

Bachelor Thesis

How has the initial governmental policy ‘The Cares Act’, which emanated from Covid-19, affected entrepreneurship in Mississippi and Alabama?

Abstract: This Bachelor Thesis discusses the American government’s initial fiscal response to the Covid-19 pandemic, the Cares Act, and investigates how the different disposition of money in the two States Mississippi and Alabama has affected entrepreneurship. This comparison is made through a descriptive analysis of how the two states, have distributed, focused and used their Cares Act capital. It is found that the two states have utilised their money differently and this, together with Belitski et al.s’ (2021) research on the economic effects of pandemic effects on small businesses, suggests that it has had a possible effect on how entrepreneurship is perceived in the two different states. Furthermore, it is also found that Mississippi advances in comparison to Alabama in entrepreneurship and other important indexes, but that Alabama triumphs with a lower firm death rate during the first year of the pandemic, which can possibly be explained through their state’s different take on small, family-owned businesses.

Erica Hasselberg

Economy and Society, Lund University

Supervisor: Josef Taalbi



**SCHOOL OF
ECONOMICS AND
MANAGEMENT**

Table of contents

List of abbreviations	2
Introduction	3
Aim	3
Scope and relevance	4
Delimitation	4
Definitions	5
Thesis outline	5
Background	6
Pre-Covid-19: The Startup Deficit	6
The lost decade in American entrepreneurship	7
The Start of the Pandemic	8
The Great Resignation	9
Mississippi	9
Alabama	10
Literature Review	12
Exogenous shocks, and the entrepreneurial business response	12
Effects of Covid-19 on entrepreneurship	12
Contribution to discussion	14
Theoretical Framework	15
Method	16
Empirical Analysis	17
Cares Act Dispersion	17
Mississippi Cares Act Dispersion	17
Mississippi Cares Act Implementations	18
Alabama Cares Act Dispersion	19
Alabama Cares Act Implementations	20
Vast Differences between Mississippi and Alabama	21
Discussion	24
Conclusion	27
References	29

List of abbreviations

Covid-19	Coronavirus SARS-CoV-2
USA	United States of America
Cares Act	Coronavirus Aid, Relief and Economic Security Act
FPUC	Federal Pandemic Unemployment Compensation
PEUC	Pandemic Emergency Unemployment Compensation
PUA	Pandemic Unemployment Assistance
PPP	Paycheck Protection Programme

Introduction

Mankind has always been an extremely resourceful type of creature. From early on, humans found ways to survive the environment, and the animals surrounding them and managed to climb to the top of the food chain and acquire the status of apex predator (McRae, 2022). By the end of the stone age, the original food supply declined heavily and this led humans to adapt their diet and diversify it resourcefully. Although this removed their status as apex predators, it nevertheless sparked a level of adaptation and ingenuity that has been prominent ever since.

Resourcefulness can be seen and measured in many different ways, but looking at it in a scholarly way, it is most often discussed as a level of entrepreneurship. There is a wide range of classifications of entrepreneurship. We for example have social, sustainable and educational entrepreneurship but there are furthermore seven different leading types of entrepreneurship; small business, large company, social, scalable startup, hustler, innovative and imitator entrepreneurship (Purdom, 2021). During the last decade, there has been a continuous decrease in entrepreneurship in the United States of America, to a point where the measured level of entrepreneurship was lower than after the Great Recession (Fikiri & Newman, 2020).

When the Coronavirus SARS-CoV-2 struck America and people were asked to stay at home, the American people stood at a crossroads. They could either wait it out and listen to the instructions yielded by their government or they could once again become resourceful and make the most out of an impossible situation. Like a Fenix rising from the ashes, American entrepreneurship took a steep turn upwards and the number of businesses created from 2019 to 2021 skyrocketed and each consecutive year beat last year's record numbers. Covid-19 has completely changed the way that businesses interact with their consumers and with their employees and it has provided many opportunities for businesses to form (Schneider, 2021). States' values vary a lot but two states that have seen a positive increase in businesses created and entrepreneurship over the last three years are Mississippi and Alabama. The two states lie next to one another and are very similar in area, infrastructure, general policies, and politics. However, the measured level of entrepreneurship was 2020 0.7% higher in Mississippi than in Alabama (Fairlie and Desai, 2021) and in 2021 it had increased to 0.11% (Fairlie, 2022). The growth in total annual likely employer business applications from 2019 to 2021 showed a difference of 26.1%, with Mississippi surging ahead (Newman and Fikiri, 2022) and these differences made me intrigued to further investigate why this is when the states themselves are so very similar.

Aim

The United States of America poses an interesting case to analyze how the Coronavirus Aid, Relief and Economic Security Act policy that was born from the pandemic has affected levels of entrepreneurship compared to previous years and levels. It is interesting as the pandemic has forced large government sanctions that have not previously been devoted in the US, except in previous economic crises and to then see if this has had any effect on

entrepreneurship and the number of businesses being established compared to before Covid-19. This Bachelor thesis aims to investigate whether the two states differ in regards to their policies or usage of the subvented money provided through the Cares Act to all states from the government when the Covid-19 pandemic hit America.

Scope and relevance

The scope of this research are to investigate how Mississippi and Alabama, two very outwardly similar states, have dispersed their Cares Act money throughout their different sectors and how this has affected entrepreneurship in each respective state. The research is relevant as there are not any papers investigating the Covid-19 pandemic and its possible relation/effect on entrepreneurship in the United States of America, and not comparing two states to each other. Similar studies have been made in other countries such as Germany and Israel, but not in America and not in different states. Furthermore, it is also relevant as exogenous economic shocks' effect on entrepreneurship is of interest for the future, as it can help state officials to make quicker choices based on previous events. This means that people might not hold on to their money as hard and spend continuously if a correlation can be proven between a certain policy and increased entrepreneurship as an effect of an exogenous shock.

Delimitation

Limitations regarding my research are that the pandemic is still somewhat ongoing and the number of published research is limited. Therefore I will have to rely a lot on non-peer-reviewed research which makes the scope much wider. This will be counteracted by researching the authors of publication more narrowly through Scopus and Google Scholar, to see that they are somewhat established authors, researchers or professionals within their field. Furthermore, as the pandemic is still ongoing, it is impossible to measure the actual effect of entrepreneurship or new business ventures. Countries have now started opening up or relieving their restrictions, but there are no post-pandemic numbers possible to contrast and compare to 2019 until the present.

Further on, the two states might be too similar to one another to make a larger comparison of the actual effect. These states were chosen as they report some diverse numbers but are shaped, and structured very similarly, which is both a blessing and a curse. The two states' refutation and policies regarding Covid-19 have been somewhat similar, and both governors passed a Stay At Home Order on April 3rd 2020, almost an entire month after their first respective confirmed case, and notably later than other states (Judin and Pitman, 2020; Ballotpedia, 2020).

Furthermore, the third limitation of this paper is that it can be hard to isolate the effect of the Cares Act at hand. There might be some underlying factors which make it unclear whether the change occurred due to this policy or to another circumstance. There are furthermore additional financial support and other policies being utilised at the same time, which can also

affect the result of the measurements. There have been other acts following the initial Cares Act such as Biden's American Rescue Plan and the Paycheck Protection Program, which will also have had an effect on Mississippi's and Alabama's population, government and entrepreneurship. For this bachelor thesis, however, I have chosen to focus primarily on the effects of the initial Cares Act. There were also other policies being implemented close to or at the same time as the Cares Act, and although these are important for small businesses I have chosen to focus primarily on the Cares Act and the dispersion of this between the two states. This, as the monetary value of this policy, is somewhat greater and the policy itself has been more researched and critiqued by journalists and scholars focusing on these two states. As this is a qualitative paper, the possible quantitative effects on the results of other policies are taken into consideration but not discussed.

Definitions

In this paper, entrepreneurship is a term that will repeatedly be used, this has different meanings and definitions in books, minds and discussions and for this thesis, the following definition is what will be thought of when discussing entrepreneurship; *Entrepreneurship: The act of an individual person or larger group/corporation that identifies an opportunity in the market and comes up with an idea and creates a product/service/experience to fill the gap.*

Thesis outline

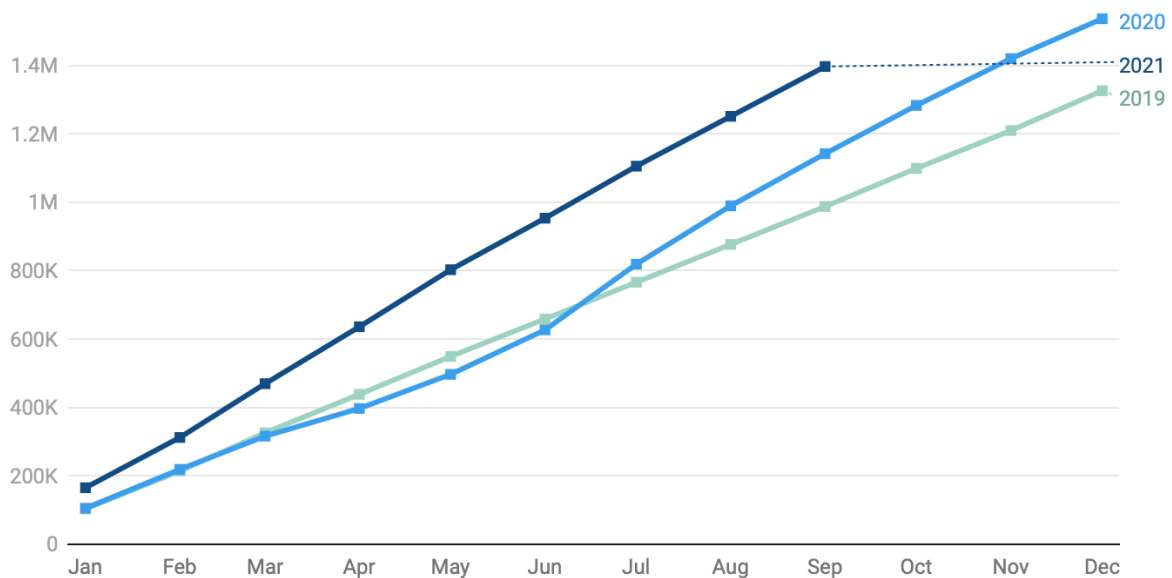
The next section will present the context in which this paper is being written and compare the two states which are of focus in this study. Furthermore, it will also present the path that America has taken to get to the low entrepreneurial points before the start of the pandemic. The subsequent section provides the reader with an understanding of the present literature and studies of the previous situation. Further, the theoretical framework of the study will be presented, followed by methodology, empirical analysis and discussion. A conclusion finalises the discussion of possible policy effects on entrepreneurship.

