

# Rising on the Storm: A Comparison of the Characteristics of Entrepreneurs and New Ventures During and Before the Covid-19 Pandemic

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## *Abstract*

*This study examines unique characteristics of newly-minted businesses and outlines emerging challenges for starting a new business during a pandemic. Business origination more than tripled in 2020 compared to 2019 and is on track to set another record in 2021. While “covidginated” businesses are more likely to be based on hobbies and have a social mission, “covidpreneurs” indicated relatively low level of technology readiness. Availability and access to capital, time, and talent pool were identified as contributing factors to forming a business amidst the pandemic. The authors derive a taxonomy of covidginated businesses via cluster analysis and discuss policy implications.*

## **Introduction**

A large body of literature across disciplines points out that epidemics, geopolitical crises, wars, and other disruptions often lead to increased innovation.<sup>1,2,3</sup> After all, Shakespeare produced some of his best literary work when London theaters were closed due to the plague epidemics of 1592 and

1606, while Sir Isaac Newton made several breakthrough discoveries when forced into countryside isolation by the plague of 1665-66.<sup>4</sup> Thus, when viewed from an innovation perspective, time may show that the Covid-19 pandemic may have similar outcomes as epidemics of the distant past.<sup>5,6</sup>

Furthermore, destruction, creative or otherwise, is also often followed by a period of intensive development and growth.<sup>7</sup> In the case of the current COVID-19 pandemic, redevelopment has already begun. Despite the widespread challenges experienced by businesses worldwide, such as canceled and postponed orders, service disruptions, and liquidity issues,<sup>8</sup> new business creation remains strong. In fact, new business applications in the United States surged by 24% in 2020 to approach 4.5M applications, the highest statistic on record.<sup>9</sup> Moreover, these figures do not capture entrepreneurial activities that take place before such filings take place.

The emergence of the "COVIDpreneurs" is encouraging since these start-ups can serve as economic growth and employment engines and help counter the economic downturn associated with the pandemic.<sup>10</sup> These new businesses can also fuel innovation aiding rapid economic recovery. However, the literature on the drivers of increased business launch activity, the nature of the nascent businesses forged during pandemics, and their prospects remains limited.<sup>11</sup>

Several drivers are emerging as potentially relevant. For example, the reported increase in entrepreneurial activity could be linked to stimulus payments and extended unemployment benefits, mortgage and student loan forbearance programs, and more time available than in previous years. Additionally, access to high-quality industry talent amid layoffs and an increasing prevalence of the gig economy may fuel further innovation.

The overall impact of the pandemic on entrepreneurship is a complex phenomenon with multiple forces at play. While the pandemic made people less mobile, it also changed traditional employment structures, which allowed for more flexibility. At the same time, the growth of the sharing economy resulted in a change to the service industries, which enabled entrepreneurs the flexibility of taking on a variety of smaller projects.<sup>12</sup> Extant research also points out that "imposed" innovation during the COVID-19 pandemic within the services domain commonly involved spatial flexibility, social and health outreach, and technology exploitation.<sup>13</sup> Also, following natural disasters, the market economy temporarily gives way to the "moral economy," with business enterprises helping communities overcome the challenges brought about by the disaster.<sup>14,15</sup> This paper explores whether this state of "liminality" is present among the COVIDpreneurs by examining the extent to which the nascent enterprises are concerned with their social mission.

We also explore differences in entrepreneur and business characteristics for businesses that originated during the COVID-19 pandemic versus previous periods and examine how the newly minted entrepreneurs balance their entrepreneurial pursuits with more traditional employment. Cluster analysis is conducted to analyze the types of businesses that originated during the pandemic and discuss the clusters that emerged in this analysis. In summary, the following five research questions are explored in this article:

- *Was there a notable increase in entrepreneurial activity since the start of the pandemic?*
- *Are these new businesses different from the ones launched before the pandemic?*
- *Are these businesses using different sales channels and customer acquisition strategies?*
- *What are some of the drivers behind business launch activity? Are they different from the factors supporting more established businesses?*
- *Is there a meaningful way to segment these businesses using their characteristics and motivations of entrepreneurs running them?*

