

COVID-19 Impact on Business

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Introduction

COVID-19 has not only been a major public health crisis, but it has also caused an economic shock. Small businesses have been at the losing end of the U.S. economy for years, but nothing has hurt them as bad as the COVID-19 crisis. The pandemic has devastated thousands of small businesses while larger companies have fared well and, in some cases, thrived. Although there has been an increase in bankruptcy filings among public companies, the numbers are far lower than in the 2008 financial crisis (Lahart). This paper will explore what impact the pandemic has had on small businesses, large businesses, and different industries within those in the Northwest Arkansas area.

Data and Methodology

The goal of this survey is to gain a greater understanding of how small businesses and large businesses were affected differently by the pandemic. I interviewed five small business owners and five large business owners, asking them all the same ten questions about how their business was affected by COVID over the past 12 months. These surveys were conducted from March 4, 2021 to April 14, 2021. The timing of this survey allowed me to see how these companies have been affected over the past year since the pandemic started in March of 2020. Participants were sent an introductory email with a consent protocol. Participation was voluntary, and no payments were offered. The method in which this interview was conducted with mostly open-ended questions allowed me to get more honest and interesting answers than if I were to have sent out an email survey. Interacting with the participants face to face, over zoom, or over the phone allowed for a more personal interaction with the participant. This paper will provide a first-hand account of how these businesses were impacted by the COVID-19 pandemic.

Research Questions and Answers

How well prepared was your company to deal with the pandemic?

Overall small businesses stated they were less prepared than large businesses.

Were there layoffs due to COVID?

Most companies, large and small, stated that there were no layoffs due to COVID.

Has your company experienced significant problems with employee illness due to COVID?

Every company stated that there were no significant problems with employee illness.

Have your company's expansion plans been put on hold due to COVID - if so, what was interrupted?

Large companies are actively expanding during the pandemic, while the majority of smaller companies have not been able to expand.

Has your overall top line sales revenue increased or decreased in the last 12 months?

All the large companies interviewed have seen an increase in top line sales revenue, while the majority of smaller companies' revenue has decreased.

Have your company's brick and mortar sales and online sales been affected differently over the past 12 months? If so, how?

Large companies stressed that there has been a major shift from brick and mortar to online sales. Most small companies stated that online sales had increased, although it was a much smaller scale.

Have you faced serious issues with customer demand?

The large companies all faced major issues with keeping up with extremely high levels of customer demand. Most small companies did not have as much demand as usual.

What supply chain issues has your company faced?

Almost every company interviewed faced supply chain issues during the pandemic. However, as the large companies saw much more demand than smaller companies, supply chain appeared to be a much larger problem for them.

Will there be significant long-term effects on your business? If so, what are they?

The majority of companies interviewed stated that there would not be significant long-term effects on their business except for a probable shift in consumer behavior.

What is the likelihood of your business remaining operational by the end of 2021 if COVID disruptions continue through the end of the year?

Every company stated that it was very likely that their company would remain operational by the end of 2021.

**Further details regarding individual questions from executives are available upon request.

Conclusions

Measuring the full impact of the pandemic on the U.S. economy is still a work in progress. Overall, it appears that small businesses were in fact hit harder than the larger businesses. However, not as differently as expected. Industry seems to have a rather large impact on how the companies were affected. Businesses that were deemed essential remained open, while others were required to close. Necessity items such as food were in high demand, as well as consumer technology and entertainment due to the shift of virtual school and work.

Every company stated that it was very likely that their company would remain operational by the end of 2021. I think if I were to have asked some of the companies the same question at the beginning of the pandemic, their answers would have most likely been different. However, as the economy continues to reopen and mandates are lifted, people are more optimistic and have a far better idea of how their company will perform in the future. Understanding the customer and adapting to the constantly evolving economy has become more important than ever.

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