



## Interpreting Financial Crisis: Lived Experiences of MSME Owners in Post-Pandemic Indonesia

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### ABSTRACT

Micro, small, and medium enterprises (MSMEs) play a vital role in economic development, particularly in emerging markets such as Indonesia, where they contribute significantly to employment and community resilience. In the aftermath of the COVID-19 pandemic, many MSME owners—particularly those from culturally rooted communities like pesantren-based entrepreneurs—faced severe financial disruption, yet little is known about how they subjectively experienced and interpreted these crises. Existing studies often rely on quantitative approaches, which fail to capture the deeper emotional and existential dimensions of financial hardship among entrepreneurs. This study investigates how MSME owners made sense of their personal financial crises during and after the pandemic. Using an interpretative phenomenological approach, the research explores the subjective meanings embedded in these financial experiences. Data were collected through in-depth, semi-structured interviews with ten MSME owners in urban, semi-urban, and pesantren-based settings across Indonesia, then analyzed using Interpretative Phenomenological Analysis (IPA). The findings reveal that participants experienced financial crises as more than economic challenges—they represented identity loss, emotional disorientation, and moral struggle. Notably, several participants interpreted their experiences through the Islamic concept of barakah (divine blessing), reframing their financial hardship as part of a spiritually meaningful journey. Many reframed their hardship through spiritual narratives and adaptive strategies, highlighting resilience and transformation as central themes. These insights deepen our understanding of financial crises as lived experiences, suggesting the need for support mechanisms that go beyond economic policy and include psychological, spiritual, and cultural dimensions. The study contributes to the growing field of financial phenomenology and offers a foundation for future research on entrepreneurial resilience in crisis contexts.



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## INTRODUCTION

In the contemporary global economy, micro, small, and medium enterprises (MSMEs) serve as vital engines of growth, innovation, and employment—particularly in developing economies such as Indonesia, where they form the backbone of local financial ecosystems and cultural livelihoods. However, the COVID-19 pandemic introduced unprecedented disruptions to these enterprises, resulting in not only economic consequences but also deeply personal and existential challenges for business owners. Across diverse regions, MSMEs were forced to suspend operations, adapt to digital markets, and absorb financial losses with minimal institutional support (OECD, 2020).

While many studies have examined the macroeconomic implications of these disruptions, less attention has been paid to the subjective and cultural dimensions of these events—the lived experiences of the entrepreneurs themselves. For MSME owners, financial crisis was not merely a matter of declining profits or limited liquidity; it was a personal upheaval that threatened identity, social standing, and long-held aspirations. The strain extended into emotional and moral realms, as individuals grappled with uncertain markets, familial responsibilities, and fears of failure.

This study argues that financial crises among MSME owners cannot be fully understood through economic frameworks alone. It requires an inquiry into how individuals internalize hardship and assign meaning to disruption. This becomes especially salient in culturally and spiritually grounded communities, such as those influenced by Islamic values, where adversity is often interpreted through spiritual lenses like *barakah* (divine blessing). In such contexts, loss may be reframed as a test of faith or an opportunity for moral growth.

By focusing on the subjective experiences of Indonesian MSME owners during and after the pandemic, this research explores how economic hardship is linked to identity loss, emotional disorientation, and moral struggle—and how individuals navigate these crises through personal, communal, and spiritual interpretations. This interpretive approach aims to uncover nuanced insights into entrepreneurial resilience and offers a deeper understanding of financial crises as lived human experiences.

The complexity of these lived experiences underscores the necessity for research approaches that prioritize individual meaning-making. Phenomenology offers a unique framework to explore these subjective dimensions, focusing on how individuals perceive, process, and assign significance to critical life events. By investigating the personal meaning of financial crisis among MSME owners, this study aims to illuminate aspects of human experience often overlooked by traditional economic discourse.