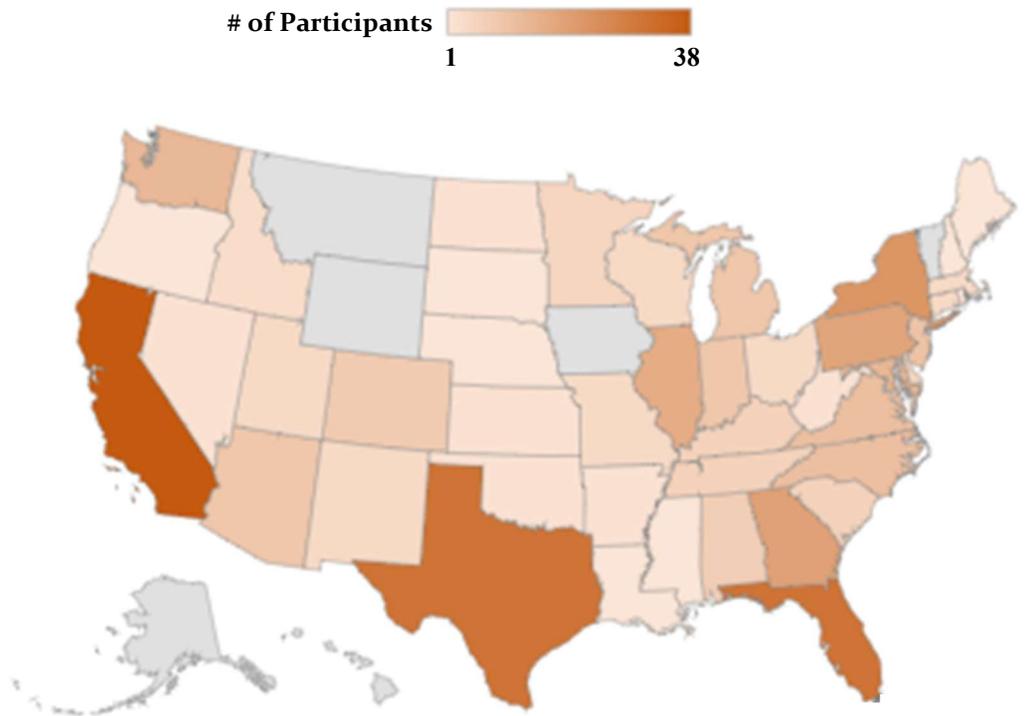
### **Data and Methodology**

An online survey was administered using M-Turk. Participants' geographic location was limited to the US and its territories. At the start of the questionnaire, the respondents answered questions about their entrepreneurial activity. The respondents who owned a business (currently or in the past) or were part of a family business were directed to respond to a section of questions about their businesses.

Next, respondents answered questions about their skill sets and level of comfort with various aspects of their business, their risk tolerance, feelings about the pandemic, and the extent to which they relied on various financial sources to sustain or launch their businesses. Finally, in the concluding section of the survey, respondents were asked traditional demographic questions related to their ethnicity, education, age, and gender.

The geographic distribution of the survey participants can be seen in Figure 1. The final sample consisted of 429 US residents, with 59% identifying themselves as current or past business owners and 38% of the 429 starting a new business during the pandemic. The sample is also deemed representative of the US when it comes to education level (Table 1), income distribution (Table 2), employment status (Table 3), gender (Table 4), and age (Table 5).

**Figure 1.** Geographic Location of Survey Participants



**Table 1.** Education Attainment

*What is the highest degree or level of education you have completed?*

	Frequency	Percent	Valid %	Cumulative %
Other	9	2.1	2.5	2.5
Some High School	2	.5	.6	3.1
High School	65	15.2	18.1	21.2
Bachelor's Degree	195	45.5	54.3	75.5
Master's Degree	79	18.4	22.0	97.5
Ph.D. or higher	2	.5	.6	98.1
Trade School	7	1.6	1.9	100.0
Total Responses	359	83.7	100.0	
No Answer Provided	70	16.3		
<b>Total Sample</b>	<b>429</b>	<b>100.0</b>		

**Table 2. Income Distribution**

*Question: What is your annual household income?*

	Frequency	Percent	Valid %	Cumulative %
Under \$25,000	50	11.7	13.9	13.9
Between \$25,000 and \$49,999	92	21.4	25.6	39.4
Between \$50,000 and \$99,999	151	35.2	41.9	81.4
Between \$100,000 and \$149,999	45	10.5	12.5	93.9
Between \$150,000 and \$199,999	13	3.0	3.6	97.5
Between \$200,000 and \$249,999	6	1.4	1.7	99.2
Over \$250,000	3	.7	.8	100.0
Total Responses	360	83.9	100.0	
No answer provided	69	16.1		
<b>Total Sample</b>	<b>429</b>	<b>100.0</b>		

