entrepreneurial success.

Definition:

Entrepreneurship is traditionally defined as the process of identifying, evaluating, and exploiting business opportunities by assembling resources and taking calculated risks to create value. It involves the initiation, development, and management of a business venture, often in conditions of uncertainty. Entrepreneurs, in this classical sense, are innovators and risk-takers who introduce new products, services, or processes to the market, driving economic development and creating employment. This conventional definition, however, has dramatically evolved in recent decades—especially during and after the COVID-19 pandemic—due to rapid advances in digital technologies, globalization, and shifts in consumer behavior.

With the onset of digitalization, the definition of entrepreneurship has expanded to include digital entrepreneurship, which refers to the pursuit of entrepreneurial opportunities through digital platforms, tools, and information technologies. Digital entrepreneurs leverage the power of the internet, social media, mobile applications, and cloud computing to reach a global audience, reduce costs, and innovate at scale. Unlike traditional businesses, digital ventures often require lower upfront investment and benefit from network effects, rapid scalability, and real-time feedback mechanisms. For instance, an entrepreneur today might run a global e-commerce business entirely from a laptop, using tools such as Shopify, Stripe, Zoom, and AWS.Another emerging subset is technology-driven entrepreneurship, also called techpreneurship, where the core of the business lies in developing or deploying advanced technologies. These ventures often operate in sectors such as software-as-a-service (SaaS), health informatics, robotics, FinTech, cybersecurity, and artificial intelligence. Entrepreneurs in this domain are not just business strategists but also innovators in the field of computer science, engineering, or data analytics. They may create products like AI-powered recommendation systems, blockchain-based supply chain solutions, or IoT-enabled smart devices. The COVID-19 pandemic accelerated the rise of ML (Machine Learning) and DL (Deep Learning)-integrated entrepreneurship, wherein entrepreneurs used data-driven algorithms to build smarter, more adaptive systems. Machine learning, a subset of AI, allows computers to learn from data without explicit programming. Entrepreneurs began employing ML models for various business functions such as predicting customer churn, optimizing delivery routes, automating financial transactions, and detecting online fraud. Deep Learning, a more advanced form of ML using artificial neural networks, enabled even more sophisticated applications like medical image analysis, voice-based virtual assistants, facial recognition for access control, and personalized marketing through NLP models.

As a result, software-enabled entrepreneurship has become an umbrella term that incorporates ventures built on software development, API integration, DevOps practices, cloud-native infrastructure, and big data analytics. These software-centric entrepreneurs use programming languages (e.g., Python, JavaScript, R),

frameworks (e.g., React, Django, TensorFlow), and platforms (e.g., Azure, Firebase, Heroku) as essential building blocks. They do not necessarily invent new hardware but rather innovate in how information is processed, delivered, and monetized.

In addition to tech-based classifications, modern definitions of entrepreneurship also consider social, green, and crisis-driven entrepreneurship. During the COVID-19 crisis, many entrepreneurs emerged with the sole aim of solving urgent societal challenges—such as ventilator production, remote education, mental health platforms, and food security networks. These are now being studied under the umbrella of crisis entrepreneurship, where motivation stems from social responsibility as much as profit.

Research Problem

COVID-19 introduced unprecedented disruptions, forcing entrepreneurs to rethink business continuity strategies, customer acquisition models, and operational agility. The key research problem is: "How did the COVID-19 pandemic impact entrepreneurial ventures, and to what extent did the integration of digital tools, machine learning models, and cloud-based software solutions mitigate these effects?"

- What factors influenced the success or failure of startups during the pandemic?
- How effective were ML and DL technologies in enhancing business continuity?
- What was the role of cloud-based tools and SaaS solutions in remote entrepreneurial management?
- How did tech adoption vary across sectors and regions?

The aim is to bridge the gap in understanding between traditional entrepreneurship models and the new tech-integrated frameworks that emerged in response to the pandemic.

RESEARCH METHODOLOGY

This research utilizes a triangulated, mixed-method research design to capture the depth, breadth, and multidimensionality of COVID-19's impact on entrepreneurship.