Background

Pre-Covid-19: The Startup Deficit

Pre-Covid-19 there was a deficit in the number of startups in the US, a deficit that has previously only been lower in the aftermath of the Great Recession (Newman, 2021). The Covid-19 pandemic has however resulted in the third quarter of 2021 having the largest number of applications being filed to form new businesses likely to hire employees ever on record (Census Bureau, 2022). Newman (2021) argues that the surge in new business formations has remained high and well above historical norms, indicating that the trend is strong and prevailing. There is an increase of approximately 225 000 filings per year since 2019 with large concentrations of businesses being established in the economic areas most affected by the pandemic (Newman, 2021). In Newman's (2021) graph below the American cumulative likely employer business applications, 2019-2021 have been illustrated, displaying the number of businesses formed that are likely to hire employees in the momentarily future.

Cumulative likely employer business applications, 2019-21



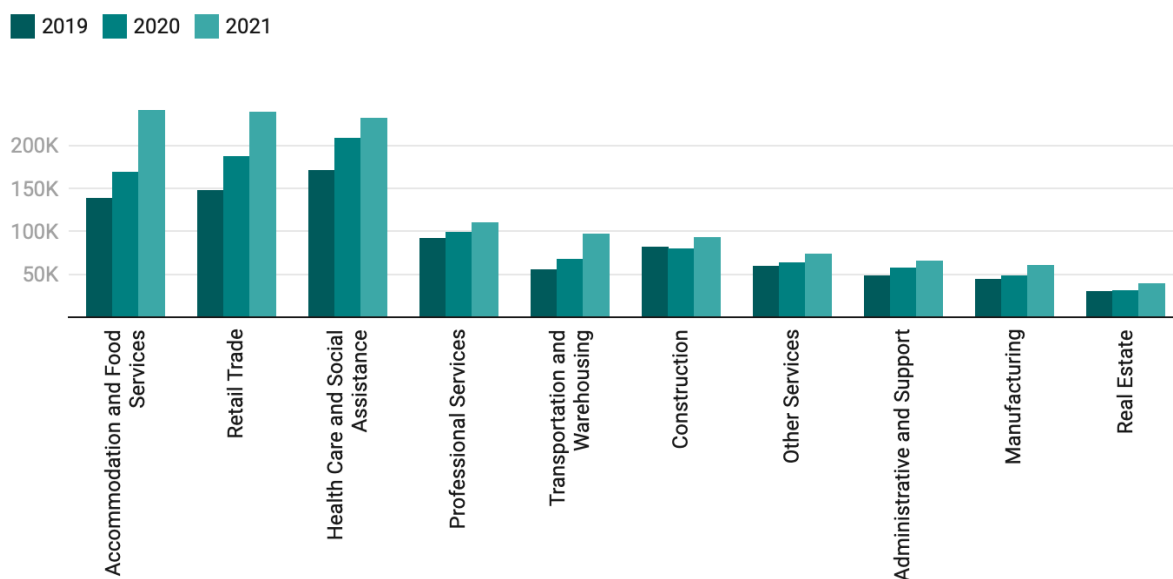
Source: U.S. Census Bureau Business Formation Statistics • Created with [Datawrapper](#)

Graph 1. USA Cumulative likely employer business applications 2019-2021. (Newman, 2021).

As the sectors that have experienced extreme shocks to their daily operations throughout the pandemic have lost a lot of employees, it is of no surprise that these sectors see an increase in business filings, as it is where the unemployed people's expertise lay. Newman (2021) argues that this jump in intent to form new businesses most likely reflects both the opportunity to feel economic needs among ever-changing consumer preferences but also adapting to supply chain issues and other novel circumstances created by Covid-19. An issue Newman (2021) presents is that firms launched in recessions tend to remain smaller than those launched

during periods of economic growth, and since we are still in the midst of the pandemic, we can not yet see the effect of these firms' regarding survival, growth or job creation. Furthermore, Newman (2021) argues for resilience in the American economy due to how entrepreneurs have reacted to the pandemic and its economic shock. However, there was a large slump before the pandemic as well, and for the economy to keep growing the high numbers of business formations will have to be maintained for the economy to recover. Although the government does not pay unemployment benefits anymore, they must make sure that many of these newly launched businesses grow into establishments that help employ American citizens. Below, the graph illustrates the cumulative likely employer business applications through the year to September, in the ten largest industries in the US from 2019 to 2021. This shows that the ten largest sectors have all seen a steady increase throughout the last two pandemic years, with Accommodation and Food Services, as well as Retail Trade, seeing astonishing growth spurts from 2019 to 2021. This implies that sectors that were thought to take the biggest toll of restrictions and fear of infection found other ways to grow when people stayed at home, which is most definitely a great indication of resourcefulness.

Cumulative likely employer business applications through September in the 10 largest industries, 2019-21



Source: U.S. Census Bureau Business Formation Statistics • Created with [Datavrapper](#)

Graph 2. Cumulative likely employer business applications through September in the 10 largest industries, 2019-21. (Newman, 2021).

The lost decade in American entrepreneurship

From 2010 to the start of the Covid-19 pandemic there had been a continuous decrease in the number of people being employed by startups, creating their own startups as well as the general epoch of entrepreneurial activities (Fikiri & Newman, 2020). In 2021, nearly 5.4 million applications to start new businesses were filed: a new record (Fikiri and Newman, 2022). 2019 resulted in the highest volume of new firms started since 2008, although a very offsetting number of companies failed during the same year (Fikiri & Newman, 2020). The

firms that failed, 459 000, were more than those launched, 438 000, which meant that the US economy did not generate a sufficient number of new firms that could replace those that they had lost (Fikiri & Newman, 2020). A possible explanation for the limited number of new business ventures being created the authors present is the country's broader demographic transformation into an older, slower-growing nation. The authors' explanation for how entrepreneurship was magically reborn during this time of crisis is that the US economy has experienced a once-in-a-generation pro-entrepreneurship shock. This bump in economic growth needs to be sustained for the economy to not go into a recession again, because should it simply prove fleeting the economy will return to its 2010-slump. As the pandemic has not noticeably altered the American demographic or its trajectory and has not clearly produced more competitive markets or weakened incumbent power, Fikiri and Newman (2020) remain vigilant that governmental supervision and support are key factors to maintaining this entrepreneurial boom.

The Start of the Pandemic

The Covid-19 pandemic took the world by storm and provided a large number of unexpected changes to which all governments had to take action and provide guidelines and regulations to make living as safe as possible for their citizens. Even though a large number of actions were taken, Covid-19 has since the 17th of November 2019 taken 6,434,370 lives all over the world (Our world In Data, 2022). Furthermore, Covid-19 has also terminated numerous amount of jobs all over the world and in the USA, there are reportedly 3 million fewer people employed than before the pandemic (Center on Budget and Policy Priorities, 2022).

In the USA each state administers their own unemployment insurance, while state governments usually pay benefits, which are taken from the federal payment roll and allocated to those who are unemployed through no fault of their own (Center on Budget and Policy Priorities, 2022). However, these benefits are usually only distributed for the first six months of unemployment but can be prolonged in case of economic downturns. These payments range from \$235 to \$783 depending on the state (Center on Budget and Policy Priorities, 2022).

During the Covid-19 pandemic, the US Congress passed a bill called the Coronavirus Aid, Relief and Economic Security (CARES) Act that provided 2.2 trillion dollars in economic stimulus (Investopedia, 2021). One characteristic of this act is providing unemployment benefits, in which the original Federal Pandemic Unemployment Compensation (FPUC) supplied \$600 per week in addition to the amount allotted by the specific state from March 27th 2020 to July 26th 2020. Furthermore, it was extended through the Pandemic Emergency Unemployment Compensation (PEUC) for thirteen weeks for those who had otherwise exhausted unemployment benefits. Similarly, there was the Pandemic Unemployment Assistance (PUA), which is a type of unemployment insurance with broader eligibility guidelines, also accounting for those who are self-employed or performers, and the Paycheck Protection Programme (PPP), which provided funds to small businesses as a support initiative (Belitski, Guenther, Kritikos and Thurik, 2021). Lastly, American citizens with small

businesses could also apply for the Emergency Injury Disaster Loan (EIDL) which made it possible for them to apply for a loan of up to \$2 million with a limited interest rate of 4% and a payback time of 30 years (U.S. Small Business Administration, 2022).

