

Mississippi State University

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Business Concerns and Impacts Regarding the 2020 COVID-19 Pandemic

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COVID-19 Effects on MS Businesses

- Goal of study
 - To determine the effects of the COVID-19 pandemic on Mississippi businesses
 - To determine the issues Mississippi businesses are facing
- Methods used
 - Two-round online business survey
 - Distributed to businesses and technical assistance providers throughout Mississippi
- Outcome
 - Better understanding of the concerns of Mississippi businesses due to the pandemic

Pre-pandemic Level of Employment

Number of respondents

- Round 1 – 235 firms
- Round 2 – 126 firms

Average respondent employment

- Round 1
 - Full-time – 23.3
 - Part-time – 9.7
- Round 2
 - Full-time – 16.4
 - Part-time – 7.7

Round 2 Largest Industries

Description	Round 1		Round 2	
	Full-time	Part-time	Full-time	Part-time
Agric, Forestry, Fishing, Hunting	13.6	0.6	27.0	1.0
Manufacturing	104.1	3.9	43.0	0.8
Transportation and Warehousing	20.4	32.8	28.6	63.8
Educational Services	19.3	1.3	225.0	50.0
Accommodation and Food Services	5.6	11.1	27.6	38.5

Round 2 Smallest Industries

Description	Round 1		Round 2	
	Full-time	Part-time	Full-time	Part-time
Wholesale Trade	20.3	1.7	1.7	2.5
Information	10.2	1.8	1.7	3.5
Real Estate and Rental and Leasing	6.6	0.6	2.9	1.0
Mgt of Companies and Enterprises	N/A	N/A	2.0	0.0
Admin/Support/Waste Mgt & Remediation Svcs	30.3	27.5	2.0	1.0

Business Operating Status

- 136 Total Respondents
- 104 have remained open through the pandemic
- 12 businesses had been closed, but have reopened since April
- 10 businesses reported being closed:

Agriculture, Forestry, Fishing and Hunting

Retail Trade

Transportation and Warehousing

Real Estate and Rental and Leasing

Professional, Scientific, and Technical Services

Arts, Entertainment, and Recreation

Public Administration.

New Hires

Description	Round 1		Round 2	
	Firms w/ New Hires	Number of New Hires	Firms w/ New Hires	Number of New Hires
Agric, Forestry, Fishing, Hunting	1	1		
Construction	1	2	1	2
Manufacturing	2	42	1	1
Retail Trade	3	8	3	18
Transportation and Warehousing	1	1	1	5
Real Estate and Rental and Leasing	1	5		
Prof, Scientific, and Tech Svcs			3	4
Admin/Support/Waste Mgt & Remediation Svcs	1	100		
Educational Services	1	1		
Health Care and Social Assistance	1	1		
Arts, Entertainment, and Rec	1	9		
Accommodation and Food Services	1	2	2	6
Other Services (exc Public Admin)	2	4	2	2
Total	16	176	13	38

- In Round 1, 6.8% of firms reported new hires
- In Round 2, 11.9% of firms reported new hires
- Larger number of new hires in Round 1, but a majority from:
 - *Manufacturing*
 - *Administrative Support and Waste Management and Remediation Services* sectors.

Laid Off Employees

Description	Round 1		Round 2	
	Number of Firms	Laid Off Employees	Number of Firms	Laid Off Employees
Agric, Forestry, Fishing, Hunting	2	7		
Construction	4	74		
Manufacturing	5	289		
Wholesale Trade	1	1		
Retail Trade	14	30	1	1
Transportation and Warehousing	3	11	2	16
Information	2	27	1	2
Finance and Insurance	1	5		
Prof, Scientific, and Tech Svcs	6	16	3	18
Admin/Support/Waste Mgt & Remediation Svcs	1	65		
Educational Services	2	5		
Health Care and Social Assistance	5	99	2	6
Arts, Entertainment, and Rec	1	19	1	19
Accommodation and Food Services	6	73	2	29
Other Services (exc Public Admin)	5	25		
Total	58	746	12	91

