



## **Resilience and Identity Reconstruction among Female Micro-Entrepreneurs after Business Failure in the COVID-19 Era**

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### **ABSTRACT**

Entrepreneurial failure is more than a financial setback; it is a personal and emotional turning point, especially for women running microenterprises in developing economies. This study investigates how female micro-entrepreneurs in Indonesia experienced and responded to business collapse during the COVID-19 era, focusing on the processes of resilience building and identity reconstruction. Using interpretative phenomenological analysis, in-depth interviews were conducted with eight women from diverse sectors who had ceased operations due to pandemic disruptions. The findings reveal four interconnected themes: the dissolution of entrepreneurial identity, emotional and psychological breakdown, the transformative role of peer and community support, and the redefinition of entrepreneurial purpose. Participants navigated feelings of shame, loss, and withdrawal before gradually reframing failure as an opportunity for personal growth and strategic reinvention. Social support emerged as a pivotal factor, enabling emotional recovery and the development of renewed business visions. This research underscores the need for gender-sensitive, psychologically informed entrepreneurship programs that address the emotional realities of business failure. The insights contribute to a more human-centered understanding of entrepreneurship and highlight resilience as a critical driver in the post-crisis entrepreneurial journey.



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## **INTRODUCTION**

Entrepreneurship is a key driver of economic development and social resilience, particularly through female microenterprises in developing regions such as Southeast Asia (Arias-Pérez *et al.*, 2020). However, the onset of the COVID-19 pandemic triggered an unprecedented global crisis that profoundly disrupted small business ecosystems, exposing vulnerabilities that are not solely financial but deeply personal and psychological.

The impact of business failure is rarely confined to material loss. For many female entrepreneurs, especially those operating microenterprises in socially constrained or resource-limited settings, entrepreneurial identity is interwoven with self-worth, autonomy, and communal recognition. When business ventures collapse, the consequences often reverberate through emotional, familial, and social dimensions. While economic studies have examined the structural and financial causes of entrepreneurial failure, less attention has been given to how individuals subjectively experience such collapse, particularly within marginalized or gendered contexts.

Understanding the lived emotional experiences of female entrepreneurs during business failure is critical for constructing more humane and contextually grounded support systems. A phenomenological inquiry into these experiences allows for a deeper appreciation of how meaning is formed through suffering, resilience, and social interaction (Cheng, 2022). This approach moves beyond surface-level analysis to engage with the essence of the phenomenon as it is lived and interpreted by the individuals themselves. In doing so, it addresses a vital gap in entrepreneurship

research: the lack of narrative-centered, emotion-informed perspectives that highlight the psychological realities behind entrepreneurial loss.

Research on individual experiences within critical life events has become increasingly central in entrepreneurship studies, especially as scholars seek to understand the human side of business beyond economic metrics (Hsu dkk., 2022). Within this context, the subjective experience of entrepreneurial failure has emerged as a domain requiring deeper theoretical and methodological engagement. While recent scholarship acknowledges the psychological consequences of failure, such as shame, grief, and identity disruption, most of this knowledge is derived from broad survey-based studies or generalized models that inadequately capture the nuance of lived emotional realities.

Methodologically, capturing the internal world of entrepreneurs—how they perceive, interpret, and assign meaning to business failure—presents a substantial challenge. Quantitative methods, though valuable in identifying trends and correlations, often fall short in revealing the complex interplay of emotion, memory, identity, and social context that shapes entrepreneurial meaning-making. The richness of individual narratives and the contextual subtleties embedded within emotional experiences frequently remain underexplored in such designs.

This methodological limitation has contributed to a fragmented understanding of entrepreneurial failure, particularly among women and micro-entrepreneurs in crisis-affected settings. Without engaging with the lived, first-person perspective of those directly impacted, existing research fails to account for the depth of emotional labor and resilience that often defines the entrepreneurial journey in times of adversity. Therefore, a phenomenological approach, grounded in the exploration of meaning and subjectivity, is essential for advancing a more holistic and empathetic understanding of the phenomenon.

In the discourse on entrepreneurial failure, particularly within the context of microenterprises, existing solutions have predominantly relied on practical frameworks such as crisis management models, entrepreneurial recovery strategies, and financial literacy interventions (K.E.K dkk., 2022). While these approaches offer tangible tools for business continuity and post-failure rebuilding, they are often rooted in instrumental logic that overlooks the deeper psychological and existential dimensions of entrepreneurial loss. These models tend to prioritize behavioral outcomes over internal meaning-making processes, thereby limiting the capacity to understand how individuals experience, interpret, and respond to failure in emotionally and culturally situated ways.