As Covid-19 has made a lot of people lose their jobs, a possible solution to this has been that more people to start their businesses to provide for themselves and to gain more money than the (approximately) \$835 to \$1383, ranging between states, that unemployed Americans can receive from unemployment benefits in 2020 and 2021. In January 2022, unemployment numbers had subsided to 1.7 million, and while the unemployment rate is decreasing, it is still substantially higher than pre-covid (Iacurci, 2022). Federal benefits have now expired and the US government see a problematic tone from some of their inhabitants towards going back to work and no longer living on the benefits provided by the state and government.

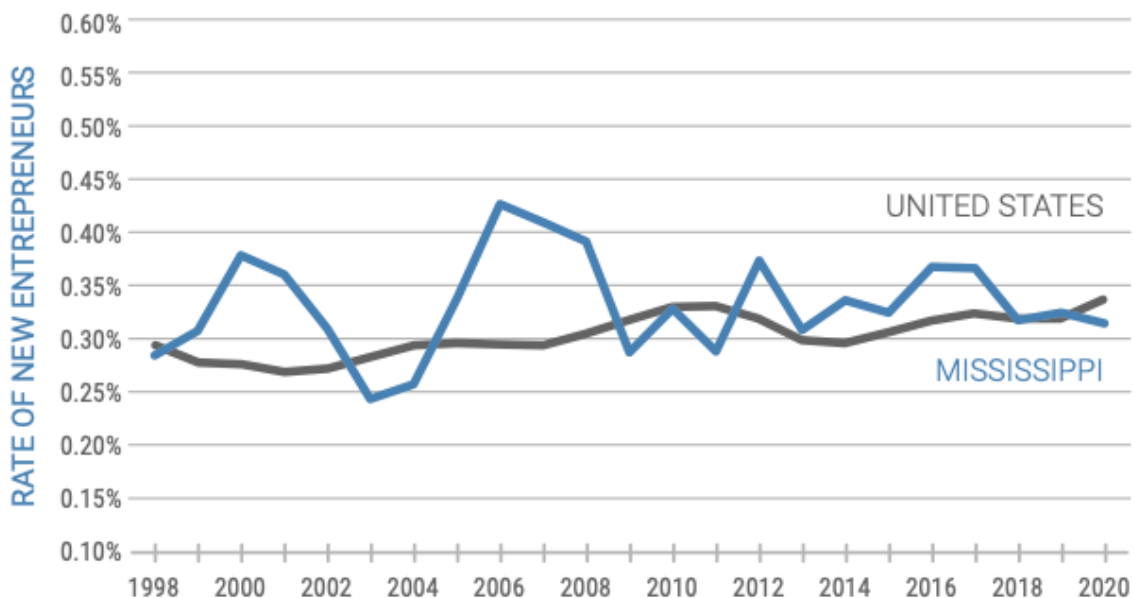
The Great Resignation

In the USA about 9.6 million people lost their jobs during the first three quarters of 2021 due to the Covid-19 pandemic through no fault of their own (Benett, 2021). However, in addition to many losing their jobs, 47 million people decided to quit their jobs, something that has afterwards been referred to as ‘The Great Resignation’ (Parker and Menasche-Hotowitz, 2022). The three leading reasons, according to the scholars, for quitting have been low pay, no opportunities for advancement and feelings of disrespect from their employers. However, Fuller and Kerr (2022) argue that the Great Resignation has taken place throughout the last 10 years, with a steady increase of people resigning, retiring, not relocating, reconsidering their work-life balance, reshuffling in the same industry and being reluctant to return to in-person working, especially during the Covid-19 pandemic. Although there was a decrease in people quitting in 2020 when the pandemic hit, there was an even large number of people quitting than the estimated trend for 2021, which was based on previous years’ numbers (Fuller and Kerr, 2022). Out of the people who resigned many report themselves having found other opportunities of employment, oftentimes with better conditions, being retired or going back to school and further educating themselves to get a bachelor’s or master’s degree and getting a better-paid job. Furthermore, some have also started their own businesses, and it is those who are of extra interest for this paper.

Mississippi

Mississippi is a state in southern America, with an area of 125 545km² and its governor is Tate Reeves (male), republican. Its main industry is agriculture and forestry and its nickname is the Magnolia State. It is very appreciative of entrepreneurs, and both Americans, as well as foreigners, flock to the state to start their own businesses (BoostSuite, 2022). 99.3% of all businesses in the state are small businesses and according to a survey made by American Innovators, Mississippi has the fastest-growing online small businesses in the U.S. The five largest industries in Mississippi are construction, administrative support and waste management, health care and social assistance, retail trade and other services (except public administration) (BoostSuite, 2022). Mississippi was been vastly criticized as one of the states

that have had the worst response to Covid-19, which is proven by Mississippi in August 2021 being named the ‘Covid Capital of the world’, with four Mississippi counties claiming spots in the national top 10 list for highest caseload per capita, including the top spot (Stribling, 2021). Reeves has had very inconsistent Covid-19 policies and has even gone as far as to refuse to say that Mississippians should take the vaccine, making him stand out from other republican leaders in the neighbouring states, this with the argument that Mississippians are not as afraid of the virus as they believe they will go to heaven when they die (Stribling, 2021). The following graph illustrates how many people have become entrepreneurs in recent years, from 1998 to 2020. We can see that although Mississippi fluctuates quite a lot, they have in general been above the United States average in the last 20 years. However, we can see smaller fluctuations from the national rate after the financial crisis, and even numbers below the national rate in 2020.

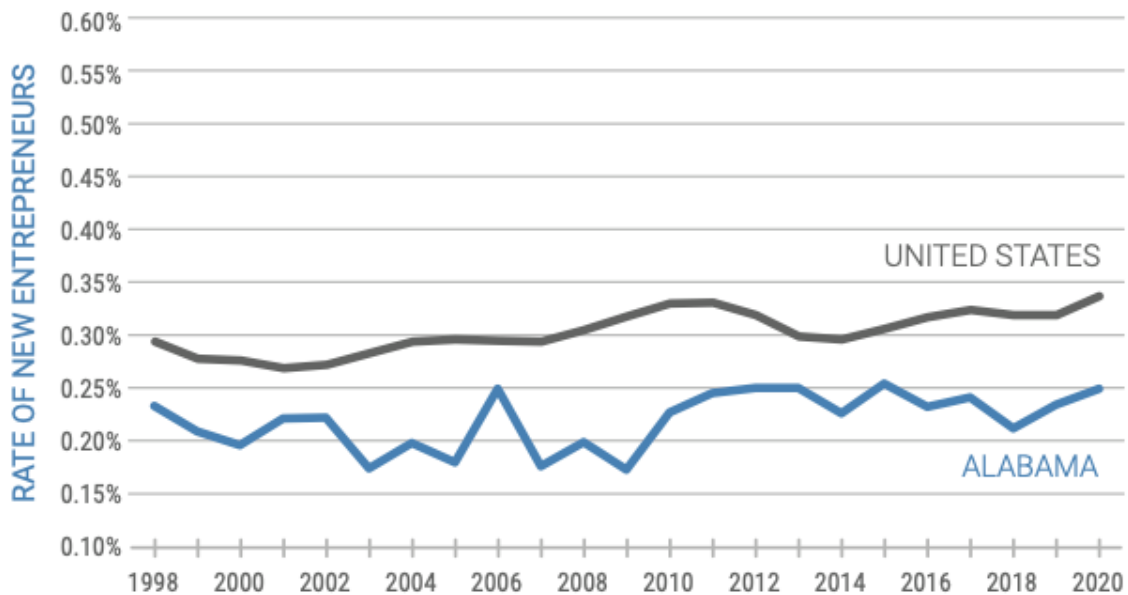


Graph 3. How many people in Mississippi have become entrepreneurs from 1998 to 2020 (Fairlie & Desai, 2021).

Alabama

Alabama is a state in southern America, situated next to Mississippi with an area of 135 765km² and its governor is Key Ivey (female), republican. Alabama’s main industry is Ambulatory health care services and this ties in very well to Alabama’s reputation of having the ‘best business climate’ and ‘remembering how the game is supposed to be played’, prioritising the big but also the small businesses, to fully nail the economic development fundamentals (UWA, 2019). Alabama tends to focus its entrepreneurial action on generational shops, such as mom and pop shops but has in June 2020 started the Alabama Innovation Commission (AIC) to further develop and execute strategies to drive innovation and entrepreneurship, as well as attract talent to Alabama (Washington, 2021). Alabama has been in the midst of the pandemic with a high number of cases and deaths and in April 2020

placed fourth on the national top 10 list of the number of fatalities. In 2022, Alabama together with Mississippi has the highest death rate in the US (Outbreak Genomics Reports, 2022). The following graph indicates how many people have become entrepreneurs in Alabama, from 1998 to 2020. Throughout the entire time span, Alabama has performed well below the national rate, and we can see a delayed reaction to the national average when following the larger changes in the curve. There are some peaks, e.g. in 2006, but nonetheless, Alabama is not close to reaching the national level. In the latter years, after the decrease of 2018, we can see a slow but steady increase in Alabama.



Graph 4. How many people in Alabama have become entrepreneurs from 1998 to 2020 (Fairlie & Desai, 2021).