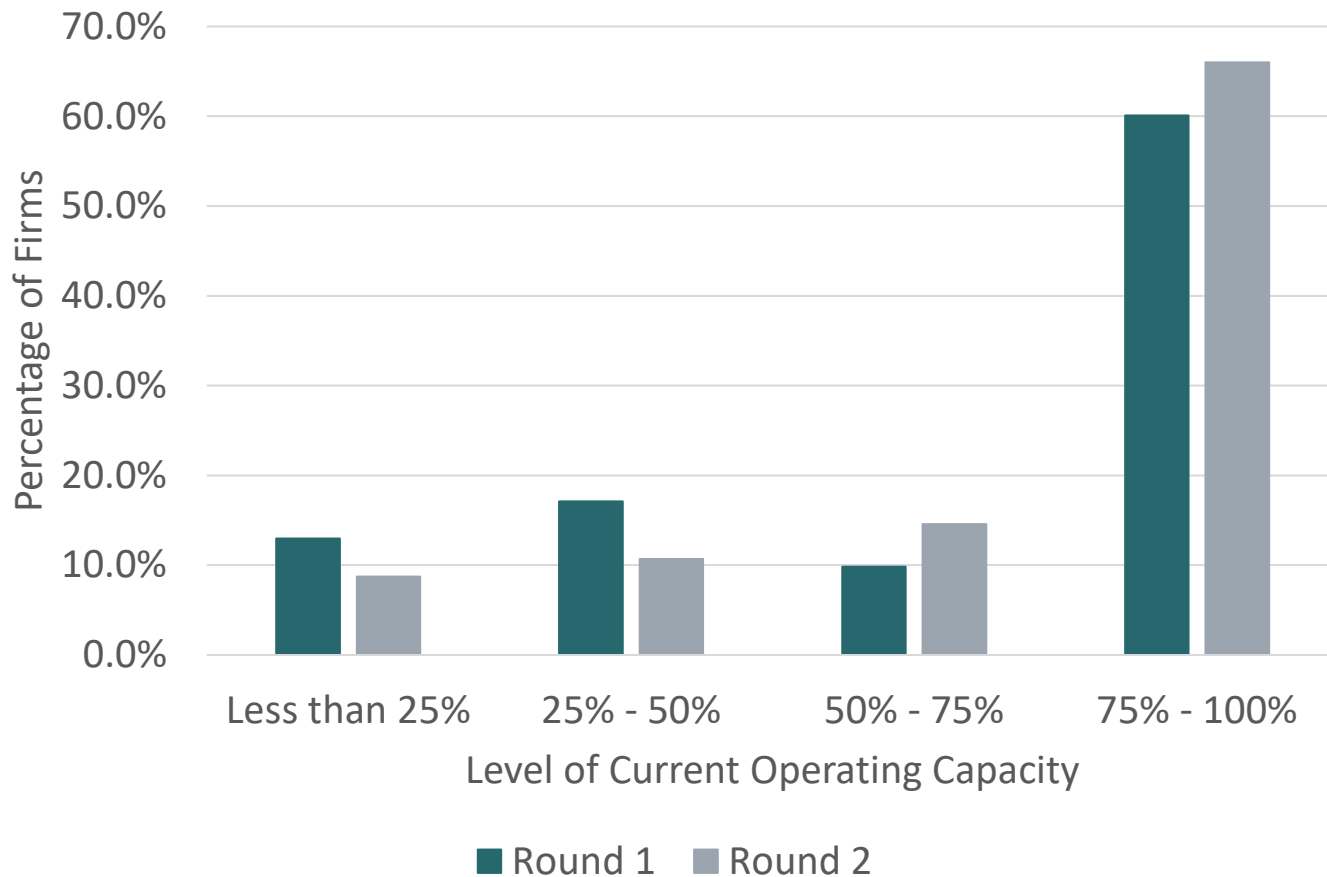
- In Round 1, 58 firms laid off 746 employees
- In Round 2, 12 firms laid off 91 employees
- 10.7% of the reported total pre-pandemic labor force laid off in Round 1
- Both the percentage of firms with lay offs and number of employees laid off drastically decreased from Round 1 to Round 2

Terminated Employees

Description	Round 1		Round 2	
	Number of Firms	Terminated Employees	Number of Firms	Terminated Employees
Agric, Forestry, Fishing, Hunting	2	3	1	2
Manufacturing	1	3		
Wholesale Trade	1	2		
Retail Trade	2	3	1	2
Transportation and Warehousing			2	4
Finance and Insurance	1	1		
Health Care and Social Assistance			1	3
Accommodation and Food Services	1	1	3	7
Other Services (exc Public Admin)			3	9
Total	8	13	11	27

