

Coming Back from COVID-19: Lessons in Entrepreneurship from Disaster Recovery Research

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The current pandemic is an ongoing global crisis. Policymakers around the world are grappling with how to respond to the spread of SARS-CoV-2, the virus that causes coronavirus disease 2019 (COVID-19). At the time of this writing, there have been more than three million confirmed cases and more than 200,000 confirmed deaths from COVID-19.¹

In accord with guidance from the World Health Organization, public officials have ordered or encouraged their residents to practice physical distancing. As a result, in many locales across the United States, economic and social life has been brought to a standstill. As of April 13, only five states (Arkansas, Iowa, Nebraska, North Dakota, and South Dakota) did not have at least partial stay-at-home orders in place.² While this public health strategy of physical distancing appears to be successful at arresting the spread of coronavirus, the economic, social, and psychological costs of this policy approach are immense. US unemployment has skyrocketed, with 4.4 million seasonally adjusted unemployment claims reported for the week ending April 18 and a total of more than 26 million claims since the beginning of the pandemic.³

The discussion on what can be done to blunt the economic, social, and psychological costs of the pandemic has largely focused on government bolstering small businesses through loans and grants, softening the effects of unemployment through unemployment insurance, and stimulating the economy through cash payouts. These policy prescriptions fail to appreciate the potential of businesses and nonprofits to help communities withstand and overcome crises.

Societies across time and geographical location have endured and recovered from the death, destruction, and displacement brought on by profound crises such as hurricanes, famines, and

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war. Our extensive research on community response and recovery after disasters has shown that commercial and social entrepreneurs are *key drivers of disaster response and recovery*.⁴ As with those disasters, responding to and recovering from this pandemic will require a multifaceted set of entrepreneurial ideas and solutions and a policy environment that encourages rather than stifles entrepreneurship. Policymakers should give entrepreneurs the space to act in the midst of crises by expanding the notion of “essential” goods and services, suspending or removing regulations that stand in the way of entrepreneurial efforts, and avoiding confusing or conflicting policies.

THE CRITICAL NATURE OF ENTREPRENEURSHIP FOR THE COVID-19 RESPONSE

In uncertain times, entrepreneurs are harbingers of hope, facilitating community recovery and signaling that the rebound is on its way. In times of crisis, our research has shown that commercial and social entrepreneurs fill three important roles: (1) providing needed goods and services; (2) reconnecting or creating new social networks; and (3) signaling that recovery is likely to occur and is in fact on its way.⁵ In the midst of the current pandemic, commercial and social entrepreneurs are already performing each of these key functions.

Providing Needed Goods and Services

In the context of the COVID-19 pandemic, businesses and nonprofits need to find ways to continue to provide their customers with the goods and services they need; to figure out ways to adapt and help others adapt to the challenges associated with maintaining physical distance; and to seek to solve current problems, including the scarcity of medical equipment, personal protective equipment, medications, testing kits, and other essential goods and services.

Local restaurants and stores, for instance, are sourcing needed supplies—such as toilet paper, cleaning products, and staple foods such as eggs—from their wholesale suppliers that consumers can purchase along with more traditional takeout or delivery options.⁶ Customers are also turning to local community-supported agriculture cooperatives for fresh produce deliveries.⁷ Additionally, local gyms are offering home workout options, with instructors offering group classes over various videoconferencing platforms, and local musicians and artists are teaching lessons online as well as offering live concerts through social media and streaming services.

Medium-size and large businesses are also modifying their manufacturing facilities and supply chains to produce medical and cleaning supplies. Distilleries are now making hand sanitizer,⁸ tennis shoe companies are turning their sneakers into face shields for healthcare workers,⁹ appliance manufacturers are shifting resources away from producing appliances such as vacuum cleaners toward manufacturing ventilators,¹⁰ and fashion designers are now producing personal protective equipment such as masks and gowns for frontline healthcare workers.¹¹

Reconnecting or Creating New Social Networks

While the practice of physical distancing is limiting people's ability to gather and interact with one another in person, entrepreneurs are finding creative ways to maintain and foster connectedness and community while being physically apart. Such activities can provide a sense of community, opportunities for discussion, and ways to maintain and even grow social ties.

