

The Consequences of the COVID-19 Pandemic on SMEs and the Psychological Health of Entrepreneurs



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Purpose of the Study

The purpose of this study is to shed light on the consequences of the upheavals caused by the COVID-19 pandemic on SME management and the psychological health of entrepreneurs.

Methodology and Sample

A total of 636 individuals in business responded to an online questionnaire posted on social media and through partners. The sample is composed of respondents in Québec (43.8%), Ontario (21.4%), Alberta (8.2%) and British Columbia (8.2%), the majority of whom were men (54.2%), White (85.6%) born in Canada (99.3%) and held an undergraduate degree (56.3%). Respondents were 21 to 74 years of age (average = 40). The majority live with a spouse/partner (85.4%) and have one (47.8%) or two (21.9%) children. The respondents' companies have been in business for approximately five years (median) and had a pre-pandemic annual turnover of \$1M to \$2M (median), as well as 20 employees on average (median = 12). The companies operate mainly in manufacturing (23.8%), professional, scientific and technical services (22.7%), the information and cultural industry (9.7%), other services (6.3%), retail trade (6.2%) and wholesale trade (5.1%).

Consequences of the Pandemic on the SMEs

Although the pandemic had a significant impact on the entrepreneurs and their businesses, it generally appears that they have managed to make the best of the situation.

- Although a little over 50% of the surveyed entrepreneurs saw a drop in liquidity and have had to go into debt, they report having a rather optimistic view of their company's development in the next year, and 64.7% of respondents believe that the pandemic has mostly generated opportunities.
- More than 75% of the entrepreneurs report that the pandemic has been an opportunity to develop a new clientele, introduce new products and even purchase from new suppliers.
- 59.9% of the entrepreneurs have increased their use of technology in managing their businesses to deal with the pandemic.
- 84% of the entrepreneurs believe that the changes stemming from the pandemic will be maintained over time.
- Enough financial support under appropriate conditions and access to quality emotional support were deemed less accessible by the entrepreneurs.

Consequences of the Pandemic on the Psychological Health of Entrepreneurs

In terms of mental health, the entrepreneurs took the blow, but there are signs that suggest they face a number of difficulties.

- 54.6% of the entrepreneurs obtained a sufficiently high score.
- In terms psychological health, managing work/life balance remains the biggest challenge.
- Nevertheless, 39.2% of the entrepreneurs could be considered to have reached a burnout point.
- To deal with the stress caused by work overload, entrepreneurs benefit from focusing on the task at hand, but also from taking breaks, talking to others and exercising.
- In order to increase their well-being, reduce stress and avoid exhaustion, entrepreneurs must revitalize themselves by seeking emotional support, opportunities to interact with other entrepreneurs, and turn to counseling for advice or training sessions to get support in dealing with the difficulties they face!



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