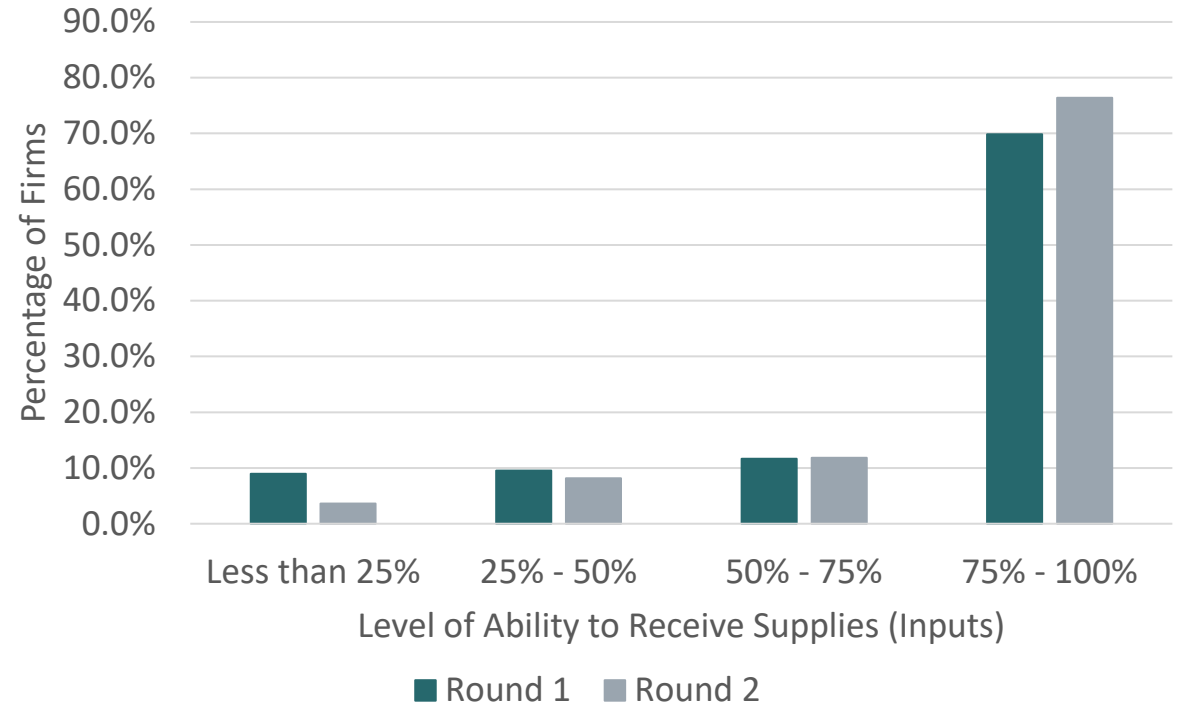
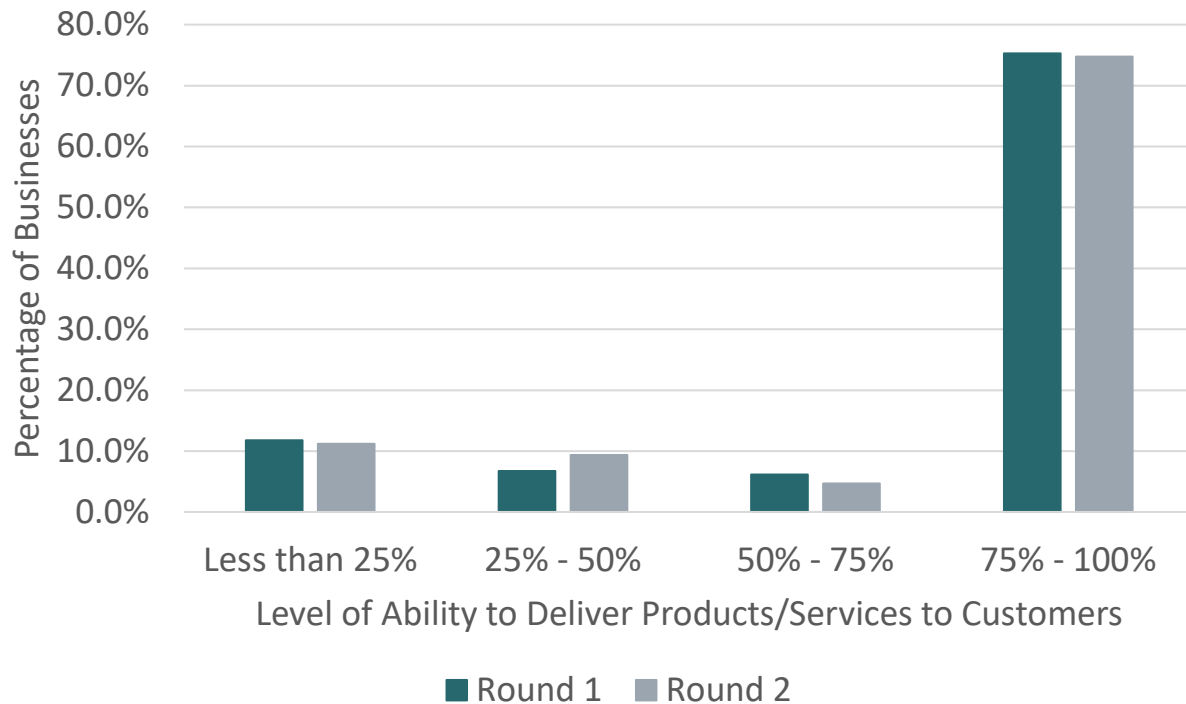
- Round 1 had 3.4% of firms terminate at least one employee, while Round 2 had 8.7% of firms with terminations.
- Number of terminated employees also higher in Round 2