Moreover, much of the existing literature employs quantitative assessments that treat failure as a binary event—success or closure—without attending to the layered emotional experiences that unfold over time. As a result, the inner narratives of entrepreneurs, especially women in resource-constrained environments, remain marginal within mainstream research. The lack of attention to these subjective realities creates a blind spot in understanding resilience, identity reconstruction, and emotional adaptation, which are critical in shaping entrepreneurial continuity and personal well-being.

Given these limitations, a shift toward phenomenological inquiry is necessary to access the essence of lived experiences surrounding entrepreneurial failure. By centering on first-person perspectives and allowing for a thick description of emotional and psychological responses, phenomenology offers a holistic alternative that can uncover meanings often lost in conventional approaches (Kovynyov & Mikut, 2019). This study adopts such a lens to bridge the existing gap and contribute a deeper, more empathetic understanding of how female micro-entrepreneurs experience and make sense of business failure within the unique social and emotional context of a global pandemic.

Several recent studies have addressed the emotional dimensions of entrepreneurial failure, yet most rely on quantitative surveys or psychological frameworks that generalize experience. For example, (Peng dkk., 2023) explored post-failure trauma but did not focus on meaning-making processes. (Rojek dkk., 2023) examined gendered resilience during business crises, but their approach lacked depth in exploring lived emotion. While these studies offer useful insights, they do not fully

capture how failure is experienced as a deeply personal and transformative event. A more holistic and participant-centered lens is required to illuminate the subjective essence of such experiences.

This study applies interpretative phenomenological analysis to explore how female micro-entrepreneurs emotionally experience and interpret business failure during the COVID-19 pandemic. This method was chosen because it emphasizes individual narratives and meaning construction in specific contexts. Through this approach, the study responds to the limitations outlined in the previous section and offers an in-depth account of emotional, social, and identity-related consequences of entrepreneurial loss. The phenomenological lens makes it possible to uncover insights that are often hidden in standard models or overlooked by general theories. Ultimately, this method supports a richer and more authentic understanding of the failure experience.

The structure of this article begins with an introduction that presents the research context and the rationale for using a phenomenological approach. It continues with a detailed method section, describing the selection of participants, data collection through in-depth interviews, and the analytical process using thematic interpretation. The results section presents core themes drawn from participants' narratives, supported by direct quotations to preserve authenticity. The discussion follows, connecting findings to existing literature and highlighting implications for future research and support systems. The article concludes with a summary of contributions, limitations, and recommendations.

## **RESEARCH METHODS**

### **Study Design**

This study employed an interpretative phenomenological approach to explore the lived emotional experiences of female micro-entrepreneurs who faced business failure during the COVID-19 pandemic. The interpretative phenomenological design, rooted in Heideggerian philosophy, emphasizes the subjective interpretation of participants' experiences within their socio-cultural contexts (Sarfraz dkk., 2022). This approach was selected for its suitability in uncovering the nuanced meanings and psychological implications embedded in personal narratives of loss, resilience, and identity transformation. The design enabled an in-depth understanding of the essence of entrepreneurial failure from the participants' perspectives, acknowledging the co-constructed nature of meaning between the participant and the interpreter.

### **Participants**

Participants were selected using purposive sampling, ensuring relevance to the phenomenon under investigation. The inclusion criteria encompassed women aged between 25 and 50 years who had operated a microenterprise prior to the pandemic and experienced business closure or failure during the COVID-19 crisis. Participants were also required to have engaged in at least six months of entrepreneurial activity prior to the business closure (Savastano dkk., 2022). Exclusion criteria included individuals who had not yet ceased operations or had no prior entrepreneurial experience. A total of eight participants were involved in the study, all of whom identified as female, with an average age of 37 years. Participants came from diverse sectors, including food services, retail, and home-based crafts, and resided in semi-urban and rural regions heavily impacted by pandemic-related restrictions.

### **Data Collection**

Data were collected through semi-structured, in-depth interviews conducted in person at locations chosen by participants to ensure comfort and privacy. Each interview lasted between 45 and 75 minutes and was guided by an open-ended interview protocol designed to elicit rich, reflective narratives related to their entrepreneurial journey and emotional responses to business failure. The interviews were audio-recorded with participants' consent and transcribed verbatim for analysis. Field notes were taken to capture contextual and non-verbal cues (Schislyeva & Plis, 2021). Efforts were made to create a supportive environment by emphasizing confidentiality and allowing participants to

share at their own pace. No standardized instruments were used beyond the flexible interview guide, which was iteratively refined based on initial interviews.