Literature Review

Exogenous shocks, and the entrepreneurial business response

There is a large body of literature regarding exogenous shocks on economies (Bishop and Shilcof, 2017; Giones, Brem, Pollack, Michaelis, Klyver and Brickmann, 2020; Kuckertz, Brändle, Gaudig, Hinderer, Morales, Reyes, Prochotta, Steinbrink and Berger, 2020; Walsh, 2019). Many previous crises have hit humanity at a specific point in time and have often been somewhat domestically or even regionally, such as natural disasters, or have developed over a longer period of time, such as the 2008 financial crisis (Kuckertz et al., 2020). The shock that was the Covid-19 pandemic has developed globally and very quickly, which has severely hurt economies all over the world. Furthermore, there is an issue regarding current economic policies that they seem to concentrate on protecting the present while the focus on future businesses receives less attention. Innovative startups that shape and promote future economic activity are one of the most vulnerable actors in any economy (Walsh and Cunningham, 2016). This makes shocks like Covid-19 very dangerous for the development of society, as companies that are already at risk become even more targeted and future societal and ecological development is at stake. Kuckertz et al. (2020) have looked at the effects of Covid-19 on startups in Germany, through semi-structured interviews to provide a qualitative study researching the effects on entrepreneurial startups. That this study has been made proves that there is an interest in the subject which is supportive for my paper as well. A limitation to this study is the possible vast social differences between Germany and United States, as there are different regulations, restrictions and policies that affect entrepreneurship, small businesses and the altogether establishment of this. A second limitation is that the interviews have been conducted via zoom, which makes it harder to read emotions and follow up on certain queues that might provide a different answer should the interviews be physical.

Effects of Covid-19 on entrepreneurship

Fairle and Desai (2020), Fairle and Desai (2021) and Fairlie (2022) have published one report for each respective year using Kauffman Indicators of Entrepreneurship, through the Ewing Marion Kauffman Foundation, that documents the early stage of entrepreneurship in the US and all states during the years 2019, 2020 and 2021. The report utilizes content and data from multiple sources and external contributors in order to be as representative as possible. This foundation is not represented by any government and has therefore had to pick and validate sources themselves which for a bachelor thesis like myself can be a limitation as I do not have the possibility to validate their means or motivation, should they be more willing to complete it sooner rather than truthfully. The 2022 report was published one month later than in the previous year, which could be a possible fault of Covid-19 or difficulty with gathering numbers. However, the majority of the information is however, as I have understood it, coming from secure sources such as The Census Bureau. In the three different reports we are being presented with numbers measuring entrepreneurship, rate of entrepreneurship, opportunity shares in each state, startup job creation, survival rate och their very own Kauffman Early-Stage Entrepreneurship (KESE) Index. These numbers are of utmost

importance for this paper as this provides a feasible and measurable way of comparing all US states to one another, and most importantly, Mississippi and Alabama to one another. This report does however not cover any possible reasons as to why the numbers change as they do, but instead only focuses on reporting what those numbers are.

Belitski et al. (2021) argue that there are four subgenres of literature that revolve around the economic effects of pandemic effects on small businesses, based on different pandemics that have occurred around the globe, though focusing primarily on the Spanish Flu. These genres are disaster theory, resilience theory, the role of knowledge creation and absorptive capacity, and lastly digital capabilities. In their paper, Belitski et al. (2021) discuss how the different strands of literature are braided into the macro-and-microeconomic effects of Covid-19 on entrepreneurship, small businesses and digital technology. The different strands of literature have different focus areas but they all tie to the effect they have on entrepreneurship. Firstly, macro-economic effects and the role of digital technologies and the changing work routines of entrepreneurs tie into disaster management and the role of digital tools and capabilities. Secondly, resilience literature ties into the economic and socio-psychological impact of the Covid-19 pandemic on entrepreneurship formation as well as the literature on the role of dynamic capabilities, which ties into raising the issues of inequality and the effect of Covid-19 in developed and developing countries (Belitski et al., 2021). The third strand of literature builds on the previous literature on the negative effects of disasters and crises as well as macroeconomic responses to shocks and deals with financial support to small businesses and entrepreneurship. Finally, the effects of various policies and well-being issues for small businesses during the Covid-19 pandemic are discussed and tied into the literature on resilience and disaster theory (Belitski et al, 2021).

Seah (2021) has conducted a study on Singaporean undergraduates regarding changes in attitudes toward entrepreneurship, comparing mindsets before the implementation of lockdown measures to after the easing of it. The study found that opportunity-motivated entrepreneurship may have grown stronger after the lockdown measures were relaxed and that there were more positive feelings about being an entrepreneur when the restrictions lessened. Furthermore, Singaporean women held stronger beliefs in entrepreneurship's capacity to fulfil agentic-type goals (e.g. power and achievement) and both males and females believed that entrepreneurship could accomplish prosocial and communal-type goals (Seah, 2021). Furthermore, Seah (2021), argues that the findings presented can help provide clues of what can be expected in regard to post-lockdown entrepreneurship. As Singapore lifted a large part of their restriction in December 2020 after an intense lockdown period that eliminated the spread of the virus, this study could be made to measure the actual aftereffect of the pandemic and the lockdowns, even though it continued in the rest of the world.

Galiando-Martin and Méndez-Picaso (2021) wrote a paper on the pandemic effects on entrepreneurship and sustainable development in the OECD countries, where they found that there is a positive relationship between entrepreneurship and sustainable development and the high competitiveness before the pandemic favours entrepreneurship. Furthermore, an additional key highlight was the positive effect entrepreneurs' expansionary fiscal policy

had when set in action to mitigate pandemic effects. They also mention the negative effects the pandemic has had on entrepreneurship as it led to a decreased demand due to the confinements and other restrictions reducing mobility when trying to stop the contagious virus.

There has been a large number of studies investigating the effects of attitudes on entrepreneurship (Armitage and Conner, 2001; Gomes, Sousa, Santos, Oliveira, Oliveira and Lopes, 2021; Kautonen, van Gelderen, Fink, 2005; Liñán and Jaén, 2020; Martínez-González, Kobylinska, García-Rodríguez, Nazarko, 2019; Păunescu, Popescu, Duennweber, 2018; Veciana, Aponte, Urbano, 2005). Some of these studies have also analysed how these attitudes were affected by the Covid-19 pandemic. These studies are important as attitudes predict intentions and the perceived desirability of entrepreneurship (Seah, 2021). This is especially representative when looking at university students and their measured attitudes toward becoming entrepreneurs (Veciana et al., 2005) as attitudes also correspond to motivation, and without genuine motivation, people are very unlikely to become entrepreneurs (Martinez-Gonzalez et al., 2019). Attitudes are malleable and receptive to psychological deceit, which makes it very important for states, universities and governments to have a positive outlook on entrepreneurship and promote it if they want to cultivate the entrepreneurial core in their citizens and make sure that it is well taken care of for it to prosper.

Contribution to discussion

This bachelor thesis will contribute to the entrepreneurial discussion by looking at the effects of a fiscal policy specifically launched to help small businesses, small businesses that are birthed through entrepreneurship, in the outbreak of a pandemic. It looks at two similar states to compare the effects of the same policies on different people with somewhat different mindsets when it comes to establishing and maintaining businesses.

Theoretical Framework

Entrepreneurship is a challenging term as it means so diverse things to various people and does not have a standard definition. There are also different kinds of entrepreneurship such as social, education and corporate entrepreneurship (Dennis, 2011). For this paper, I have looked at a large number of renowned scholars in order to find a suitable definition for this thesis. Wiklund et al. (2019) define entrepreneurship as a young discipline rooted in practice with no generally unifying definition of the subject while Dennis (2011) and others refer to entrepreneurship as innovation taking place (Dennis, 2011 in Coad, Andersson, Henreksson, Jack, Stenkula, Thoeburn, Wennberg and Zander, 2021). Competition (Dennis, 2011), small businesses below a specific threshold (Van Praag & Versloot, 2007) or subjective growth ambition (Henrekson, 2005; Reynolds et al., 2005) are additional standard takes on what entrepreneurship truly is. John Haltiwanger is a scholar who has been very important for entrepreneurship and in 2020 won the global award for entrepreneurship research due to his significant contributions to the field of entrepreneurship research, including productivity, entrepreneurship and data-driven research on industrial dynamics (Coad et al., 2021). In Haliwangers' research, which has laid the foundation for the modern understanding of job creation and destruction, he defines entrepreneurship as the phenomenon of young firms (Coad et al., 2021). The Entrepreneurial Handbook (2022) and Hayes (2021) have in their respective work defined entrepreneurship as:

- *Entrepreneurship refers to the concept of developing and managing a business venture in order to gain profit by taking several risks in the corporate world.*
- *Entrepreneurship is the willingness to start a new business.*
- *Entrepreneurship has played a vital role in the economic development of the expanding global marketplace.*

Through these different scholars, I have found a way to define entrepreneurship that fits both the design of my investigation but also mirrors the definitions provided by the renowned scholars' previous definitions:

Entrepreneurship: The act of an individual person or larger group/corporation that identifies an opportunity in the market and comes up with an idea and creates a product/service/experience to fill the gap.

Additionally, it is also in our interest to define an entrepreneur, as they are the ones conducting the entrepreneurial undertaking. What defines an entrepreneur is according to the Entrepreneurial Handbook (2022) and Hayes (2021) factors such as:

- *A person who undertakes the risk of starting a new business venture is called an entrepreneur.*
- *An entrepreneur is someone willing to work for himself and by himself.*
- *An entrepreneur creates a firm to realize their idea, known as entrepreneurship, which aggregates capital and labour to produce goods or services for profit.*

Having these definitions in mind we can move forward in this paper to investigate what effect different policies can have on entrepreneurs and entrepreneurship **OR** what might affect it.