Research on individual experiences within specific financial phenomena has emerged as a critical domain in the broader landscape of financial behavior and decision-making studies. Scholars have increasingly acknowledged that personal financial crises—particularly among vulnerable populations such as MSME owners—are not merely economic events but complex, emotionally charged experiences that deeply affect identity, agency, and psychological well-being (Smith et al., 2021). Understanding these experiences requires methodologies that go beyond surface-level metrics and engage with the meaning-making processes of individuals navigating such disruptions.

However, methodological challenges persist in capturing the depth of these lived realities. Quantitative approaches, while valuable for identifying trends and generalizing findings, often fall short in addressing the nuanced, subjective aspects of financial distress. Survey instruments and financial indicators typically fail to reflect the emotional burden, cultural expectations, and moral struggles faced by individuals during periods of financial instability. As a result, critical dimensions of the phenomenon remain underexplored, particularly the interpretative and existential responses of MSME owners to prolonged economic uncertainty.

These limitations have led to a growing consensus that traditional methods—though robust in statistical rigor—are insufficient for fully grasping the human essence of financial crises. The complexity of individual narratives, shaped by personal values, social roles, and historical context, calls for a methodological shift toward approaches that prioritize subjective interpretation. Phenomenology, particularly its interpretative strand, offers a powerful lens through which to understand how people experience, process, and find meaning in financial upheaval. This study situates itself within this emerging discourse, seeking to contribute empirical depth and conceptual clarity to a topic that is both socially urgent and academically underdeveloped.

Common approaches to addressing the impact of financial crises on MSMEs have relied heavily on practical interventions such as stimulus packages, access to microcredit, and digital financial literacy programs. While these responses are critical in supporting business continuity, they tend to operate within a predominantly economic or policy-driven framework. As such, they often neglect the subjective realities of entrepreneurs, particularly the internal struggles, emotional responses, and existential shifts that accompany personal financial loss (Lee & Kwan, 2020).

The prevailing research methods used to evaluate these interventions—typically quantitative in nature—lack the capacity to capture the richness and complexity of individual experiences. Surveys and financial metrics may measure performance outcomes but fail to reveal how MSME owners perceive, interpret, and emotionally navigate the upheaval caused by economic disruption.

Consequently, these approaches provide a fragmented view of the phenomenon, missing the essential meanings that individuals assign to their financial hardship.

To develop a more comprehensive and human-centered understanding of financial crises, there is a clear need to adopt an alternative methodological lens—one that privileges depth over breadth and subjective meaning over numerical generalization. A phenomenological approach, particularly the interpretative variant, offers such a lens. It enables researchers to explore not only what is experienced but also how it is experienced, uncovering the lived meanings embedded in financial suffering. Despite its potential, this approach remains underutilized in financial research, leaving a critical gap in the literature that this study seeks to address.

Recent studies have begun to recognize the importance of subjective experiences in understanding economic hardship. Research by Smith et al. (2021) explored emotional distress among small business owners during financial downturns, highlighting how fear and uncertainty shaped their decision-making. Lee and Kwan (2020) showed that cash flow disruptions were not only economic problems but also psychological events that challenged self-identity. However, these studies often used descriptive techniques that lacked depth in exploring personal meaning. A more interpretative approach is needed to reveal how individuals construct meaning in the face of financial crisis.

This study adopts an interpretative phenomenological approach to explore how MSME owners experience and interpret their financial crisis after the COVID-19 pandemic. The method was chosen because it allows for a deep understanding of lived experiences and the subjective meanings behind them. Unlike surveys or economic models, this approach prioritizes personal narratives and emotional depth. By focusing on how entrepreneurs make sense of crisis, this study addresses the gap left by conventional approaches. The goal is to uncover how financial loss is felt, understood, and redefined at the personal level.