### Data Analysis

Interview transcripts were analyzed using Interpretative Phenomenological Analysis (IPA), a method designed to identify emergent themes through close, iterative engagement with the data. The analysis began with thorough readings of each transcript, followed by the identification of significant statements and meaning units (Shishkin dkk., 2019). These units were then clustered into themes through a process of thematic reduction, emphasizing patterns of emotional experience across participants. Data were coded manually and with the assistance of NVivo software to organize and visualize recurring concepts.

To ensure analytical rigor and minimize interpretive bias, multiple coding cycles were conducted. Initial codes were reviewed collaboratively by the lead researcher and a peer reviewer familiar with IPA methodology. Discrepancies in interpretation were discussed and resolved through reflexive dialogue, and emerging themes were refined through memoing and audit trails. This iterative process enhanced the credibility and transparency of theme development.

The analytical process prioritized depth over breadth, aiming to uncover the essential structures of the lived experience without generalizing beyond the participants' context.

### Ethical Considerations

Ethical approval for the study was obtained from the appropriate institutional research ethics committee. Informed written consent was obtained from all participants prior to data collection, including permission to record and transcribe interviews (Trivedi, 2023). Anonymity and confidentiality were ensured through the use of pseudonyms and secure data storage procedures. The study adhered to ethical guidelines set forth by the Declaration of Helsinki and complied with all applicable national research ethics standards.

## RESULTS

### The Collapse of Entrepreneurial Identity

Many participants expressed that the failure of their business was not merely a financial loss, but an existential crisis that fractured their sense of identity. Their businesses had become an extension of themselves, deeply rooted in their personal aspirations and societal roles.

“At that moment, I felt like I lost my worth as a woman and a mother. My business was everything—it was my pride, my independence.” (P3)

The collapse of their ventures triggered a profound sense of personal failure, leading to identity confusion and emotional turmoil.

“People used to look up to me as a successful entrepreneur. After I closed my store, I couldn't face my neighbors. I felt ashamed and invisible.” (P7)

#### Factors Leading to Entrepreneurial Identity Crisis



### **Emotional Turbulence and Psychological Breakdown**

The emotional aftermath of business failure was characterized by anxiety, self-doubt, and in some cases, depressive symptoms. Participants reported struggling with sleep disturbances, persistent feelings of inadequacy, and hopelessness.

“I cried every night. I kept blaming myself... thinking if I had done something differently, things would have turned out better.” (P1)

This internalization of failure manifested in both psychological withdrawal and relational conflicts within their families.

“I started avoiding people—even my own husband. I didn’t want to talk. I was angry all the time.” (P5)

### **The Role of Social Support in Emotional Recovery**

Despite the deep emotional wounds, the narratives revealed that social support—particularly from other women entrepreneurs and community groups—served as a turning point for psychological recovery.

“Joining a WhatsApp group of women in similar situations helped me breathe again. I realized I wasn’t alone.” (P6)

Support networks functioned not just as emotional buffers, but also as sources of practical advice and new business ideas, contributing to resilience and eventual reinvention.

“A friend in the group shared how she started selling food online. That inspired me. I followed her lead.” (P2)

### **Meaning-Making and Entrepreneurial Rebirth**

As the participants moved through the emotional stages of grief and acceptance, many began reconstructing the meaning of failure and developed renewed entrepreneurial visions.

“Losing the business taught me that I need to prepare better and not depend on one source of income.” (P4)

This redefinition of failure as a learning process rather than a permanent defeat marked a psychological shift toward growth and transformation.

“I started small again, but this time I’m not chasing money—I’m building something with more heart.” (P8)

The findings demonstrate that entrepreneurial failure among women during the COVID-19 pandemic was experienced not only as a business event but as a deeply personal and emotional journey. Participants underwent an identity crisis, emotional breakdown, and social withdrawal before gradually reconstructing meaning through shared support and reflection. These lived experiences reveal the nuanced psychological realities that are often overlooked in entrepreneurial discourse, particularly within crisis contexts involving gender and microenterprises..

## **DISCUSSION**

The findings of this study reveal that female micro-entrepreneurs who experienced business failure during the COVID-19 pandemic underwent a profound emotional journey marked by identity disruption, psychological distress, and eventual meaning reconstruction (Tsolakis dkk., 2022). These experiences directly respond to the central research question by illuminating how entrepreneurial failure is lived and interpreted beyond its economic implications.