Method

Most of the studies analyzing the relationship between exogenous shocks such as a pandemic and entrepreneurial establishments are of quantitative nature or a mixed method (e.g. Bartik, Bertrand, Cullen, Glaeser, Luca & Stanton, 2020; Bishop and Shilcof, 2017; Giones et al., 2020, Fairlie and Desai, 2021; Kuckertz, 2020). However, investigating how the different Covid-19 policies provided by the two states Mississippi and Alabama have affected entrepreneurship can best be done through a qualitative design (Creswell, 2018). Using a descriptive methodology looking at the Cares Act and the two states Mississippi and Alabama allows this paper to systematically and accurately describe the situation and to move forward in answering the questions of what, where, when and how. This design permits me to look at data previously collected by state or federally governmental contractors, the Census Bureau's Business Formation Statistics and Our World in Data which are published for all to see, and therefore they are trustworthy sources. It also allows me to look at multiple sources of data such as documents, reports, and observations through inductive and deductive data analysis. It allows me to take different entrepreneurial theories and viewpoints into consideration, and conduct my analysis thereafter.

Limitations regarding my research are that the pandemic is still somewhat ongoing and the number of published research is limited. Therefore I will have to rely a lot on non-peer-reviewed research which makes the scope much wider. This will be counteracted by researching the authors of publication more narrowly through Scopus and Google Scholar, in order to see that they are somewhat established authors, researchers or professionals within their field. Furthermore, as the pandemic is still ongoing, it is not possible to measure the actual effect the different policies have had on entrepreneurship or new business ventures. However, as I focus primarily on the Cares Act which was active during 2020 it makes the effect somewhat more measurable, as I look at its effect. Countries have now started opening up or lessening their restrictions, but there are no post-pandemic numbers possible to contrast and compare to 2019 until the present.

Empirical Analysis

In the following findings, the dispersion of Mississippi's and Alabama's Cares Act money will be presented, together with a short summarization of the categories that matter for the paper.

Cares Act Dispersion

Outside of the regulatory restrictions provided by the Cares Act, each state has somewhat their own say in how the funds are dispersed throughout its economy. However, a decision that was made by President Trump was that the funds that would be leftover would be put into the unemployment benefits pool for those still eligible for unemployment benefits.

There has been a long list of rules of how the Cares money is allowed to be spent. In addition, there was also a deadline that all the states had to meet, otherwise, the money would be returned or placed in the unemployment benefits pool for those still eligible for unemployment benefits.

Mississippi Cares Act Dispersion

Mississippi received 1,250,000 USD (US Treasury, 2020) and the following table illustrates how these were dispersed throughout the Mississippian economy (Pender, 2021).

\$20 million	Housing assistance
\$1 million	Elections
\$10 million	Veteran Affairs
\$10 million	Health Department for the establishment of Mississippi ICU Infrastructure program
\$129.7 million	Health care
\$4 million	Health - Speciality Hospitals
\$15 million	Tourism
\$150 million	K-12 distance learning
\$50 million	K-12 Internet Connectivity
\$10 million	Higher education
\$50 million	Higher education for community colleges
\$50 million	Higher education for Universities
\$81.80 million	Unemployment Trust Fund

\$55 million	Workforce Development
\$2.5 million	Judiciary
\$20 million	Corrections
\$300 million	Small Business Relief
\$40 million	Emergency/disaster response
\$50 million	Governor's Discretionary Fund
\$70 million	Local Government
\$75 million	Broadband/technology
Total: \$1,250,000	

Table 1. The Dispersion of the CARES Act money received from President Trump (Pender, 2021).

Mississippi Cares Act Implementations

As in many other states, Mississippi choose to focus its Cares Act on health care, educational systems and the working force, the very pillars constructing a developed society. However, as the Cares Act have certain requirements and rules that must be followed, and each state interprets these somewhat different, the funds are somewhat differently dispersed throughout each state. Additionally, the lawmakers of each state are the ones who themselves divide the fiscal stimulus to the groups that they deem most in need, based on present economic wellbeing. When Covid-19 hit, pretty much all sectors bled money and wept, but those who are of most importance/curiosity for this paper are the way Mississippi decided to sponsor the private business sector.

Out of the \$300 million, lawmakers commandeered \$60 million for automatic grants that were granted without the necessity of application in sums of \$2000 each to small businesses (Pender, 2021). More than 29 000 various shops that would take great harm from the demanded shutdowns were eligible for greater grants, however, only 16,617 grants were approved, summarizing a total of \$33 million; leaving \$27 million unspent and eligible businesses closing (Pender, 2021).

The Back to Business grant was supposed to provide small companies with an opportunity to stay afloat and offer up to \$25,000 each (Pender, 2021). Pender (2021) reports that many business owners complained that after many months they had still not received their grant, and when they eventually did, they did not do so in full payment. This meant that not only did small businesses in Mississippi have to jump through hoops and fire personnel due to low cash flow and strict rules from the Governor, but they also had to fight red tape and bureaucracy to get the grant they were promised by the President.

In all of America, the firm death rate has had an off-setting effect throughout the 2010s, with more firms closing than forming (Fikiri & Newman, 2020). They report that in the state of Mississippi the firm startup rate in 2019 was 6.3%, but the closure rate was substantially higher and all areas of Mississippi presented a negative rate ranging from -0,7 to -2% in the overall formation of businesses. When Covid-19 hit America there was a drastic turn in the number of business applications being formed, and whether this was from the necessity of survival due to people losing their jobs and therefore livelihood or out of genuine opportunity presenting itself, will be discussed briefly later. Nevertheless the motivation, Mississippi saw an increase in the formation of businesses and in the measured level of entrepreneurship. The number of small businesses in Mississippi increased by 2.06% during the first year of the pandemic (ForeignUSA, n.d.) and Mississippi saw an increase in the share of new entrepreneurs with 0.32%, only 0.02% lower than the national median (Fairlie and Desai, 2021). The overall rate of new entrepreneurs, which reflects how many adults start a business on average each month in a year ranges in 2020 between 0.53%, (highest, Florida) and 0.16% (lowest, Rhode Island). Mississippi's 0.32% is a very good result, even though it initially might sound low. As this level is divided over the years twelve months, it looks like there was a minimal decrease from 2019's 0.33%, but in reality, it at the beginning of the year decreased to later increase rapidly. In 2021 Mississippi saw a great increase to 0.37% of new entrepreneurs and accelerated from the national median of 0.31% and with small businesses increasing by 0.99% (SBA Office of Advocacy, 2022), making Mississippi an extraordinary case, being the state with the highest growth in total annual employer business applications from 2019 to 2021, with a whopping 88.5%.

Alabama Cares Act Dispersion

Alabama received 1,901,262,159.90 USD (US Treasury, 2020) and the following table illustrates how these were dispersed throughout the Alabamian economy (Office of Alabama Governor, 2021).

\$300 million	to reimburse state agencies for expenses directly related to the coronavirus outbreak
\$250 million	to reimburse counties and cities for coronavirus expenses;
\$250 million	to deliver health care and related services to residents;
\$300 million	to support citizens, businesses, and non-profit and faith-based organizations impacted by the coronavirus pandemic.
\$53 million	for remote work and public access expenses incurred by the state government, including the Legislature.
\$300 million	for technology and infrastructure expenses related to remote learning;
\$200 million	for reimbursement of costs to the Department of Corrections incurred because of the outbreak;

\$10 million	for the reimbursement of costs to ensure access to courts during the pandemic;
\$5 million	to reimburse the State General Fund for supplemental appropriations to the Alabama Department of Public Health
Total: \$1, 901, 262, 159. 90	

Table 2. The Dispersion of the Cares Act money received from President Trump (Office of Alabama Governor, 2021).

Alabama Cares Act Implementations

Alabama initially missed the launch shot of spending its Cares Act money and held on to it and almost exclusively invested in governmental growth and establishment as well as aid to private organizations (Bogle, 2021). This left its population struggling and its unemployment rate peaking in April 2020 with a deadline for spending the money in December. All in all, during 2020, the private sector received 23.7% of the Cares Act money, measuring up to \$313.2 million, while the rest had been distributed amongst the public sector. However, after August, Alabama spent the money at a more rapid pace than Mississippi (Bogle, 2021). Although the ambulatory health care services industry has long been classified as the largest industry in both Mississippi and in Alabama (Gore, 2017), the focus on the different society's entrepreneurial undertakings varies. In Alabama, small businesses are oftentimes described as the backbone and lifeblood of the state's economy as it hires local residents and sustains economic vitality (Small Business Office, 2020). After being criticized by the press and the population, Governor Ivey and her team rather quickly saw this matter clearly and worked at coming up with a solution that solved the present issues presented by the Covid-19 pandemic affecting the many 'mom and pop' shops that are of such large importance for the Alabamian economy as well as society (Underwood, 2020).

Governor Ivey presented a \$200 million grant program in November 2020 tasked with supporting small businesses, non-profits and faith-based organizations impacted by Covid-19, funded by the Cares Act money (Underwood, 2020). This programme was originally presented in July and then held the pot of \$100 million aimed to reimburse small businesses for expenses caused by operational interruptions due to the pandemic (Underwood, 2020). This programme granted small businesses up to \$15,000 to cover unexpected operational expenses caused by Covid-19 (CoronaVirus Relief Fund Alabama, 2022). This means that all in all, Alabamian small businesses have received about \$300 million in support of the Covid-19 pandemic. This money, in comparison to the same allotted money in Mississippi, was all spent supporting small businesses in Alabama during the time period the Cares Act was effective.

In Alabama, the educational sector received a lot of attention. They were blessed with the full amount in the Governor's fund, while the industrial sector, large as small businesses, only got the Governor's vocal support and the previously mentioned programmes provided to support

them. This could possibly have led to negative psychological effects on the potential entrepreneurs playing with the idea of establishing their own businesses, as the Governor choose to solemnly support schools with her own entrusted Cares Act money. This is one of the possible reasons as to why Alabamas reported entrepreneurial values are substantially lower than Mississippis, even though the states outwardly are so very similar.