**Table 3. Employment Status**

*Question: What is your current employment status?*

	Frequency	Percent	Valid %	Cumulative %
Other (please specify)	7	1.6	1.9	1.9
Employed Full-Time through another employer	237	55.2	66.0	68.0
Employed Part-Time through another employer	51	11.9	14.2	82.2
Self-employed	38	8.9	10.6	92.8
Seeking opportunities	13	3.0	3.6	96.4
Retired	3	.7	.8	97.2
Seeking opportunities	8	1.9	2.2	99.4
Retired	2	.5	.6	100.0
Total Responses	359	83.7	100.0	
No answer provided	70	16.3		
<b>Total Sample</b>	<b>429</b>	<b>100.0</b>		

**Table 4. Gender**

*Question: What gender do you identify as?*

	Frequency	Percent	Valid %	Cumulative %
Other	2	.5	.6	.6
Female	171	39.9	47.1	47.7
Male	185	43.1	51.0	98.6
Non-binary	5	1.2	1.4	100.0
Total Responses	363	84.6	100.0	
No answer provided	66	15.4		
<b>Total Sample</b>	<b>429</b>	<b>100.0</b>		

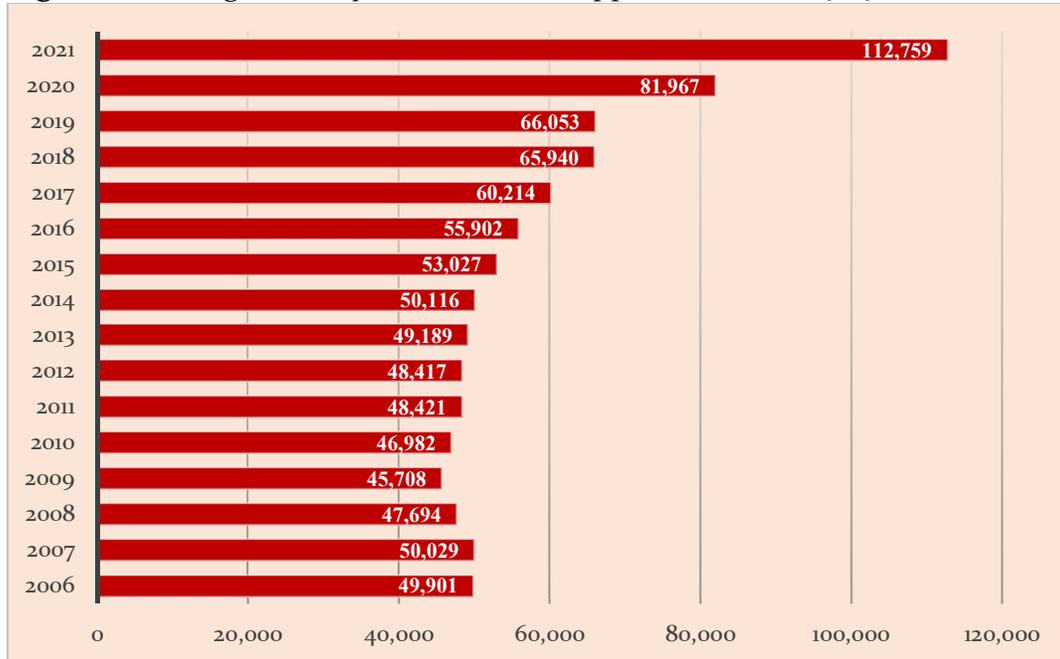
**Table 5. Age**  
Question: What is your age?

	Frequency	Percent	Valid %	Cumulative %
18-24	39	9.1	10.8	10.8
25-34	164	38.2	45.4	56.2
35-44	91	21.2	25.2	81.4
45-54	38	8.9	10.5	92.0
55-64	25	5.8	6.9	98.9
65+	4	.9	1.1	100.0
Total Responses	361	84.1	100.0	
No answer provided	68	15.9		
<b>Total Sample</b>	<b>429</b>	<b>100.0</b>		