Operating Capacity



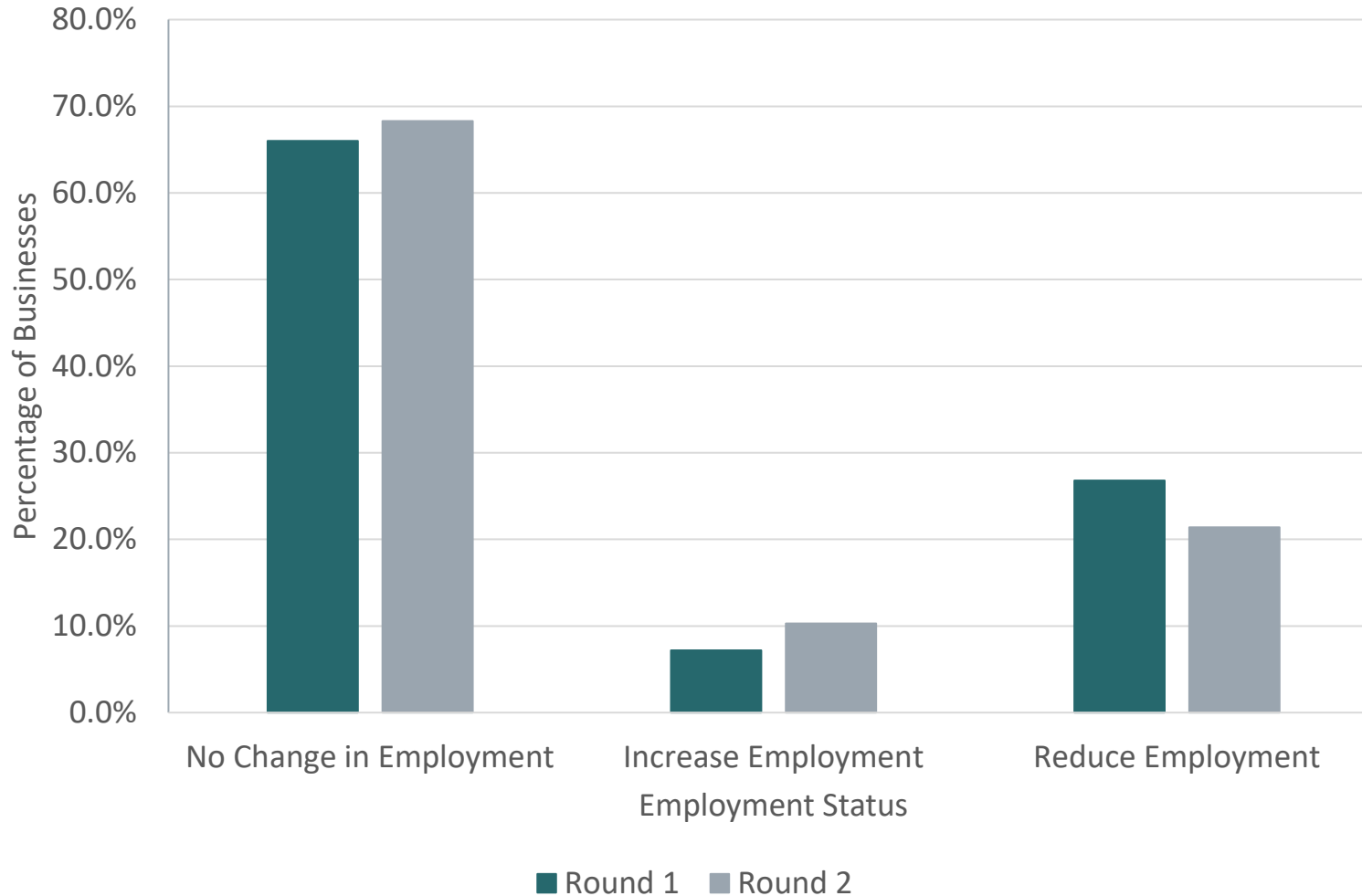
- A primary concern for businesses is the ability to efficiently conduct operations.
- Businesses seem to be inching back towards normal operations.
- The percentage of businesses operating at or below less than 50 percent of normal operations has fallen between survey Rounds 1 and 2 and the percentage of businesses operating above 50 percent of normal operating capacity has risen.

Ability to Deliver and Receive



- While operating capacity is relatively high, businesses' ability to receive supplies and deliver products and services has taken a small hit.
- In the section on business concerns, several businesses were concerned with the stability of the supply chain.