Alabamas' level of entrepreneurship, i.e. a reflection of how many adults start a business on average each month in a year, saw a small increase from 2019s reported 0.23% to 2020s 0.25% and 2021s 0.26% (Fairlie and Desai, 2021; Fairlie, 2022). Although the reported level of entrepreneurship was steadily increasing, it was still substantially lower than the national median. However, a substantial amount of the entrepreneurs that started their business did it due to an opportunity they had uncovered in the market. Fikiri & Newman (2020) reports that in 2019, 89.7% choose to start a business due to a spotted opportunity, while in 2020 only 79.87% started it due to the same reason and in 2021 it decreased to 77.22%. This can potentially be explained by people starting businesses due to the necessity of survival, but it is mentionable as Alabama's opportunity share went from higher than the national median to lower in the shift from 2019 to 2020, and has since not recovered. The firm startup rate in 2019 was strongly increasing in Alabama, even so, the firm death rate was not negative in some metro areas, all throughout the state it ranged from -3.3% to 1.4% (Fikiri & Newman, 2021).

Since 2018 there has been a small, although steady, increase in small businesses in Alabama (ForeignUSA, 2022). Furthermore, in 2019 there were 396,432 small businesses and in 2020 the number tose to 401,717 small businesses, which represents a 1.33% increase. The top 5 small business industries in Alabama in 2020 then became: Construction firms, Administrative support & waste management firms, Professional, scientific & technical services, Retail trade firms and Real estate & rental leasing firms (ForeignUSA, 2022). Over the last few years, there has been a steady increase in small businesses and entrepreneurship in Alabama, and it is also a popular state for foreigners to invest in or move to, however, even though this popularity, Alabama does not score high among many of the other states. When looking at Alabama's total annual likely employer business applications from 2019 to 2021, ie the number of businesses being established that can potentially hire someone else, Alabama reports 62.4%, which is overall a good number, however, it is 26.1% lower than Mississippi (US Census Bureau, 2020).

Vast Differences between Mississippi and Alabama

In 2019, Alabama had a higher firm startup rate, 6.7%, compared to Mississippi, 6.3% (Fikiri & Newman, 2021). Furthermore, Alabama had a larger population and a larger proportion of jobs that were overall created by new businesses than Mississippi. When Covid-19 hit, Mississippi got \$1,250,000 and Alabama got \$1,786,346,249.90 in Cares Act money from the government to support themselves and their interests (US Treasury, 2021). In addition, one of the counties in Alabama was eligible for extra fiscal support thanks to its size.

Having a larger cash flow, Alabama's dispersion looks a bit different in comparison to Mississippi's, as both the states spent \$300M on Small Businesses. This meant that Alabama spent 15.7% of their Cares Act money supporting small businesses and Mississippi spent 24%. Furthermore, to compare it can be calculated that Alabama and Mississippi spent 18.4% and 32.8% supporting their school systems, 13.4% and 11.5% supporting their health care systems and 40.1% and 34.4% supporting their government and local municipals. It is interesting to compare the two states as they initially are so similar in many aspects, but how they choose to spend their allocated money is not too similar. Overall there are large differences in spending in all the different sectors, and the largest differences can be seen in the health care and governmental sectors, something that can definitely affect entrepreneurship and new business establishments.

	Alabama	Mississippi
<i>School</i>	19.6%	24%
<i>Health Care</i>	14.3%	32.8%
<i>Small Businesses</i>	16.8%	11.5%
<i>Government (Local & State)</i>	42.7%	34.4%
<i>Jefferson County</i>	6.43%	-
Total	99.83%	102.7%

Table 3. The dispersion of the Cares Act Money in per cent between Alabama and Mississippi.

In the Kauffman Report, Fairlie and Desai (2020), Fairlie and Desai (2021) and Fairlie (2022) discusses the different states' Kauffman Early-Stage Entrepreneurship (KESE) Index. This index uses the four key normalized indicators of entrepreneurship activity: rate of new entrepreneurship, opportunity share of new entrepreneurs, startup early job creation and startup early survival rate, to create a summary index that reflects entrepreneurial activity (Fairlie and Desai, 2020). It is an equally weighted index to compare the 50 states with one another and is pegged to 0 using the national average over the two-decade period from 1996 to 2005. When comparing this index we see large differences between Mississippi and Alabama that correspond to the previously reported number on entrepreneurship and how these compares to the rest of the US and each other.

KESE Index	Alabama	Mississippi
<i>2019</i>	0.47	1.32
<i>2020</i>	-2.51	0.52
<i>2021</i>	-2.58	2.24

Table 4. The KESE Index from 2019-2021 in Alabama and Mississippi. (Fairlie and Desai 2020; Fairlie and Desai, 2021; Fairlie, 2022).

Throughout the pandemic, Alabamas' population has increased and was recently measured to 5,039,877 people (Archibald, 2022). Mississippi, on the other hand, has seen a decrease in its population during the Covid-19 pandemic, which has taken a number of lives (US Census Bureau, 2022). This can possibly have an effect on entrepreneurship as well, as people instead of staying at their place of employment choose to open their own business from the safety of their home, scared to reap the consequences should they as well become infected. Places of employment have also been forced to let their staff go throughout the pandemic as they can not maintain a sustainable business with them employed economically and some businesses have been forced to shut due to governmental regulations, or simply have not had any more work shifts to distribute, as people has stopped visiting them due to the pandemic. Becoming unemployed through no fault of their own makes an American inhabitant plausible for unemployment benefits. These benefits are in the form of regular payments, and the standard payment is \$235 in Mississippi and \$265 in Alabama (FileUnemployment, 2021). As Mississippi did not allocate all of its Cares Act money before the deadline, the remaining funds were transferred to the unemployment benefits fund increasing it from \$182M to a total of \$369M (Hope Policy Institute, 2021). Federal regulations prevent states from withdrawing funds from the unemployment fund for any other purpose than unemployment compensation, so even though Mississippi did not support some of their businesses while they were struggling, making them shut down and the workers and owners becoming unemployed, the money instead of helping the people then, help then now when they instead are unemployed.

Discussion

There are a number of possible, different reasons as to why Mississippi and Alabama each acted how they did with their Cares Act money. We can see above that the states choose to distribute their money differently and focus on different sectors. What they both did exactly the same was to spend \$300M on the small business sector. However, this does show up unequally in relation to how much money the states had to spend, as Mississippi used a larger proportion than Alabama of their Cares Act money to support their small corporations. This as they did not receive as much money, about \$530,000 less, from the government due to its smaller population. Having the two, very similar states both receive unequal amounts, but also use them so differently are argumentatively one of the main reasons for the unequalled levels of entrepreneurship between the two states.

Kuckertz et al. (2020) suggested in their paper that start-ups are better than many other businesses to tackle economic changes and downfalls such as the Covid-19 pandemic as they already have a flexible mindset and are ready to make changes. However, they do not necessarily have the funds to make the required changes, making fiscal policies, such as those presented by the Cares Act extra important for small start-ups in Mississippi and Alabama. Nonetheless, they could not point out what specific policy or strategy would be the most beneficial for innovative businesses, only that a policy should be mandatory in future crises. Furthermore, creating a policy that protects start-ups, it can be argued that there should be a second policy for entrepreneurship and innovation, that kindles the resilience and resourcefulness of possible entrepreneurs in society, making it more enticing to create an operational business idea and apply for funding through this policy measure. There was no such policy already existing, nor was such a policy created during the first wave of the Covid-19 pandemic in Mississippi or Alabama, but as Kuckertz et al. (2020) argue, future businesses should receive as much protection in times of crisis as present businesses do. The Cares Act did not help the companies dreaming of being established, however, it did help the innovative startups that were bestowed grants that Walsh and Cunningham (2016) argue are of utmost importance as they shape and promote future economic activity.

As the state government spent Cares Act money on making the internet better in both states, in addition to the evolution of digital technologies this made it possible for entrepreneurs to work differently both when establishing their businesses but also how they were established. Better internet made it possible for retail shops, one of the largest growing industries in America during Covid-19, to be set up online and for the creation and storing of the product to take place in somebody's garage or guest room. Mississippi especially, but Alabama as well, showed great resilience during the pandemic and created dynamic businesses that were ready to face any curveball being launched at them, and make the changes necessary. Unfortunately, the firm death rate in Mississippi demonstrates that there were more businesses having to shut down than were being established, however, the strong entrepreneurial numbers reported by Fairlie and Desai (2020), Fairlie and Desai (2021) and Fairlie (2022) does show of great resilience in Mississippi, as they never lost hope or stopped trying.

Although \$300 million is a lot of money, it is quite little in relation to all the mouths it can possibly feed. Far from all businesses in both states were accepted for a grant and got money designated from the Cares Act, which was the macroeconomic response to the exogenous shock that was the Covid-19 pandemic. This ties into the role of knowledge creation and absorptive capacity presented by Belitski et al. (2021), as the U.S. government took to the same type of fiscal policy they had used in the previous economic crises, instead of having learned more and already established a new policy that protected small businesses, entrepreneurs and their innovations after the 2008 financial crisis. Had this been done, 2010-2019 might now have been the lost decade of American entrepreneurship, however, this is mere speculation. Resilience and disaster theory is lifted once again in the fourth tie of literature presented by Belitski et al. (2021), discussing digital capabilities again, but from the perspective of well-being for small businesses and for their owners. The financial support presented by the Cares Act aided some worry for small business owners in Mississippi and Alabama during the pandemic, but the strain of the pandemic on their health and the feeling of captivity when being restricted only to their house was not compensated by digital capabilities. The state could here have put some of their health care money towards supporting their small business owners with psychological or physical digital support, through e.g. psychologists or fitness-video subscriptions, to fully put the care in the Cares Act.