This article begins with an introduction to the phenomenon and outlines its relevance in today's socio-economic landscape. It then explains the phenomenological framework and details the methods of data collection and analysis used in the study. The results section presents major themes based on the participants' narratives and interpretations. A discussion follows, comparing the findings with existing literature and drawing practical and theoretical implications. The article concludes with reflections on the essence of the financial crisis experience among MSME owners and suggestions for future research.

## **RESEARCH METHODS**

### **Study Design**

This study adopted an interpretative phenomenological approach to explore the lived experiences of micro, small, and medium enterprise (MSME) owners regarding their personal financial crises following the COVID-19 pandemic. Phenomenology was selected for its focus on capturing the depth and complexity of subjective experience, allowing for a comprehensive understanding of how individuals interpret significant life events. The interpretative branch of phenomenology, rooted in Heideggerian philosophy, emphasizes not only the description of experience but also the interpretive processes by which individuals assign meaning to those experiences within their socio-cultural contexts. This design was particularly suited to uncovering the nuanced psychological and emotional dimensions of financial disruption as personally perceived by participants.

### **Participants**

Participants were selected using purposive sampling based on their direct experience with financial distress during or after the pandemic. Inclusion criteria required individuals to be MSME owners who had operated a business for at least two years prior to the pandemic and who reported experiencing personal financial hardship as a result of the crisis. Exclusion criteria included individuals who had ceased business operations before the pandemic or who lacked sufficient recollection of the events. A total of ten participants were involved, comprising six males and four

females, with an age range between 30 and 55 years. All participants were based in urban and semi-urban areas and operated businesses in various sectors including retail, food services, and personal services. This diversity provided rich contextual data reflective of the broader MSME community.

### **Data Collection**

Data were collected through in-depth, semi-structured interviews guided by an interview protocol developed to elicit detailed personal narratives. Interviews were conducted face-to-face in locations preferred by the participants to ensure comfort and privacy, such as their place of business or home. Each interview lasted between 45 and 90 minutes and was audio-recorded with permission. Open-ended questions encouraged participants to reflect on their financial experiences, coping mechanisms, and perceptions of change post-crisis. Field notes were also taken to capture non-verbal cues and contextual information. The interview guide was adapted based on a preliminary pilot with two MSME owners to ensure clarity and sensitivity to participant experiences.

### **Data Analysis**

Interview transcripts were analyzed using Interpretative Phenomenological Analysis (IPA), which involves a stepwise approach to identify emergent themes from participants' subjective accounts. Initial readings focused on familiarization with the data, followed by the identification of meaning units within each transcript. These units were then clustered into subordinate themes and eventually synthesized into superordinate themes reflecting shared patterns across participants. Coding and organization of themes were supported by NVivo 12 software, which facilitated traceability and coherence of the analytical process. The interpretative process emphasized the co-construction of meaning between the participants' experiences and the analytical lens, resulting in thematically rich insights into the essence of financial crisis from the participants' perspectives.

### **Ethical Considerations**

Ethical approval was obtained from the appropriate institutional ethics review board prior to data collection. Participants were informed of the study's objectives, procedures, and their rights, including the voluntary nature of participation and the right to withdraw at any time. Written informed consent was secured from all participants. Anonymity and confidentiality were ensured by de-identifying all transcripts and using pseudonyms in reporting. The study adhered to the ethical principles outlined in the Declaration of Helsinki and applicable national guidelines for research involving human subjects.

## **RESULTS**

This study explored the lived experiences of micro, small, and medium enterprise (MSME) owners in interpreting their personal financial crises in the aftermath of the COVID-19 pandemic. Through in-depth interviews and interpretative phenomenological analysis (IPA), several core themes emerged that encapsulate how participants made sense of their financial vulnerability, emotional resilience, and adaptive strategies.

### **Financial Disorientation and Emotional Turmoil**

Participants described a profound sense of disorientation upon realizing the severity of their financial losses. Many expressed confusion, fear, and emotional distress, which often blurred their decision-making process.