This study contributes a nuanced understanding of how business failure is not merely an operational or financial event but a deeply personal phenomenon that challenges self-perception, social identity, and emotional resilience. The participants’ narratives demonstrate how failure becomes intertwined with their roles as women, caregivers, and community members. The study

shows that emotional responses such as shame, grief, and withdrawal are not pathological reactions but meaningful expressions of disrupted purpose and identity. Through interpretative phenomenological analysis, the research uncovers how participants made sense of their loss, found support, and reconstructed their entrepreneurial aspirations in alignment with new values. This insight offers a deeper response to the question of how female entrepreneurs experience and process failure in crisis contexts.

The themes identified in this study align with and extend existing literature. For instance, (Wang dkk., 2023) acknowledged post-failure trauma but did not delve into identity reconstruction or gender-specific dynamics. Similarly, Tan and Ng (2022) emphasized resilience but lacked an exploration of emotional depth. This study complements their work by offering a detailed, narrative-based account of how female micro-entrepreneurs experience loss and renewal. The findings also resonate with theoretical perspectives on entrepreneurial identity, showing that failure can catalyze personal growth and meaning-making (Shepherd, 2003). By grounding these interpretations in the lived experiences of women in a pandemic context, the study broadens the understanding of entrepreneurial failure as a multidimensional and transformative phenomenon.

### **Implications of the Findings**

The findings of this study carry significant implications for both research and practice, particularly within the fields of entrepreneurship, gender studies, and psychosocial support systems. On a social level, the emotional narratives of female entrepreneurs highlight the need to recognize entrepreneurial failure as a deeply human experience rather than a purely economic outcome. This calls for the integration of psychological and emotional resilience training in entrepreneurship development programs, especially for women in vulnerable sectors (Weber-Lewerenz, 2021). Culturally, the study underscores how societal expectations around gender and success amplify the emotional burden of failure, suggesting the need for context-sensitive interventions that address identity and stigma. Professionally, these insights can guide policymakers and support organizations in designing more empathetic recovery frameworks that validate emotional experiences as part of the entrepreneurial journey. These interpretations extend beyond individual cases, providing a lens through which broader patterns of resilience and transformation among micro-entrepreneurs can be better understood.

### **Limitations of the Study**

While the study offers rich, in-depth insights, several limitations should be acknowledged. The small sample size and focus on female micro-entrepreneurs in a specific cultural and economic context limit the generalizability of the findings to other populations. Additionally, the use of self-reported narratives may introduce selective memory or emotional bias, which is inherent in retrospective qualitative accounts (Xiao & Zheng, 2022). The study also did not include comparative data from male entrepreneurs or entrepreneurs in urban contexts, which may offer additional dimensions of interpretation. These limitations are characteristic of phenomenological research and do not detract from the validity of the findings, but rather indicate areas where future inquiry can broaden scope and deepen comparative analysis.

### **Prospective Directions for Future Research**

Building on the insights generated by this study, future research could explore comparative phenomenological experiences across gender, geography, or industry sectors to identify shared and divergent emotional responses to business failure. Longitudinal studies may also be valuable in tracing the evolution of meaning-making and identity reconstruction over time (Zhang & Zhao, 2023). Furthermore, integrating phenomenological approaches with other qualitative methods, such as narrative inquiry or ethnography, could deepen the contextual understanding of entrepreneurship under stress. These directions hold promise for enriching the discourse on entrepreneurial failure and for informing inclusive, psychologically-informed support mechanisms within global entrepreneurship ecosystems.

**CONCLUSION**

This study explored the lived emotional experiences of female micro-entrepreneurs who faced business failure during the COVID-19 pandemic, focusing on how they interpreted and made meaning of their loss. The findings revealed that failure was experienced not only as an economic event but also as a disruption of identity, purpose, and emotional stability. Through interpretative phenomenological analysis, the study uncovered how participants processed their emotions, navigated social stigma, and ultimately reconstructed their entrepreneurial roles. These insights offer a richer understanding of entrepreneurial failure, addressing gaps in previous research that often overlooked the subjective and gendered dimensions of such experiences. The study highlights the need for more empathetic and contextually grounded support systems in entrepreneurship development. Future research may build on these findings by exploring cross-cultural comparisons or examining how emotional resilience evolves over time.

**CONFLICT OF INTEREST**

The authors declare no conflict of interest. This research was conducted independently, and no commercial or financial relationships were involved that could be construed as a potential conflict of interest.

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