



## **Student entrepreneurs' start-up of apparel and lifestyle business ventures during the COVID-19 pandemic: A social embeddedness perspective**

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### **Introduction**

The overwhelming impacts of the coronavirus pandemic were widespread and fastmoving. Within a few short months, millions of people were out of work, cities and states were under 'lockdown,' non-essential businesses were closed (Dias et al., 2021), urban centers were shuttered (Casselmann, 2021), and consumer behavior changed significantly (Sheth, 2020). However, within the chaos that ensued, entrepreneurial rates increased to an all-time high marking a turning point in the 40-year decline (Messenger, 2021). This observed growth in entrepreneurship is dissimilar to other economic crises. For example, during the Great Recession, entrepreneurship rates decreased, and the economy slid further into decline (Casselmann, 2021).

The academic literature is inconclusive regarding the effects of economic crises on entrepreneurial activity (Peris-Ortiz et al., 2014). Much of the literature on entrepreneurship during the COVID-19 pandemic has focused on entrepreneurial responses (Storr et al., 2021) and economic recovery plans (Dias et al., 2021). Even less literature has focused on student entrepreneurial activity during the pandemic (Kawamorita et al., 2020). Student entrepreneurs are unique given their life stage, decision-making logic, and reasoning concerning resource acquisition and use compared to traditional entrepreneurs (Politics et al., 2010). Considering these differences, three research questions arise: Has the impact of the coronavirus influenced student entrepreneurs in the same way as traditional entrepreneurs? Do the same motivations of traditional entrepreneurs apply to student entrepreneurs? What impact does university culture have on student entrepreneurship? This study investigates the social and contextual factors influencing motivations and decision-making of student entrepreneurs to launch apparel and lifestyle related business ventures during the COVID-19 pandemic.

### **Theoretical Framework**

Two complementary theories were employed within this study: social embeddedness theory (Granovetter, 1985) and effectuation theory (Sarasvathy, 2001). Both theories address the interaction between the entrepreneur, the environment, and their social structure. Social embeddedness theory suggests that an individual's behavior and decision making is constrained by evolving social relations (Granovetter, 1985). Within effectuation theory, the individual assesses their available resources and creates opportunities based on said resources (Shirokova et al., 2017). Both theories provide a dynamic role in understanding how student entrepreneurs perceive and utilize their resources (tangible and intangible) for new venture creation.

### **Literature Review**

Many factors can motivate student entrepreneurs to launch a business venture, such as dissatisfaction with prospective job opportunities, need for self-actualization, group affiliation, power, and achievement (Ferreira et al., 2017). The motivations used and their respective salience in launching a new venture are interwoven with the student entrepreneur's social context (e.g., culture, region, gender, and ethnicity) (Ferreira et al., 2017). Motivations are dynamic and can change as the student entrepreneur moves through life and social settings (Hahn, 2020).

Major societal disruptions impacted people of all ages on an individual level during the COVID-19 pandemic (Messenger, 2021; Sheth, 2020; Storr et al., 2021). Student entrepreneurs are in a different life stage than non-student entrepreneurs and possibly experienced pandemic disruptions differently. Loan et al. (2021) found that students who had higher levels of fear and anxiety due to the pandemic had lower self-efficacy, entrepreneurial intention, and behavior. All three constructs are tied to entrepreneurial action (i.e., launching a business) in the literature (Doe, 2017). Conversely, interviews conducted by Messenger (2021) revealed that launching a business was a coping mechanism for some entrepreneurs facing anxiety. Before the pandemic, students typically would refrain from starting a business until after gaining additional knowledge and skills within their selected industry (Revzin & Revzin, 2018).

Attitudes towards entrepreneurship are often formed during a student's college years (Politis et al., 2010). The university setting can play an important role in developing entrepreneurial skills, shaping intentions to start a business, and influencing if intentions transform into actions (Shirokova et al., 2017). By offering entrepreneurial courses and programming, the university has a role in supporting the entrepreneurial activities of its students (Bergmann et al., 2016). However, during the pandemic, universities dealt with many challenges, and entrepreneurship courses and initiatives were either put on hold or altered to fit the 'new normal' of online education (Kawamorita et al., 2020). Even though there were multifaceted disruptions to college students' lives, some persisted and launched businesses during the pandemic. The present study illuminates the unique nature of apparel and lifestyle student entrepreneurial ventures launched during the COVID-19 pandemic period.

## Methods

The current study employed a multi-case methodology. This approach is appropriate due to the events of the pandemic and their varying effects on individuals and businesses (Yin, 2018). A total of five student entrepreneurs participated in the study. Each case was bound to a specific student entrepreneur enrolled at a large mid-western university who launched an apparel or lifestyle business between March 2020 and March 2021 (Yin, 2018).

Data was collected using one-on-one in-depth interviews with each student entrepreneur. Additional data was gathered by content analysis of each student entrepreneur's e-commerce website, social media platforms, and company documents (Yin, 2018). Data was analyzed based on the stated research questions and stated theoretical framework (Yin, 2018).

## Conclusion

Student entrepreneurs responded similarly and with marked differences from non-student entrepreneurs during COVID-19. These differences were based on students' decision-making, social embeddedness, positioning and involvement within the university campus, and personal character traits. The student entrepreneurs acted out of necessity to create their own opportunities, enlisting an effectuation logic, after losing internships and jobs during the pandemic. They also used their social networks to attain needed resources before and during business launch to develop a customer base. The motivations and decision-making of student entrepreneurs during COVID-19 highlighted their need for knowledge and skills and their ability to adapt to changing and uncertain environments as they launched their apparel or lifestyle business.

A better understanding of the social and contextual factors influencing motivations and decision-making of student entrepreneurs to launch business ventures within uncertain environments can inform university and government stakeholders and provide important insight useful to university programming and economic policy. Future research should include a longitudinal study of students that launched a business during COVID-19 to better understand if their motivations to sustain the business have changed, and if their decision-making logic remains the same in more 'normal' and certain environments.

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