“I remember staring at my empty order book and thinking, ‘Is this really happening? How do I feed my family now?’” (Participant 4)

This experience of sudden loss disrupted their perceived financial stability and induced emotional states such as anxiety and hopelessness. The collapse of expected cash flows led participants to question their previous assumptions about financial control and security.

“Before the pandemic, I thought I had everything under control. Suddenly, all my savings were gone, and I had to borrow just to survive.” (Participant 1)

### The Personalization of Financial Crisis

The financial crisis was not experienced as an abstract economic downturn but as a deeply personal and existential struggle. Participants often associated the loss of income with feelings of personal failure and shame.

“My shop is part of who I am. When I couldn’t pay the rent, it felt like I had failed—not just as a business owner, but as a father and a husband.” (Participant 7)

This internalization of financial hardship reflects how economic crises are embedded in personal identities, especially among sole proprietors and family-run business owners.

### Coping Through Informal Support and Faith

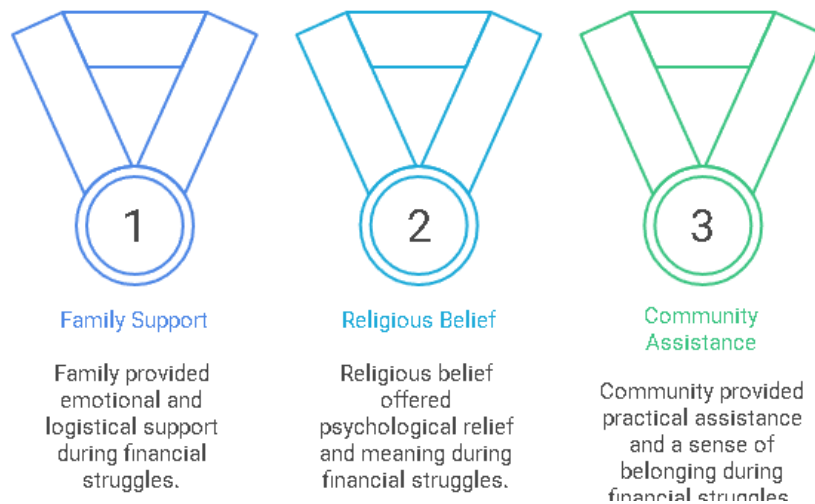
Several participants turned to family, religious belief, and community for emotional and logistical support during their financial struggles. These sources of support provided both psychological relief and practical assistance.

“My wife encouraged me every day. She reminded me that this was just a test from God, and somehow, that helped me stay afloat emotionally.” (Participant 6)

Faith-based narratives were common, serving as a framework through which participants found meaning and resilience amid economic instability.

“I prayed more than I ever had. I believed that if I kept trying and stayed honest, things would eventually get better.” (Participant 2)

### Pillars of Resilience in Financial Struggles



### Reconstructing Financial Meaning and Strategy

Post-crisis, participants reported a shift in how they viewed money, risk, and business planning. The experience of financial collapse became a turning point that led to reevaluation and, in some cases, reinvention of their financial practices.

“I used to avoid digital payments, but after the crisis, I realized how important it is to be more flexible and open to change.” (Participant 3)

This theme illustrates a movement from reactive survival to strategic adaptation, where the crisis was reframed as an opportunity for learning and future preparedness.

The lived experiences of MSME owners in facing personal financial crises post-pandemic reveal a complex interplay between emotional distress, identity, social support, and evolving financial consciousness. These narratives emphasize that financial crises are not solely economic events but deeply subjective and socially embedded phenomena.

## **DISCUSSION**

The findings of this study reveal that MSME owners experienced the COVID-19-induced financial crisis not merely as an economic challenge, but as a deeply personal and emotional disruption. The essential meaning uncovered through interpretative phenomenological analysis highlights a transformation in self-perception, emotional coping, and financial identity—addressing the central research question on how financial crises are subjectively experienced and interpreted by MSME owners.