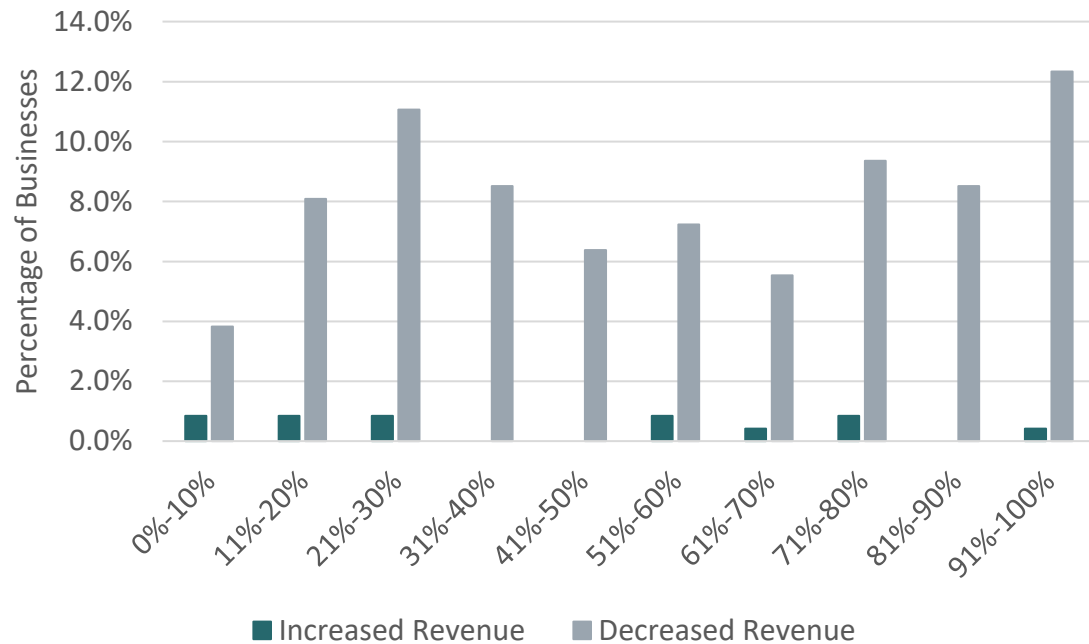
Effects on Employment



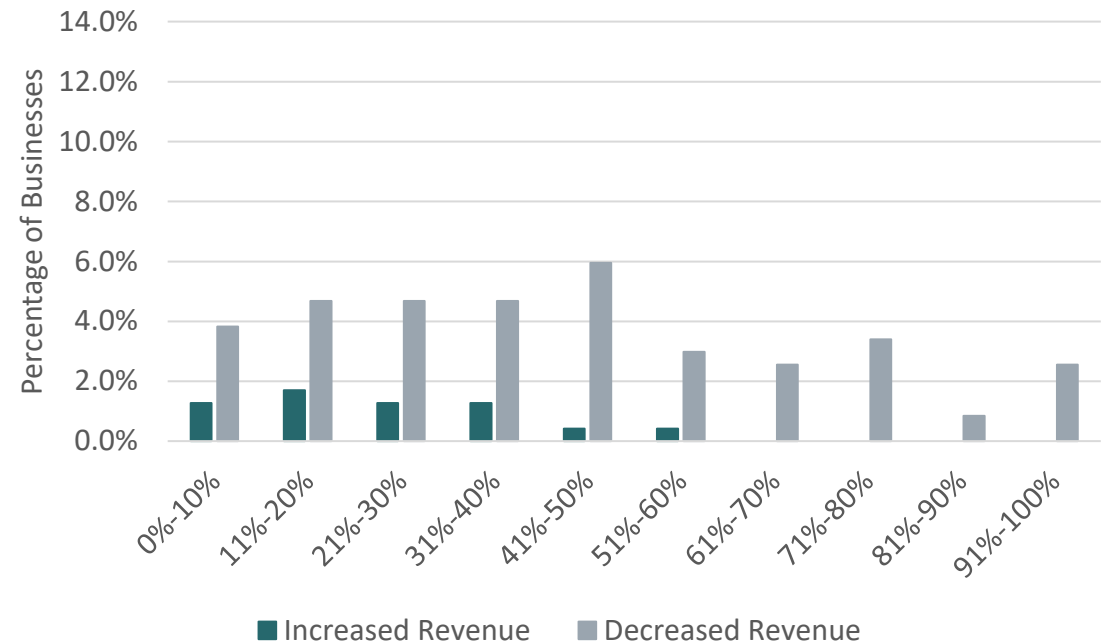
- COVID-19's effects on employment have been a main concern for policymakers.
- Round 2 presents a slightly more optimistic economic picture than was present in Round 1.
- The percentage of firms that increased employment (new hires) increase slightly in Round 2
- The percentage of firms that decreased employment through lay-offs, furloughs, or terminations decreased by 5.4 percent.

Change in Revenue

- Substantial change in business revenues in the time period between Rounds 1 and 2
- Round 2 saw a larger percentage of firms with an estimated increase in revenue and a smaller percentage of firms with an estimated decrease in revenue
- It also appears that for firms reporting a decrease in revenue, the decrease has been less significant