**Findings**

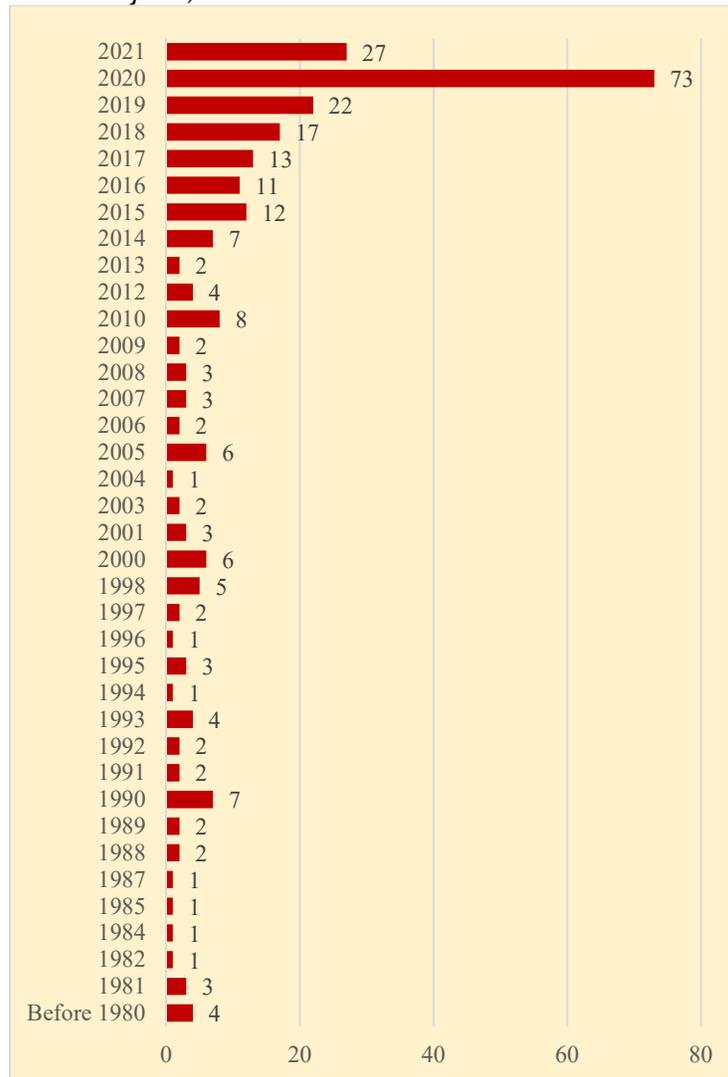
**Explosive Growth in New Business Starts:** As of mid-July 2021, average weekly new business applications significantly exceed those from 2020 (Figure 2). The survey findings reveal an even more dramatic increase in business origination during the pandemic (Figure 3). Three times as many of the respondents stated they started their businesses in 2020 compared to 2019, and the partial data available for 2021 points in the direction of another record year.

**Figure 2. Average Weekly New Business Applications as of 7/17/2021**



Source: US Census Bureau Business Formation Statistics

**Figure 3.** Business Starts by Year, Data Collected in March 2021 (partial data for the current year)



***Differences in Entrepreneurs' Attitudes and Demographics:*** Chi-square tests suggest differences in the distribution of survey takers' responses in how they view their businesses. That is, new "covidginated" businesses are more likely to be considered side hustles by their owners ( $p < .001$ ). Close to 73 percent of new business owners believe their businesses to be side hustles, as opposed to 48.9 percent of business owners who launched before the pandemic (Table 6). We also found that more entrepreneurs (almost 88 percent) had a clear idea of what their product or service should be before launching a business (Table 7) compared to the entrepreneurs from the previous period ( $p < .01$ ), where only 74 percent had a clear idea.

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**Table 6. Business as a Side Hustle**

Question: *Do you consider this business to be a side hustle?*

			<i>Did you start a business during the pandemic?</i>		Total
			Yes	No	
<i>Do you consider this business to be a side hustle?</i>	Yes	Count %	119 72.6%	43 48.9%	162 64.3%
	No	Count %	24 14.6%	33 37.5%	57 22.6%
	Sometimes	Count %	21 12.8%	12 13.6%	33 13.1%
<b>Total</b>	<b>Count</b> %	<b>164</b> <b>100.0%</b>	<b>88</b> <b>100.0%</b>	<b>252</b> <b>100.0%</b>	
Pearson Chi-Square					18.27
Significance (p-value)					< .001
N					252

**Table 7. Idea of Product or Service before Starting a Business**

Question: *Did you have an idea as to what your product or service would be if you opened a business?*

			<i>Did you start a business during the pandemic?</i>		Total
			Yes	No	
<i>Did you have an idea as to what your product or service would be if you opened a business?</i>	Yes	Count %	144 87.8%	65 73.9%	209 82.9%
	No	Count %	20 12.2%	23 26.1%	43 17.1%
<b>Total</b>	<b>Count</b> %	<b>164</b> <b>100.0%</b>	<b>88</b> <b>100.0%</b>	<b>252</b> <b>100.0%</b>	
Pearson Chi-Square					7.9
Significance (p-value)					.005
N					252

We stipulate that many of these businesses started responding to a specific COVID-19-related threat, need, or shortage, and there was relatively little proactive exploration of what the product or service offering should entail.<sup>16</sup> At the start of the pandemic, a variety of small businesses emerged to solve some of the emerging problems, e.g., selling sourdough starters online in response to baker's yeast shortage; businesses that organized study pods in response to school closure, and so on. Qualitative data in our survey supports this stipulation as well. Some of our respondents produced and distributed personal protection equipment (PPE), opened community support services and businesses that produced and delivered baked goods out of their homes. One respondent even opened a ministry to help people struggling with emotional and spiritual well-being.