We can see a change in the attitude towards entrepreneurship in both Mississippi and Alabama. In Mississippi, it is a continuous positive curve upwards as more and more people start their own businesses during the pandemic. It is also visible when looking at the share of entrepreneurs who created businesses based on opportunities they identified, this percentage decreased from 2019 to 2020 by only 2.51%, positioning them well above the national median still. This can be explained through Mississippi's very positive take on entrepreneurship and start-ups as the support of the state and its population continued the positive associations with creating a business. This goes hand in hand with Seah's (2021) proposed deduction that opportunity-motivated entrepreneurs grew stronger during the lockdown with the correct support, which led to less of a downfall in business creation in Mississippi state compared to many other states. Furthermore, some businesses were also established due to the necessity of survival rather than opportunity spotted, which also decreases to reported opportunity number.

In Alabama, the attitude toward entrepreneurship and establishing new business ventures are not as positively met as in Mississippi. This can be a possible explanation as to why the number of businesses being established through opportunity is below the national median. As in Mississippi, some businesses have been established out of necessity, however, Alabama does not present the same support and buildup towards creating your own business, which is represented in their numbers. However, the mindset in Alabama is a bit different as the community is very strong, and mom-and-pop shops are the core of multiple municipalities. This is visible when looking at the firm death rate, as Alabama reports growth in some

metropolitan areas. Alabama is not as equally positively set to younger people creating their own businesses, but very positively set to the well-known mom or pop creating their own quaint shop. This also corresponds well to Seahs' (2021) deduction of attitudes towards entrepreneurship.

Conclusion

In conclusion, we can see that the level of entrepreneurship in Mississippi and Alabama was down before the Covid-19 pandemic took place. During the start of the pandemic, there was a shift mentally in the American citizens, either born from opportunity or necessity and while the states previously had promoted entrepreneurship, to differentiating extents, there was a large shift as some of the citizens now took the chance to start businesses of their own.

Both states dispersed \$300 million of their Cares Act money to the small business sector, however, this was a larger percentage of the Mississippi money than Alabama, as Alabama has received extra money due to a larger population. In Mississippi, entrepreneurship levels took off compared to previous years and they presented results above the national median. Alabama was not as successful in increasing its levels of entrepreneurship and continued to produce below national results.

From 2019 to 2021 there was a huge increase in growth in total annual likely employer business applications in Mississippi from Alabama, 88.5% compared to 62.4% which can be assumed to be due to the different state's promotion regarding entrepreneurship but also how their different dispersions of the Cares Act money and the policy which was implemented to each sector affected the attitudes of their population, making being an entrepreneur and entrepreneurship desirable or not. Furthermore, looking at Belitski et al.'s (2021) research on the economic effects of pandemic effects on small businesses, we can see that due to a lack of investment for future crises from the government after the 2008 financial crisis, there was not an investment in knowledge creation and absorptive capacity to save businesses or seize entrepreneurial potential or development. Even though digital capabilities have been developed throughout the last few years, the usage of it during the Covid-19 pandemic has arguably not been sufficient to maintain a certain level of well-being wished for in their citizens.

Whether it was born from a sense of opportunity or necessity, the American people showed once the Covid-19 pandemic hit that they could once again take advantage of their resourcefulness and invest in their entrepreneurial sides. In Mississippi, where the attitude towards entrepreneurship and the act of starting ones' own business is more positively disposed of compared to Alabama, there was a larger increase in entrepreneurship and business applications. Alabama, where the positive entrepreneurial promotion primarily lies in an older generation's mom-and-pop shops, saw a smaller firm death rate than Mississippi businesses, but a much lower development of the entrepreneurial activity. This can possibly be explained by the way the states' respective governments and policymakers choose to distribute their Cares Act money and throughout the poor action in supporting businesses in need financially during the first part of the pandemic. As the Cares Act, in theory, helped both the unemployed and businesses, it should have had a bigger positive effect than what we are seeing on the entrepreneurial part. Nevertheless, as mentioned previously, in practice, the Cares Act's support for the private business sector was not as great as that for the unemployed, and it is, therefore, uncertain to state whether the Cares Act helped

entrepreneurship recover, or if would have resurrected itself as well based on some old Homosapien resourcefulness.

References

Archibald, R., 2022, Alabama's population grew slightly in 2021, despite heavy toll from Covid pandemic, Al news, <https://www.al.com/news/2022/01/alabamas-population-grew-slightly-in-2021-despite-heavy-toll-from-covid-pandemic.html>, [Accessed 16th of May]

Belitski, M., Guenther, C., Kritikos, A.S. Thurik, R., 2021, Economic effects of the COVID-19 pandemic on entrepreneurship and small businesses. *Small Bus Econ* 58, pp. 593–609, <https://doi-org.ludwig.lub.lu.se/10.1007/s11187-021-00544-y>, [Accessed 18th of May]

Benett, J., 2021, Fewer jobs have been lost in the EU than in the U.S. during the Covid.19 downturn, Pew Research Center, <https://www.pewresearch.org/fact-tank/2021/04/15/fewer-jobs-have-been-lost-in-the-eu-than-in-the-u-s-during-the-covid-19-downturn/>, [Accessed 24th of May]

Bishop, P., Schicof, D., 2017, The special dynamics of new firm births during an economic crisis: the case of Great Britain, 2004-2012, *Entrepreneurship and Regional Development* Vol. 29 Issue 3/4, p215-237. (23p), <https://eds-p-ebscost-lub.lu.se/eds/detail/detail?vid=0&sid=5b220c97-4ef7-442c-b9d4-349034cad007%40redis&bdata=JkF1dGhUeXBIPWlwLHVpZCZzaXRIPWVkey1saXZlJnNjb3BIPXNpdGU%3d#AN=121139296&db=bth> [Accessed 24th of May]

Bogle, J., 2021, Alabama Cares Act money feed government, not its people, Al.com, <https://www.al.com/opinion/2021/01/alabama-cares-act-money-feeds-government-not-its-people.html> [Accessed 14th of April]

BoostSuite, 2022, 15 Fascinating Mississippi Small Business Statistics, Small business made simple, <https://boostsuite.com/small-business-statistics/mississippi/>, [Accessed 11th of April]

Center on Budget and Policy Priorities, 2022, Policy Basics: How Many Weeks of Unemployment Compensation Are Available?, Housing, and Employment Hardships, Center on Budget and Policy Priorities, <https://www.cbpp.org/research/economy/how-many-weeks-of-unemployment-compensation-are-available>, [Accessed 25th of February]

Center on Budget and Policy Priorities, 2022, Tracking the COVID-19 Economy's Effects on Food, Housing, and Employment Hardships, Center on Budget and Policy Priorities, <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-economys-effects-on-food-housing-and>, [Accessed 25th of February]

CoronaVirus Relief Fund Alabama, 2022, Cash Grants for Alabama Small Businesses, CRF <https://crf.alabama.gov/business.aspx>, [Accessed 11th of May]

Fairlie and Desai, 2021, Early Stage Entrepreneurship In the United States: 2020, The Kuuffman Indicators of Entrepreneurship, https://indicators.kauffman.org/wp-content/uploads/sites/2/2021/03/2020_Early-Stage-Entrepreneurship-State-Report.pdf, [Accessed 9th of March]

Fikri & Newman, 2021, The 2010s will go down as the lost decade in American entrepreneurship, Economic Innovation Group, <https://eig.org/news/its-official-the-2010s-will-go-down-as-a-lost-decade-in-american-entrepreneurship>, [Accessed 9th of March]

Fikri & Newman, 2022, New Startups break record in 2021: Unpacking the Numbers, Economic Innovation Group, <https://eig.org/news/new-start-ups-break-record-in-2021-unpacking-the-numbers>, [Accessed 13th of March]

FileUnemployment Alabama, 2021, Alabama Unemployment Benefits, FileUnemployment.org, <https://fileunemployment.org/alabama> [Accessed 9th of March]

FileUnemployment Mississippi, 2021, Mississippi Unemployment Benefits, FileUnemployment.org, <https://fileunemployment.org/mississippi> [Accessed 9th of March]

ForeignUSA, 2022, How many small businesses are there in Alabama?, ForeignUSA, <https://foreignusa.com/small-businesses-in-alabama/>, [Accessed 15th of May]

Fuller, J., Kerr, K., 2022, The Great Resignation Didn't Start with the Pandemic, Harvard Business Review, <https://hbr.org/2022/03/the-great-resignation-didnt-start-with-the-pandemic>, [Accessed 24th of May]

Galiando-Martin, M.A., Méndez-Picazo, M.T., 2021, Effects of the pandemic crisis on entrepreneurship and sustainable development, <https://www.sciencedirect-com.ludwig.lub.lu.se/science/article/pii/S0148296321006147?via%3Dihub>, [Accessed 24th of May]

Giones, Brem, Pollack, Michaelis, Klyver, Brinckmann, 2020, Revising entrepreneurial action in response to exogenous shocks: considering the Covid.19 pandemic, Elsevier Inc., <https://www.sciencedirect.com/science/article/pii/S2352673420300421>, [Accessed 24th of May]

Hankins, R., 2020, Billions coming to Alabama through the Cares Act, Public Affairs Research Council of Alabama, <https://parcalabama.org/billions-coming-to-alabama-through-the-cares-act/>, [Accessed 10th of May]