This study contributes to the understanding of the lived financial crisis by offering insights that extend beyond conventional metrics or behavioral patterns. It reveals that financial hardship is interpreted through lenses of personal failure, moral responsibility, and identity collapse, particularly when business operations are closely tied to familial and social roles. These experiences are often internalized as existential crises, reshaping the participants' understanding of success, stability, and resilience. By capturing how participants reframe adversity into adaptive strategies and spiritual meaning, this research enriches our understanding of financial decision-making as a profoundly emotional and contextual process.

The findings resonate with, and in some cases extend, previous research. For example, Smith et al. (2021) noted the psychological strain experienced by small business owners, but the present study deepens this view by uncovering the existential dimensions of financial disorientation and moral distress. Similarly, Lee and Kwan (2020) emphasized the disruption of cash flow and operational continuity, whereas this study reveals how such disruptions are intimately experienced as a loss of identity and control. These results align with interpretative theories of financial behavior that emphasize meaning-making (e.g., Bruner, 1990), demonstrating that financial events are not merely situational but are filtered through personal histories, values, and cultural expectations.

The implications of these findings are both theoretical and practical. On a broader level, they suggest that financial crises should not be addressed solely through structural or policy interventions, but also through strategies that recognize and support the emotional and psychological dimensions of entrepreneurship. In socio-cultural contexts where business ownership is closely tied to familial honor and self-worth, financial distress carries significant symbolic weight. These insights are relevant for designing mental health support, crisis counseling, and community-based interventions tailored to MSME populations during economic downturns. Additionally, they contribute to expanding financial literacy frameworks by integrating narrative and emotional components into traditional models of economic behavior.

This study is not without limitations. The small sample size and purposive selection of participants restrict the generalizability of findings beyond the immediate context. The research focused solely on MSME owners in urban and semi-urban areas, which may exclude important variations in rural or differently marginalized settings. Moreover, the interpretative nature of phenomenological analysis invites subjectivity, both from participants and in the analytical process. These constraints, however, are inherent to the methodological choice and are acknowledged as part of the commitment to depth over breadth.

Future research can build upon these findings by exploring comparative experiences across different regions, genders, or business types to better understand how financial crises are experienced within diverse sociocultural frameworks. There is also potential to integrate phenomenological inquiry with other qualitative or mixed-methods approaches to trace long-term adaptation and resilience mechanisms. Further investigation could examine how these personal financial narratives influence broader economic behaviors and policymaking, particularly in crisis recovery planning and entrepreneurial education.

## **CONCLUSION**

This study explored how MSME owners experienced and interpreted personal financial crises in the aftermath of the COVID-19 pandemic, particularly within the Indonesian socio-cultural context.

Using an interpretative phenomenological approach, the research revealed that financial distress was not solely an economic phenomenon—it was deeply personal, involving emotional disorientation, identity disruption, and moral struggle. The findings contribute a novel perspective by foregrounding the lived meaning of financial hardship and how entrepreneurs reconstruct purpose through spiritual and moral narratives—an area rarely addressed in mainstream economic or business research. This interpretative lens advances theoretical understanding by bridging financial phenomenology with cultural and existential dimensions of entrepreneurship.

Practically, these insights underscore the importance of designing crisis response frameworks that account for psychological, moral, and spiritual resilience—not just financial recovery. Policymakers, development agencies, and business support organizations should consider culturally embedded strategies that honor how entrepreneurs make sense of adversity. Future research can build on this interpretive foundation by employing longitudinal designs to trace the evolution of meaning-making over time, or by comparing MSME experiences across different religious or cultural communities to understand how context shapes entrepreneurial resilience. Additionally, integrating narrative or ethnographic methods could further enrich the understanding of how identity, faith, and enterprise intersect during periods of disruption.

### **CONFLICT OF INTEREST**

The authors declare that there is no conflict of interest.

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