In terms of entrepreneurs' backgrounds, a marginally significant shift in responses ( $p = .09$ ) was detected regarding entrepreneurs' employment status; the difference was driven by the larger proportion of founders who were employed full-time when launching their businesses. Seventy-seven percent of COVIDpreneurs were employed full-time, while only 63 percent of pre-COVID entrepreneurs reported being employed full-time. The result could be driven by the fact that more established businesses demand more attention. Alternatively, it is possible that working from home may have enabled some people to save commute time and multi-task between their jobs and their nascent ventures.

While we did not detect any significant shifts in the ethnic background of the COVIDpreneurs (we suppress this part of the analysis due to space limitations), they were significantly more likely to be women in larger households, potentially indicating that mothers bound to their homes by lack of childcare are entering entrepreneurial space in more significant numbers. This finding echoes the reports that many women started businesses during the pandemic out of economic hardship and necessity.<sup>17</sup> This could also reflect the fact that women were more adversely impacted by the layoffs associated with the pandemic.<sup>18</sup>

Unfortunately, we had only four non-binary individuals answer our survey and could not explore this group in more detail. However, as shown in Table 8, examining those who started a business during the pandemic and those who plan to start them in the future, we identify a significant shift toward female entrepreneurs ( $p = .037$ ). This difference is especially pronounced in the group of entrepreneurs who are still working on their ideas. Once again, this finding is consistent with extant reports. For instance, AllBright professional network for women indicated that a quarter of its members were working on starting a business, while the LinkedIn networking portal tracked female members who had changed their title to "founder" during the pandemic and found that the increase was more than double of the pre-pandemic average.<sup>19</sup>

***Differences in Business Characteristics:*** Covidginated businesses exhibit several unique characteristics, separating them from ventures launched in earlier periods (Table 9). These nascent businesses are more likely to have a social mission and focus on supporting vulnerable populations. While the "covidginated" businesses do not necessarily rely more heavily on technology, they are more likely to allow people to connect virtually and, not surprisingly, enable consumers to access products without the need to travel to the store. Covidpreneurs are also more likely to utilize social media to sell products and to attract new customers. Covidginated

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businesses are also significantly more likely to be based on owner/entrepreneurs' hobbies.

**Table 8.** Gender Differences

			<i>Did you start a business during the pandemic?</i>			Total
			Yes	No	Not yet, but I am working on it*	
<i>What gender do you identify as?</i>	Female	Count %	80 49.4%	36 43.9%	12 80.0%	128 49.4%
	Male	Count %	82 50.6%	46 56.1%	3 20.0%	131 50.6%
<b>Total</b>		<b>Count %</b>	<b>162 100.0%</b>	<b>82 100.0%</b>	<b>15 100.0%</b>	<b>259 100.0%</b>

\*"Not yet, but I am working on it" was a very sparsely populated category. We omitted this category in most cross-tabulation before it led to expected cell counts of less than 5, violating the requirements of the chi-squared test. Here, we are able to show full results.

***Differences in Marketing Channel Utilization and Business Acquisition Strategies:*** New business owners utilize social media marketing to distribute their goods and services more: Seventy-seven percent of new businesses utilized social media compared to 63.6 percent of businesses that were started prior to the pandemic (Table 10). There was also a significant decline in "other" responses, while 12.5 percent of business owners who started a business before the pandemic indicated that they used other channels, only 3 percent of new enterprises identified additional options. When it comes to customer acquisition, new business owners used social media at a marginally higher rate and relied more on wholesalers (Table 11).