Hayes, A., 2021, Entrepreneur and Entrepreneurship, Investopedia, <https://www.investopedia.com/terms/e/entrepreneur.asp#toc-the-bottom-line>, [Accessed 14th of March]

Hope Policy Institute, 2021, What is Next for Mississippi's Coronavirus Relief Funds?, Hope Policy Institute, <http://hopepolicy.org/blog/what-is-next-for-mississippi-coronavirus-relief-funds/>, [Accessed 24th of April]

Iacurci, G., 2022, Long-term unemployment tumbles in January, CNBC, <https://www.cnbc.com/2022/02/04/long-term-unemployment-tumbles-in-january.html>, [Accessed 25th of February]

Investopedia Team, 2021, Coronavirus Aid, Relief, and Economic Security (CARES) Act, Investopedia, <https://www.investopedia.com/coronavirus-aid-relief-and-economic-security-cares-act-4800707>, [Accessed 25th of February]

Kuckertz, Brändle, Gaudig, Hinderer, Morales, Reyes, Prochotta, Steinbrink and Berger, 2020, Startups in time of crisis - a rapid response to the Covid-19 pandemic, University of Hohenheim, <https://doi.org/10.1016/j.jbvi.2020.e00169>, [Accessed 25th of February]

McRae, M., 2022, Humans Were Actually Apex Predators For 2 Million Years, Evidence Shows, ScienceAlert, <https://www.sciencealert.com/humans-were-actually-apex-predators-for-2-million-years-study-finds> [Accessed 6th of August]

Newman, 2021, The Startup Surge: Business Formation in 2021 on Pace to Break Record, Economic Innovation Group, <https://eig.org/news/the-startup-surge-business-formation-in-2021-on-pace-to-break-record> [Accessed 9th of March]

Office of Alabama Governor, 2021, Governor Ivey Announces Reallocation of \$12.3 Million in CARES Act Funds for COVID-19 Nursing Shortage, The Office of Alabama Governor Kay Ivey, <https://governor.alabama.gov/newsroom/2021/09/governor-ivey-announces-reallocation-of-12-3-million-in-cares-act-funds-for-covid-19-nursing-shortage/> [Accessed 4th of March]

Our World in Data, 2022, Cumulative confirmed COVID-19 deaths by world region, Our World in Data, <https://ourworldindata.org/grapher/cumulative-covid-deaths-region>, [Accessed 25th of February]

Our World in Data, 2022, Excess mortality during the coronavirus pandemic (Covid-19), Our World in Data, <https://ourworldindata.org/excess-mortality-covid#source-information-country-by-country>, [Accessed 25th of February]

Outbreak Genomic Reports, (Karthik Gangavarapu, Alaa Abdel Latif, Julia Mullen, Manar Alkuzweny, Emory Hufbauer, Ginger Tsueng, Emily Haag, Mark Zeller, Christine M. Aceves, Karina Zaiets, Marco Cano, Jerry Zhou, Zhongchao Qian, Rachel Sattler, Nathaniel L. Matteson, Joshua I. Levy, Raphael T.C. Lee, Lucas Freitas, Sebastian Maurer-Stroh, GISAID core and curation team, Marc A. Suchard, Chunlei Wu, Andrew I. Su, Kristian G. Andersen, Laura D. Hughes. medRxiv.) 2022, scalable and dynamic surveillance of SARS-CoV-2 variants and mutations. doi: [10.1101/2022.01.27.22269965](https://doi.org/10.1101/2022.01.27.22269965) [Accessed 9th of August]

Parker, K., Menasche-Horowitz, J. 2022, Majority of workers who quit a job in 2021 cite low pay, no opportunities for advancement, feeling disrespected, Paw Research Center, <https://www.pewresearch.org/fact-tank/2022/03/09/majority-of-workers-who-quit-a-job-in-2021-cite-low-pay-no-opportunities-for-advancement-feeling-disrespected/>, [Accessed 24th of May]

Pender, G., 2021, Here's how Mississippi spent \$1.25 billion in Cares Act funds, MississippiToday, <https://mississippitoday.org/2021/06/09/cares-act-spending-mississippi/> [Accessed 4th of May]

Purdom, C., 2021, What is entrepreneurship? 7 types of entrepreneurship you might not have heard of, ValiantCEO, <https://valiantceo.com/what-is-entrepreneurship-7-types-of-entrepreneurship-you-might-not-have-heard-of/>, [Accessed 28th of April]

SBA, 2022, 2021 Small Business Profile Mississippi, U.S. Small Business Administration Office of Advocacy, <https://cdn.advocacy.sba.gov/wp-content/uploads/2021/08/30142550/Small-Business-Economic-Profile-MS.pdf> [Accessed 10th of May]

Schneider, H., 2021, Soaring U.S. business starts in pandemic show new normal evolving, Reuters, <https://www.reuters.com/business/soaring-us-business-starts-pandemic-show-new-normal-evolving-2021-10-28/>, [Accessed 11th of April]

Seah, Y.T., 2021, COVID-19 and Its Effects on Attitudes toward Opportunity-Motivated Entrepreneurship: Before and after Lockdown, Singapore University of Social Sciences, <https://www.mdpi.com/2071-1050/13/16/8689/htm>, [Accessed 24th of May]

Small Business Office, 2020, Gov. Ivey: Alabama small businesses can seek SBA Covid-19 disaster loans, Made in Alabama, <https://www.madeinalabama.com/news/sba/gov-ivey-alabama-small-businesses-can-seek-sba-covid-19-disaster-loans/> [Accessed 10th of May]

Small Business Office, 2020, SBA Offers Disaster Assistance to Alabama Small Businesses Economically Impacted by the Coronavirus (Covid-19), <https://www.madeinalabama.com/news/sba/sba-offers-disaster-assistance-to-alabama-small-businesses-economically-impacted-by-the-coronavirus-covid-19/>, [Accessed 10th of May]

Stribling, W., 2021, Inside Mississippi's darkest month of the COVID-19 pandemic, MississippiToday, <https://mississippitoday.org/2021/09/07/covid-mississippi-august-darkest-month/>, [Accessed 4th of May]

Underwood, J., (2020), Gov. Ivey launched \$100M small business grant program 'revive Alabama', Made in Alabama, <https://www.madeinalabama.com/2020/07/gov-ivey-launches-100m-small-business-grant-program-revive-alabama/> [Accessed 13th of May]

The Business Standard, 2021, Countries with the Best Unemployment Benefits, The Business Standard, <https://www.tbsnews.net/feature/pursuit/countries-best-unemployment-benefits-190723> [Accessed 26th of February]

The Entrepreneur Handbook, 2022, What is entrepreneurship?, The Entrepreneur Handbook, <https://entrepreneurhandbook.co.uk/entrepreneurship/>, [Accessed 14th of March]

Underwood, J., 2020, Gov. Ivey announces \$200M Revive plus program to support small businesses, Made in Alabama <https://www.madeinalabama.com/news/sba/gov-ivey-announces-200m-revive-plus-program-to-support-small-businesses/> [Accessed 10th of May]

US Census Bureau, 2020, 2019 BDS Data, United States Census Bureau, <https://www.census.gov/programs-surveys/bds/news-updates/updates/2019-bds-release.html>, [Accessed XX March]

US Census Bureau, 2022, Business Formation Statistics, February 2022: Release Number: CB22-38, US Department of Commerce, https://www.census.gov/econ/bfs/pdf/bfs_current.pdf, [Accessed 14th of March]

US Census Bureau, 2022, Quick Facts Mississippi, United States Census Bureau, <https://www.census.gov/quickfacts/MS>, [Accessed 16th of May]

US Department of The Treasury, 2020, Coronavirus Relief Fund, US Department of The Treasury,

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/coronavirus-relief-fund>, [Accessed 4th of May]

US Small Business Administration Office of Advocacy, 2021, 2020 Small Business Profile Alabama, US Small Business Administration Office of Advocacy,

<https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04142943/2020-Small-Business-Economic-Profile-AL.pdf> [Accessed 14th of May]

U.S. Small Business Administration, 2022, Covid-19 Economic Injury Disaster Loan, U.S. Small Business Administration,

<https://www.sba.gov/funding-programs/loans/covid-19-relief-options/eidl>, [Accessed 24th of May]

US Treasury, 2020, Payments to States and Eligible Units of Local Government, United States Treasury,

<https://home.treasury.gov/system/files/136/Payments-to-States-and-Units-of-Local-Government.pdf>, [Accessed 3rd of May]

UWA, 2019, Why Alabama industries make it a top business climate, UWA Online, <https://online.uwa.edu/news/alabama-industries-guide/>, [Accessed 9th of April]

Walsh and Cunningham, 2016, Business failure and entrepreneurship: emergence, evolution and future research, Foundations and Trends in Entrepreneurship, pp. 163-285,

<http://nrl.northumbria.ac.uk/id/eprint/27567/1/0300000063-Walsh-Vol12-ENT-063.pdf>

[Accessed 26th of February]

Walsh, K., 2019, Regional capability emergence in an entrepreneurial ecosystem, Journal of Entrepreneurship and Public Policy - Emeralds Publishing Limited, Vol. 8, Issue 3, pp. 359-383.

<http://www.emeraldinsight.com/ludwig.lub.lu.se/doi/10.1108/JEPP-04-2019-0030>,

[Accessed 24th of May]

Washington, D., 2021, How Alabama can attract more entrepreneurs and startup businesses, Alabama News centre,

<https://alabamanewscenter.com/2021/10/18/how-alabama-can-attract-more-entrepreneurs-and-startup-businesses/>, [Accessed 9th of August]