Why Entrepreneurship has Thrived During the Pandemic



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The pandemic has changed the world in many ways. One of the more noticeable is also one of the most surprising. The United States Census Bureau noted that business formation in 2020 showed a massive jump of 24 percent compared to the previous year. According to the New York Times, this growth spurt comes after nearly a decade of business formation being in a slump. The pandemic has shown us that many small businesses don't have the staying power that more giant corporations have had. Yet despite these warnings of small businesses closing down because they can't compete, new companies are being formed almost out of the ether. What is happening to cause the U.S. economy to boom so much, despite all the dire warnings against developing new businesses?

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A decade of crisis recovery

When the 2008 economic crisis hit, both large and small businesses were affected. A few remained above water (barely) by changing their business practices. Unfortunately, most companies during this time didn't have the resilience necessary to recover and thrive in a post-crash world. Most would-be entrepreneurs who would have gotten funding quickly prior to the collapse of the economy now found that venture capitalists were holding tightly to their funds, not willing to give financing to anything less than an almost sure thing. So what changed between 2008 and today to cause so many new businesses to seek (and find) the funding they need? The answer lies with the supply of money. Reports state that this recession is the first and only one in fifty years where the supply of money after the recession vastly outweighs the supply before the economic contraction.

A change in perspective

America has always been a country of innovators. Regardless of the location, there has always been a businessperson waiting to take their shot at the big time. However, over the decades after the 1950s, many Americans settled into a routine that would repeat from generation to generation. The idea of being a company person that works all their life for the corporate structure and is rewarded with a rich retirement became a part of the American Dream. Indeed, it would still be that way if it weren't for the lack of support for the workers in many corporate institutions. Slowly, benefits for average workers have eroded, and inflation set in. What a person's parents could have easily afforded in the 1970s would be unaffordable to an adult today, even if they worked three jobs. The wealth

divide between owners of massive businesses and the average individual has widened, and at the far end of the chasm is the average employee.

The pandemic made life horrible for many of these mid-level employees, but it also opened their eyes. Those laid off because they were no longer needed in a halted corporate machine could dedicate that time to their own entrepreneurial ends. Some of them found that they liked working for themselves. Others spotted holes in society's current structure and function, and worked to fill those gaps through their own innovation. Whether these entrepreneurs are newly minted self-employed individuals or inventors with a dream and the ambition to secure funding, they left the corporate existence behind.

A response to hard times

What would prompt a person to leave their corporate life behind and invest in their own futures? When we examine business ownership, it's clear that it takes a particular type of individual to operate their own business. On the one hand, it requires a lot of bravery. Unlike in a corporate structure, where a paycheck is guaranteed each day, an entrepreneur has to make their own way in the world. If they don't work, they don't get paid. This uncertainty can be too much for many people. A corporate worker lives a relatively safe existence, cushioned by their company from many issues. An entrepreneur has to be very brave to leave those comforts behind. But many people didn't have a choice.

The second thing that typically prompts a person to start their own business is a necessity. The Center on Budget and Policy Priorities notes that one in eight households with children lacked sufficient food to get through a week. When the reality is between starving or having something to eat, the motivation becomes even more intense. An entrepreneur may

already have an idea that they want to see flourish but cannot get it off the ground because they are too afraid of losing what they already have. When a person has already lost that safety net of a corporate job, all bets are off and people will do what they have to in order to survive. However, these entrepreneurs have found that a self-employed existence is actually responsible for them thriving.

Improvising and adapting to overcome

Small businesses rarely have any benefits when compared to massive enterprises. However, one thing they can do very well is focus on the customer. Without the red tape of a corporate structure, small businesses can successfully interact with their clients in a unique and meaningful way. This personalization is at the heart of small business survival in the wake of the Covid-19 pandemic. Another valuable thing to note is how small businesses copied the tactics that worked from giant corporations and fit them into their practices. In a study of the companies that thrived during the pandemic, a few things stood out. One of these was the perseverance of businesses that relied on the subscription mechanic for their monthly customers.

Small businesses could quickly adopt a subscription-based system for their business model, depending on what they offer. Entrepreneurs spotted opportunity by marketing to a demographic that could afford goods and services through a subscription-based service. This arrangement provides a consistent payday for the business. It allows the business owner to relax a bit instead of putting so much effort into figuring out how to get new customers. Consumers interested in what the business has to offer may be more inclined to invest in a small business, primarily if it provides a unique value proposition or a founder who actually listens to their

customers’ concerns.

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Entrepreneurs are popular in media

The average American has been bombarded with news reports about entrepreneurs that got their start and rose to prominence. Business people like Elon Musk and Jeff Bezos have become the new celebrities and the mark of success for entrepreneurs. They have been instrumental in changing the world’s perception of entrepreneurs and what they’re capable of. With these examples in mind, many people set out to fulfill their own dreams of becoming entrepreneurs. They’re well on their way to seeing it happen. Working for oneself is a freeing experience. There are issues to overcome, like showing proof of income to get loans or doing taxes, but those problems are insignificant compared to the feeling of working for oneself.

Becoming an entrepreneur in the 21st century is a lot easier than it has been in the past. Technological advances and mass communication have made it much easier to build a following and develop professional contacts. With the proper planning and enough ambition, there’s almost nothing that could stop you. It’s not a wonder why so many formerly employed individuals are turning into entrepreneurs.

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