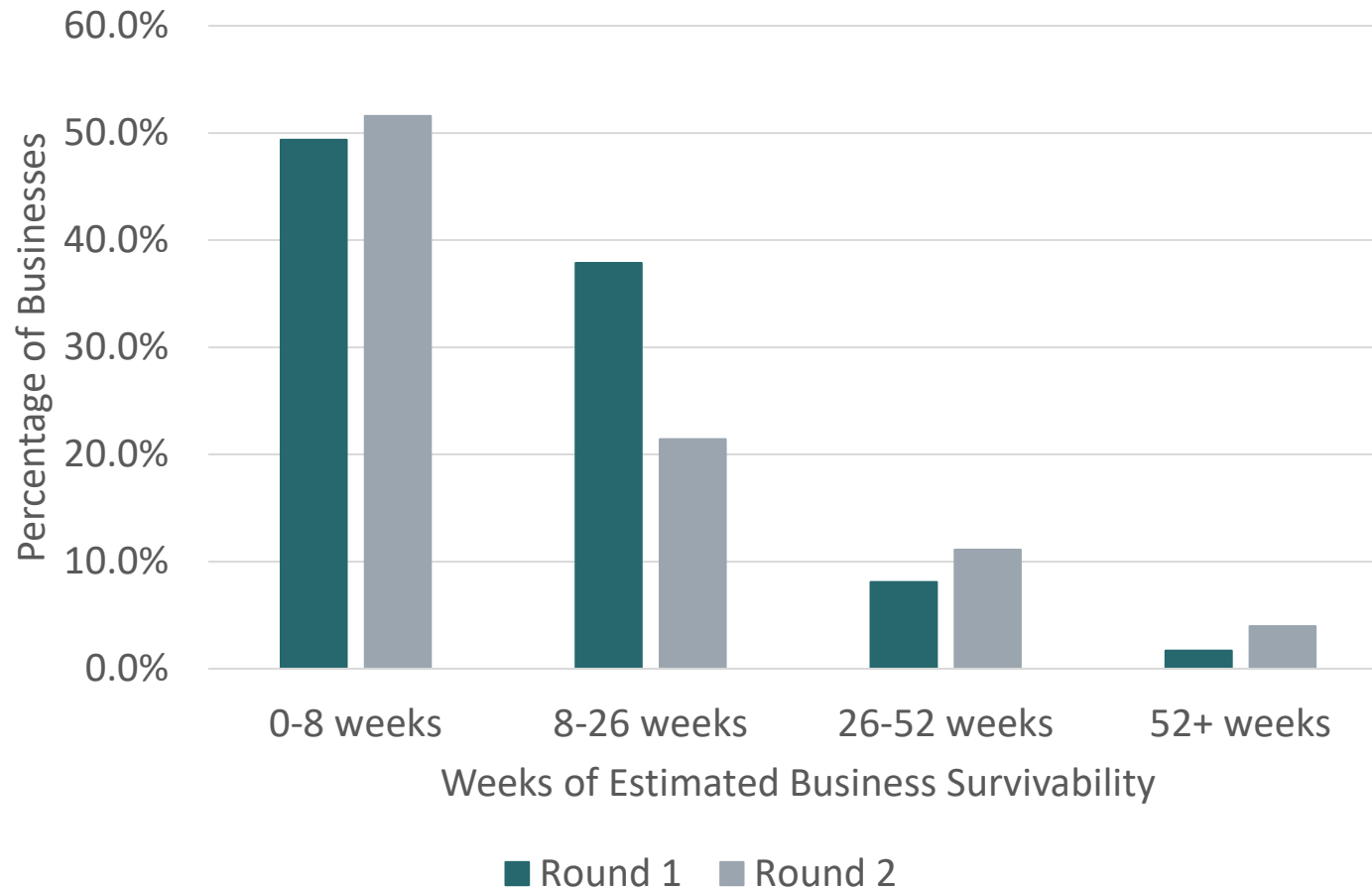


Round 1



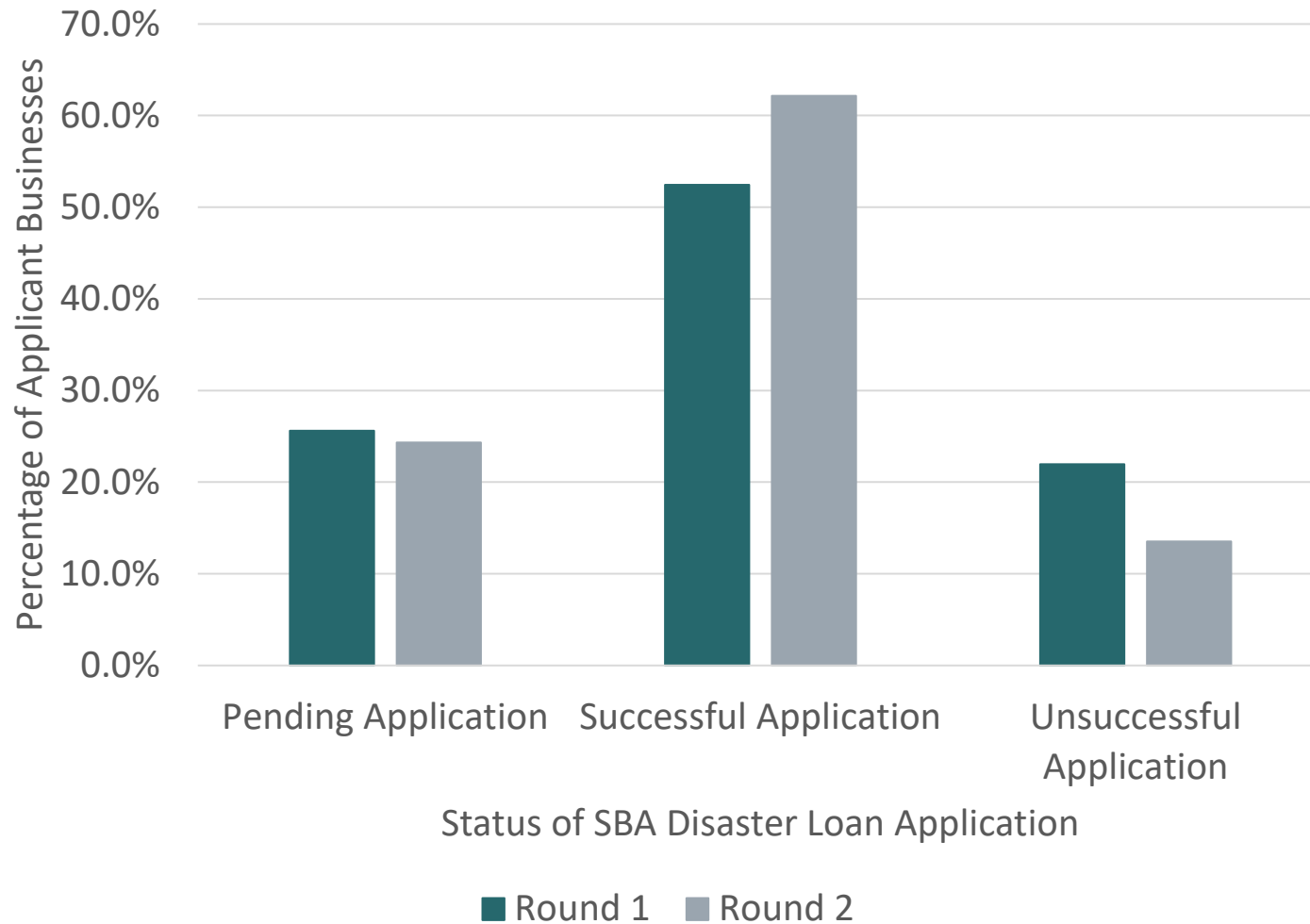
Round 2

Survivability



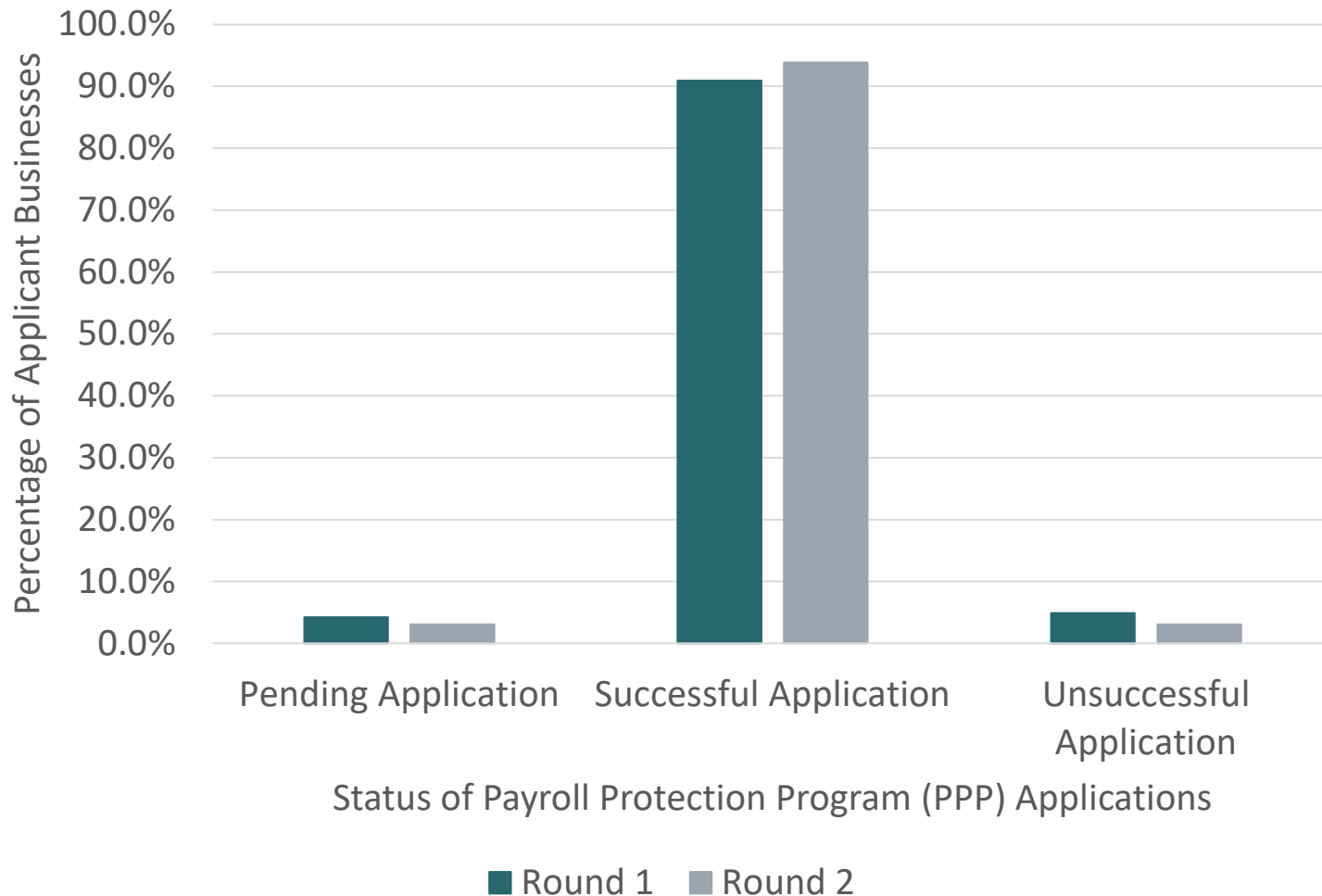
- Estimated survivability shows the responding businesses uncertainty about the future
- Majority of firms only estimate their survivability at 8 weeks or less.
- Many of the businesses that estimate 0-8 weeks of survival in Round 2 are concentrated in three industry sectors: *Retail Trade; Professional, Scientific, and Technical Services; and Other Services*
- No respondent in these sectors believed that their business could survive more than a year