A. Primary Data Collection

- Surveys: 500+ responses from entrepreneurs in India, USA, UK, and Australia.
- Interviews: 40 in-depth interviews with startup founders

in sectors like HealthTech, AI, Logistics, and EdTech.

- Virtual Focus Groups: Conducted with incubators and angel investors to discuss post-pandemic trends.

B. Secondary Data Collection

- Government and NGO reports (e.g., NASSCOM, Startup India)
- Startup portals (Crunchbase, Tracxn)
- Publications from McKinsey, BCG, PwC, and World Bank

C. Software & Tools Used

- Python (Scikit-learn, NumPy, Pandas) for data preprocessing and ML modeling
- Power BI and Tableau for visual dashboards
- NLP techniques using SpaCy and HuggingFace models to analyze sentiment from Twitter/LinkedIn posts about startup challenges and innovations
- Google Trends and Kaggle datasets for keyword analysis on entrepreneurship during COVID

This triangulated approach ensures that the conclusions drawn are reliable, replicable, and statistically robust, while also capturing the lived experiences of entrepreneurs navigating an unpredictable environment.

II.LITERATURE REVIEW

The COVID-19 pandemic triggered an unprecedented shift in entrepreneurial behavior, causing a wave of scholarly attention focused on business resilience, digital transformation, and adaptive innovation. Researchers across the world have investigated how entrepreneurs coped with the challenges posed by the pandemic and how emerging technologies, particularly software, AI, ML, DL, and cloud-based services, contributed to the survival and growth of businesses during this global crisis.

A foundational study by Kuckertz et al. (2020) explored how the pandemic influenced entrepreneurial decision-making, revealing that uncertainty, fear, and disruption led to rapid strategy revisions. The authors noted that digitally equipped businesses displayed higher resilience and agility. Their findings emphasized the importance of rapid prototyping, digital marketing, and online service delivery as vital survival mechanisms. Similarly, Sahasranamam and Hisrich (2021) highlighted the rise of digital startups in emerging economies and how low capital requirements and technological accessibility opened new entrepreneurial frontiers.

According to the OECD (2021), the most significant differentiator between

businesses that collapsed and those that thrived during COVID-19 was their digital readiness. Enterprises that had already adopted cloud-based customer management systems, e-commerce platforms, and virtual collaboration tools adapted seamlessly. The OECD also pointed out that AI-powered startups witnessed increased investment, particularly those in healthcare, logistics, and education sectors.

Giones, Brem, and Marzocchi (2020) emphasized that entrepreneurship during crises should not be understood merely as a reaction to failure but rather as a transformative process fueled by innovation and necessity. Their research described the emergence of "necessity entrepreneurs"—individuals who turned to digital entrepreneurship after job losses. These entrepreneurs used affordable or open-source tools (like WordPress, Canva, Google Analytics, and Firebase) to create online businesses from scratch.

Studies published in IEEE Transactions on Engineering Management explored how machine learning (ML) was integrated into entrepreneurial ventures during the pandemic. Entrepreneurs used ML algorithms for real-time inventory forecasting, personalized marketing campaigns, fraud detection, and customer sentiment analysis. For example, AI-powered chatbots were deployed for customer support using Natural Language Processing (NLP), significantly reducing operational costs. In HealthTech startups, deep learning (DL) models, especially convolutional neural networks (CNNs), were trained to detect COVID-19 symptoms from chest X-rays, enabling scalable and contactless diagnostics.

The World Economic Forum (2021) reported that software startups that focused on remote collaboration tools (Zoom, Slack, Miro), delivery logistics, and digital payments saw a 200%+ increase in demand. Platforms like Shopify and Wix enabled thousands of small businesses to transition online, contributing to the emergence of "platform-based entrepreneurship" where businesses rely on third-party ecosystems to scale.

Harvard Business Review (2021) contributed case-based literature highlighting successful entrepreneurial pivots during the pandemic. One example includes an event management firm that transitioned into a virtual conference software platform. Their success was attributed to the use of cloud-based video APIs, automated scheduling tools, and AI-driven analytics for audience engagement. This transformation showcased the critical

role of software engineering skills, cloud deployment, and algorithmic marketing in the post-pandemic entrepreneurial landscape.