***Differences in Technology Readiness:*** We compared technology readiness of covidginated business owner's vis-a-vis business owners who launched their businesses prior to the pandemic as measured by an abbreviated version of Parasuraman's Technology Readiness Index (TRI) scale.<sup>20,21</sup> Out of ten original abbreviated TRI scale items (measured on a 1 to 5 scale from "strongly disagree" to "strongly agree"), nine survived the scale purification exercise, with all nine remaining items positively contributing to scale reliability. After dropping the problematic item, Cronbach's alpha reliability coefficient was .72, exceeding the recommended .7 cutoff level.<sup>22,23</sup> After creating a formative scale consisting of these nine items, the responses from new business owners vs. business owners who launched their businesses before the pandemic were compared. Despite the heavier emphasis on Social Media marketing outlined above, the new business owners manifest marginally lower ( $p = .063$ ) technology readiness (TRI =

29.63), compared to the owners of businesses established before the pandemic (TRI = 31.02) indicating the emerging need for training and technical assistance in this area.

**Table 9.** Differences between Covidinated vs. Earlier Established Businesses

Does your business		Did you start a business during the pandemic?		Chi-Squared (p-value)
		Yes	No	
<i>Rely heavily on technology?</i>	Not at all	9.80%	10.20%	7.72 (.102)
	Not really	6.10%	15.90%	
	Not sure	14.00%	14.80%	
	To some extent	44.50%	33.00%	
	To a great extent	25.60%	26.10%	
<i>Allow people to connect virtually?</i>	Not at all	9.10%	14.80%	10.146 (.038)
	Not really	13.40%	23.90%	
	Not sure	13.40%	14.80%	
	To some extent	37.20%	33.00%	
	To a great extent	26.80%	13.60%	
<i>Provide social benefits?</i>	Not at all	6.10%	18.40%	19.57 (.001)
	Not really	9.20%	11.50%	
	Not sure	23.30%	6.90%	
	To some extent	44.20%	37.90%	
	To a great extent	17.20%	25.30%	
<i>Have a social mission?</i>	Not at all	6.10%	14.80%	11.039 (.026)
	Not really	14.70%	14.80%	
	Not sure	18.40%	21.60%	
	To some extent	36.20%	38.60%	
	To a great extent	24.50%	10.20%	
<i>Deliver products to customer homes without the need to visit the store?</i>	Not at all	8.50%	21.80%	14.601 (.006)
	Not really	7.90%	13.80%	
	Not sure	16.50%	8.00%	
	To some extent	31.10%	31.00%	
	To a great extent	36.00%	25.30%	
<i>Help vulnerable groups?</i>	Not at all	8.50%	22.70%	12.188 (.016)
	Not really	15.20%	19.30%	
	Not sure	27.40%	18.20%	
	To some extent	28.70%	22.70%	
	To a great extent	20.10%	17.00%	
<i>Utilize your personal technical skills or talents?</i>	Not at all	1.80%	9.10%	7.977 (.092)
	Not really	9.80%	9.10%	
	Not sure	16.50%	11.40%	
	To some extent	36.00%	35.20%	
	To a great extent	36.00%	35.20%	
<i>Utilize your artistic abilities and talents?</i>	Not at all	4.90%	12.60%	6.265 (.18)
	Not really	8.60%	11.50%	
	Not sure	20.20%	17.20%	
	To some extent	36.20%	35.60%	
	To a great extent	30.10%	23.00%	
<i>Build on your hobby?</i>	Not at all	3.00%	9.10%	15.033 (.005)
	Not really	4.30%	13.60%	
	Not sure	14.00%	17.00%	
	To some extent	40.20%	25.00%	
	To a great extent	38.40%	35.20%	

**Table 10.** Differences in Marketing Channel Utilization

Marketing Channel	Started Business During Pandemic	Started Business Before Pandemic	For All Businesses	p value
Social Media	77.4%	63.6%	72.6%	.019
Storefront	29.9%	26.1%	28.6%	.531
Business Website	36.6%	38.6%	37.3%	.748
Wholesale	25.60%	21.60%	24.20%	.478
Marketplace Website (i.e. eBay, Etsy, etc.)	26.20%	18.20%	23.40%	.151

**Table 11.** Differences in Customer Acquisition Strategies

Customer Acquisition Method	Started Business During Pandemic	Started Business Before Pandemic	For All Businesses	p value
Social media	77.4%	67.0%	73.8%	.074
Personal network	57.9%	52.3%	56.0%	.389
Word-of-Mouth	43.9%	53.4%	47.2%	.150
Paid advertising or paid search	34.1%	25.0%	31.0%	.134
Selling through wholesalers	29.3%	17.0%	25.0%	.033
Business Partnerships	12.20%	17.00%	13.90%	.289

**Drivers of Entrepreneurial Activity:** New and existing business owners were asked about the factors that helped them launch their businesses or keep their business going. The questions concentrated on factors relevant to new businesses rather than various types of loans that were available to established businesses. Results presented in Table 12 show that lower interest rates were a very strong contributing factor, with over half of the new business owners finding them either very or extremely helpful. Notably, in lieu of government support for new business origination, people relied on their personal funds to launch new businesses to a much greater extent compared to existing enterprises. Stimulus payments and unemployment insurance, and several types of forbearance played a vital role in supporting new business launches. Respondents also indicated that time availability and access to the talent pool were important reasons behind their business launch.