SBA Disaster Loan



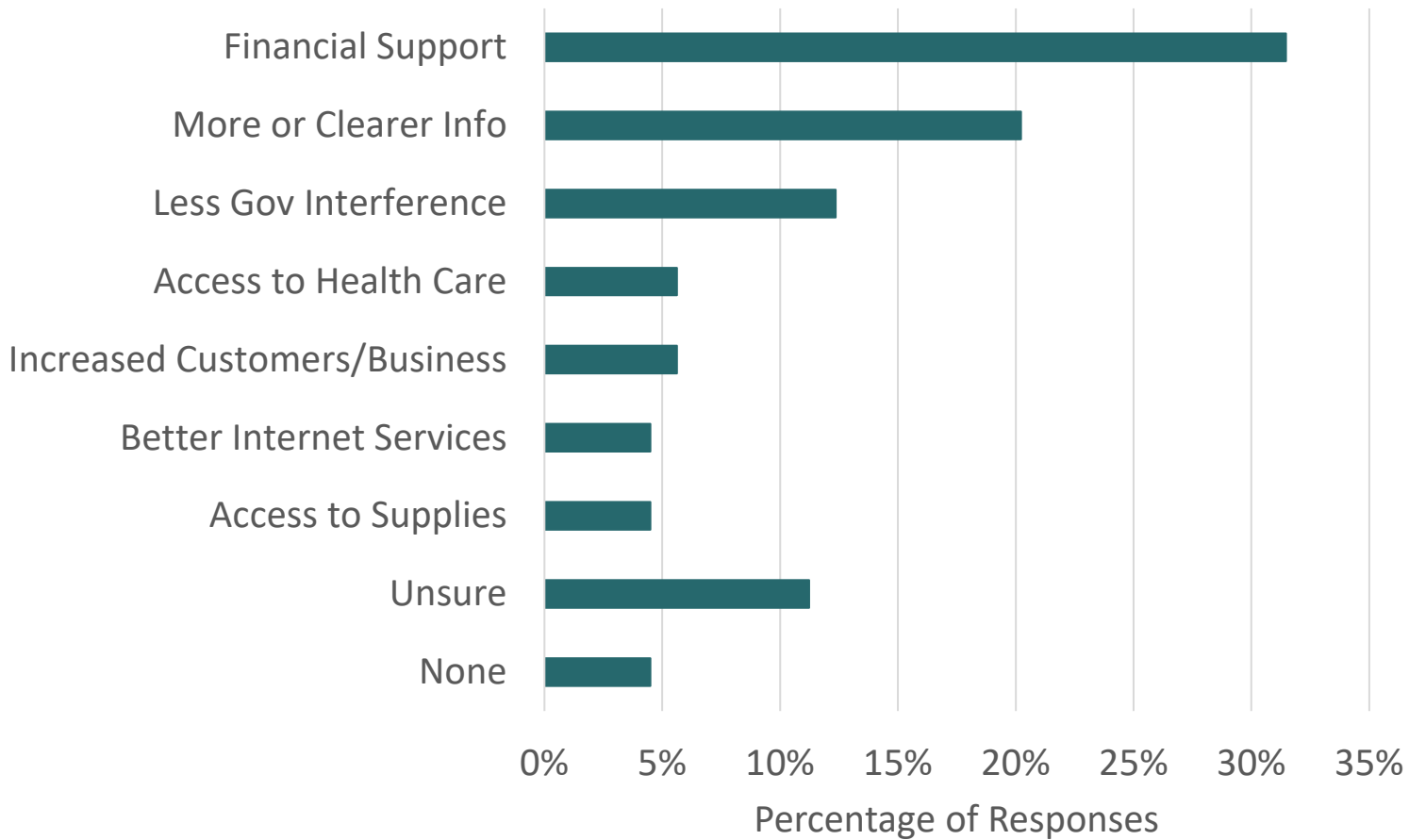
- In Round 2, 37 businesses applied for the SBA disaster loan
- 23 of the 37 businesses that applied (82.1%) had a successful application
- 16 businesses did not qualify for the loan
- In Round 1 and Round 2, the *Retail Trade; Health Care and Social Assistance; and Professional, Scientific, and Technical Services* sectors had the largest percentage of successful applications

Payroll Protection Program



- In Round 1, 143 of respondents (60.9%) applied for PPP
- In Round 2, 65 of the respondents (51.6%) applied for PPP
- High success rate for the applications in both Round 1 and Round 2
- The amount of assistance varied from \$12 to around \$1.7 million
- The sectors that received the most from PPP were the *Retail Trade*; *Manufacturing*; *Transportation and Warehousing*; and *Professional, Scientific, and Technical Services* sectors.
- Businesses also reported that the PPP allowed them to retain 1,403 employees and rehire 401 employees

Business Supports and Concerns



- In both Round 1 and Round 2 businesses were concerned about government interference (including unemployment checks hurting their ability to hire), their financial well-being, and steady access to supplies
- As many businesses shift online, there is growing concern for access to social media skills and reliable internet service

Conclusions

- Businesses are concerned with their ability to survive in the foreseeable future. Declines in revenues, confusion over governmental regulations and restrictions, and a decreased ability to receive and deliver supplies leaves survivability uncertain.
- There does appear to be an improvement in the economic picture over the course of the survey effort, with less significant loss in revenue and employment than was reported in the first survey round.
- Support through programs such as the SBA Disaster Loan program and the Payroll Protection Program have benefited the businesses that have received help and this type of assistance is requested for the future.
- With an increase in online operations, businesses are concerned with their access to internet and social media skills.