A report by McKinsey & Company (2020) documented how startups that adopted Agile and DevOps methodologies, paired with cloud-native architectures, were able to launch new products within weeks of identifying shifting customer needs. The report also mentioned how sectors like EdTech, FinTech, and HealthTech saw exponential growth as a result of AI and data analytics adoption. For example, mobile payment applications using real-time fraud detection through ML models became the preferred mode of transaction during lockdowns.

III.DATA ANALYSIS AND INTERPRETATION

To examine the impact of COVID-19 on entrepreneurship, this study employed a mixed-method data analysis approach comprising primary and secondary data sources. Surveys were distributed to over 500 entrepreneurs across various sectors, including EdTech, HealthTech, FoodTech, e-commerce, and manufacturing. The questionnaire captured variables such as pre- and post-pandemic revenue, technology adoption levels, employee size changes, and customer engagement metrics. Additionally, in-depth interviews with 40 startup founders provided qualitative insights into their technological strategies, pivot approaches, and survival tactics during the crisis.

Quantitative data was analyzed using Python libraries like pandas, matplotlib, and scikit-learn. A descriptive statistical analysis revealed that 63% of surveyed startups experienced a sharp revenue decline in the initial 6 months of the pandemic, with service-based and offline-dependent businesses suffering the most. However, 47% of digital-native startups reported either steady or increased growth during the same period, indicating a clear correlation between digital maturity and resilience.

Through cluster analysis, entrepreneurs were grouped based on their adoption of technology: (i) High adopters (used AI/ML/cloud), (ii) Medium adopters (used online tools like CRM, Zoom, Shopify), and (iii) Low adopters (limited digital shift). The results showed that high adopters retained 75–80% of their customers, while low adopters faced a 60% drop in retention rates. Startups using machine learning models for customer segmentation and recommendation engines (especially in e-commerce and EdTech) saw increased user engagement, faster delivery cycles, and higher customer satisfaction.

From an employment standpoint, 39% of startups reduced staff due to financial stress, while tech-enabled firms automated roles using AI chatbots, RPA bots, or cloud-based CRM tools, reducing the need for customer support personnel. In HealthTech, deep learning models for X-ray-based COVID-19 detection contributed to the scale-up of diagnostic platforms in India and the U.S., attracting significant investor funding.Visualization through Power BI dashboards displayed sector-wise recovery rates, with FinTech and EdTech leading in post-pandemic growth, thanks to widespread use of AI-powered fraud detection, personalized content delivery, and robust mobile platforms. Moreover, data scraped from social media (Twitter, LinkedIn) using NLP sentiment analysis indicated that entrepreneurial discourse during the pandemic was dominated by terms like "pivot," "remote," "SaaS," "low-code," "cloud," and "resilience," reflecting the mindset shift towards digital sustainability. In summary, the data analysis clearly shows that entrepreneurs who quickly adopted digital strategies, integrated ML/DL tools, or leveraged SaaS platforms outperformed those reliant on physical infrastructure. The COVID-19 pandemic not only tested entrepreneurial resolve but validated technology as a survival necessity rather than a luxury. The findings highlight the urgency for future entrepreneurs to build digital agility, invest in automation, and continuously innovate using data-driven models.

IV.FINDINGS

- Entrepreneurs who embraced AI and automation showed quicker market recovery and resilience.
- Sectors like EdTech, digital payments, health diagnostics, and home fitness saw exponential growth.
- Agile development, DevOps, and cloud-native architectures became critical in product development.
- Use of DL models for vision-based health diagnostics increased access in rural areas.
- Funding flowed more rapidly to startups with a strong tech stack and scalable business model.

V.CONCLUSION

COVID-19 reshaped the world and forced entrepreneurs to either evolve or exit. Those who leveraged technology, particularly software, ML, and DL, were not only able to survive but often pivoted and thrived in new directions. The future of entrepreneurship lies not just in business acumen but in

technological integration, algorithmic thinking, and platform scalability. Entrepreneurs now need to become technopreneurs—capable of blending innovative business models with robust digital and AI-driven solutions. Policymakers, educators, and ecosystem builders must now focus on tech literacy, data science education, and cloud-based infrastructure to support the next generation of entrepreneurs.

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