**Typology of New Businesses:** We conducted cluster analysis, a common type of analysis within the marketing field as modern marketing strategy formulation is based on the segmentation-targeting-positioning conceptual framework.<sup>24</sup> In particular, we utilized the two-step cluster analysis approach.<sup>25</sup> Two-step cluster analysis revealed an acceptable fit for a three-cluster solution according to the silhouette measure averages with a cutoff value of .2 suggested by Kaufman and Rousseeuw.<sup>26</sup> The three clusters are

nicely sized, representing 33.5, 25.5, and 41 percent of the total sample, with the ratio of the largest to the smallest cluster of 1.61. The discriminant analysis supports the existence of the aforementioned cluster structure by correctly classifying 82 percent of cases using in-sample validation and close to 78 percent of cases using a leave-one-out cross-validation procedure.

**Table 12.** Factors Helping to Launch a Businesses or Keep an Existing Business Going

Helpful factors		<i>Did you start a business during the pandemic?</i>				Chi Squared (p value)
		Yes		No		
		N	%	N	%	
<i>Low interest rates</i>	Not at all	23	14.4%	30	35.7%	15.746 (.003)
	Slightly	24	15.0%	12	14.3%	
	Moderately	30	18.8%	13	15.5%	
	Very	44	27.5%	17	20.2%	
	Extremely	39	24.4%	12	14.3%	
<i>Stimulus payments</i>	Not at all	18	11.3%	24	28.6%	26.574 ( <i>&lt;.001</i> )
	Slightly	12	7.5%	18	21.4%	
	Moderately	39	24.5%	16	19.0%	
	Very	50	31.4%	16	19.0%	
	Extremely	40	25.2%	10	11.9%	
<i>Unemployment funds</i>	Not at all	28	18.2%	30	37.0%	12.770 (.012)
	Slightly	15	9.7%	11	13.6%	
	Moderately	43	27.9%	14	17.3%	
	Very	41	26.6%	16	19.8%	
	Extremely	27	17.5%	10	12.3%	
<i>Loss of job due to the pandemic</i>	Not at all	27	17.4%	25	30.9%	5.958 (.202)
	Slightly	22	14.2%	8	9.9%	
	Moderately	31	20.0%	15	18.5%	
	Very	41	26.5%	19	23.5%	
	Extremely	34	21.9%	14	17.3%	
<i>Mortgage forbearance</i>	Not at all	37	23.9%	30	37.5%	9.959 (.041)
	Slightly	17	11.0%	6	7.5%	
	Moderately	25	16.1%	19	23.8%	
	Very	43	27.7%	16	20.0%	
	Extremely	33	21.3%	9	11.3%	
<i>Federal student loan forbearance</i>	Not at all	39	25.00%	35	44.30%	10.426 (.034)
	Slightly	14	9.00%	5	6.30%	
	Moderately	30	19.20%	10	12.70%	
	Very	44	28.20%	21	26.60%	
	Extremely	29	18.60%	8	10.10%	
<i>More time available compared to previous years</i>	Not at all	8	5.0%	20	23.8%	25.614 ( <i>&lt;.001</i> )
	Slightly	16	10.0%	12	14.3%	
	Moderately	28	17.5%	18	21.4%	
	Very	55	34.4%	15	17.9%	
	Extremely	53	33.1%	19	22.6%	
<i>Access to high level industry talent</i>	Not at all	25	16.1%	29	35.8%	13.735 (.008)
	Slightly	17	11.0%	7	8.6%	
	Moderately	27	17.4%	12	14.8%	
	Very	52	33.5%	15	18.5%	
	Extremely	34	21.9%	18	22.2%	

The first cluster makes up about a third of all the respondents who appear more serious about running the businesses they launched during the pandemic. These respondents are less likely to consider their business a side hustle, and almost none of the respondents own multiple businesses. They are more prone to utilizing their skill sets and experiences in building their enterprise while being less concerned about its social mission. Interestingly, of all the clusters, this group self-identified to have the lowest degree of product/service knowledge before opening their business.

The second cluster makes up about a quarter of all respondents; all respondents consider their business a side hustle. This group of individuals appears to be capitalizing on business opportunities that surfaced during the pandemic and treating their new business as an additional source of income. Their response profiles indicate low utilization of their technical skills and talents. Their businesses are less aligned to a social mission and vary in purpose.

The third cluster makes up over 40 percent of all respondents who all consider their business to be a side hustle. Despite not viewing their businesses as the primary source of income, this group appears to be the most intentional about the purpose of their venture. This group relies more heavily on technology than any other group. Respondents in this cluster are most concerned with the social mission of their businesses and rank the highest in providing social benefits. A third of all respondents identify as owning multiple businesses. All respondents in this cluster were highly knowledgeable about their product or service before opening their business, indicating respondents' intention of delivering on the social mission of their business by addressing a well-defined consumer need. Such mindfulness among small business owners has been previously noted.<sup>27</sup>

### **Managerial and Policy Implications**

By definition, covidinated businesses were formed during a period of extreme volatility and market turbulence. Non-conventional, entrepreneurial marketing techniques have been proposed to be more effective during such uncertain conditions.<sup>28,29,30</sup> Therefore, it would be advisable for new business owners to familiarize themselves and/or hire staff with such marketing experience.

Advancing women in business has been identified as a priority for research and practice.<sup>31,32</sup> It appears that women-entrepreneurs have identified and taken advantage of opportunities relatively more often during the pandemic. As in other contexts such as new product development, there are significant differences between projects led by men vs women,<sup>33</sup> and it

appears that women narrow the gap in new venture origination during periods of high volatility.

Existing government programs tend to support established businesses with a focus on compensation for lost revenue. What about the much-needed support for new ventures without prior revenue streams? Our analysis shows that in lieu of such support, aspiring entrepreneurs dip into their unemployment benefits and stimulus payments to start their businesses. Policymakers and nonprofit organizations such as CDFIs need to think about ways to provide meaningful support to new business owners who may need additional investment. The establishment of additional policies to support covidiginated businesses is of critical importance. Companies like Facebook, Google, Amazon, and Constant Contact (i.e., firms tied to the tech side of customer acquisition and promotion) also need to rethink the way they offer service support and training to small businesses. These new entrepreneurs are less tech-savvy even as online revenue generation is more critical to them.

### **Limitations and Future Directions**

A fundamental limitation is that the data was collected during March 2021, with the pandemic still ongoing. Therefore, there could be some temporal variation in businesses in the early vs. late stage of the pandemic, which we are not capturing in this study due to the cutoff of the data collection period. Due to the cross-sectional nature of our data, we were not able to track the success of these businesses or have any indication of their changing needs over time.

Due to the richness of this dataset vis-à-vis the space limitations of this article, we were unable to explore all the different facets of new businesses or present attitudinal and psychographic data in all its richness. For example, a part of this dataset explores business owners' risk aversion and anxiety levels as well as levels of optimism about the future. Our preliminary findings indicate that new business owners experience disproportionately high levels of anxiety and depression. Exploring this and other related topics, including the possible reasons for this disparity in future research, would be worthwhile.

While we used the M-Turk platform for data collection, using social media platforms such as LinkedIn to extend the research stream could also be beneficial. Previous studies have found that social media-based surveys can be equally valuable for marketing research.<sup>34</sup>

The sample in this study was limited to the United States. Cross-cultural differences in attitudes and behavior regarding entrepreneurship have been

noted.<sup>35</sup> Therefore, it would be worthwhile to expand the study to other countries and cultural contexts.

### Summary and Conclusion

This paper examines the issues of high relevance for marketing and entrepreneurship scholars/practitioners and policy-makers seeking to support business creation during prolonged business disruptions. Previous research on entrepreneurship and innovation during the COVID-19 pandemic, even if it addressed the "old" versus "young" business dynamics, focused primarily on large firms and their entrepreneurial thinking in responding to the challenges brought about by the pandemic or their ability to protect their businesses despite the upstream disruptions.<sup>36</sup> We concentrate on individual small business owners who started their businesses during the pandemic and explore what makes them different.

According to the Department of Commerce, Census Bureau, Statistics of US Businesses, small businesses are responsible for roughly half of all the jobs in the country.<sup>37</sup> This article verifies an explosion of entrepreneurial activity during the COVID-19 pandemic, reveals several interesting differences between businesses launched before vs. during the current pandemic, and outlines relevant forces propelling new business formation in this setting. We also highlight the areas where support is urgently needed and outline some areas for future research.

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### Endnotes

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