Churches, for instance, are bringing their services online, gyms are offering virtual classes, and colleagues are turning to virtual happy hours to network, share stories, and vent frustrations. Business leaders, celebrities, and individuals are organizing donations of medical supplies, creating fundraising sites for individuals who have lost their jobs, and finding numerous other ways to support and connect with their communities online. In addition to providing virtual concerts, museum tours, and other experiences, artists are also encouraging others to engage with art. Famous cellist Yo-Yo Ma shared his own recordings and started an online campaign to encourage others to share songs of comfort.¹² The professional cycling team Team Ineos hosted a virtual group ride in which the team was joined by more than ten thousand of its fans.¹³ Additionally, children are making COVID-19 care packages for the elderly, coordinating mask donations, and posting signs reminding people to practice physical distancing.¹⁴ The various ways in which Americans are fulfilling the needs of their communities are too numerous to list fully.¹⁵

These efforts to maintain and increase social connectivity while maintaining physical distance are dependent on technology provided by private companies. Conferences such as the IEEE Conference on Virtual Reality and 3D User Interfaces are experimenting with new ways to facilitate online engagement and leveraging virtual reality to build their community and help participants network and feel connected.¹⁶ Social media such as Twitter, Instagram, and TikTok and videoconferencing applications such as Google Meet, Webex, Zoom, and Kudo have proven to be essential during this period. Additionally, several major technology companies such as Cisco (the company behind the web conference service Webex), Google, Facebook, Apple, and Amazon are donating resources to healthcare and educational efforts and expanding free access to their products and customer service programs.¹⁷

Signaling That Recovery Is Likely to Occur

The uncertainty that surrounds crises is profound. Commercial and social entrepreneurs help individuals and groups navigate this uncertainty. For instance, spirits companies are pulling together funds to support local bars and restaurants and their employees.¹⁸ Established nonprofits such as Meals on Wheels, as well as newer organizations such as DC-based chef José Andrés's World Central Kitchen,¹⁹ are ramping up and starting new programs to deliver meals to elderly and poor individuals and, importantly, to children no longer able to eat through school lunch programs. Even when there are confusing signals coming from government officials about how best to respond, entrepreneurs find ways to drive recovery and signal a sense of belonging even in

the most uncertain and perilous times.²⁰ Perhaps the most important function that entrepreneurs perform during a crisis is that they can signal a commitment to recovery and a desire to foster long-term sustainability of the communities to which they belong.

Arguably, it will not be the relaxing of stay-at-home orders but the reopening of businesses that will alert Americans of a return to normalcy or to the arrival of a new, post-pandemic normal.

GOVERNING ENTREPRENEURSHIP DURING CRISES

Despite the emphasis on government-led response and recovery efforts, past disasters have shown that governments may fail to adequately understand the extent of the crisis and mobilize resources.²¹ It is structurally difficult for bureaucracies to reorganize and deploy national social services to account for quickly changing circumstances.²² For instance, providing testing and medical supplies, providing seniors and schoolchildren meals in their homes, moving in-person processes online, and coordinating the administration of unemployment claims and stimulus disbursements can be bogged down with politics and red tape and overwhelmed by increased demand.

By contrast, entrepreneurs see these coordination problems as opportunities for change and are more able to adapt to shifting needs and circumstances. In order to facilitate entrepreneurial responses to the COVID-19 pandemic, policymakers must give entrepreneurs the space to experiment with solutions to emerging problems. This means that removing barriers to entrepreneurial activity should be at the top of the policy agenda.

Recommendation 1: Expand the Notion of “Essential” Goods and Services

Policymakers often exempt “essential” goods and services from the restrictive policies that they have adopted in response to the coronavirus. It is, however, difficult and perhaps impossible to predict which entrepreneurial efforts will be essential as the crisis evolves. Delivery services and videoconferencing technologies, for instance, are proving to be essential services while society is maintaining physical distance. Some current restrictions, however, are making it difficult to purchase furniture and equipment that could better facilitate physical distancing and remote work.²³ Further, many companies and industries that may not be vitally important have shifted to producing medical and cleaning supplies crucial to response efforts. A particularly unexpected example is the increased demand in portable bidet attachments in response to widespread toilet paper shortages.²⁴ It is unclear that even just a few months ago people would have considered these services more than mere conveniences. That it is difficult to predict which goods and services will be essential means that policymakers should presume that a business is performing an essential service until proven otherwise and should adjust policies when unlikely operations are revealed to be important.

Recommendation 2: Suspend or Eliminate Regulations on and Restrictions of Commercial and Social Entrepreneurship

Many of the regulations on and restrictions of commercial and social entrepreneurship during noncrisis times can prove too costly during and after a crisis. Policymakers should waive licensing fees and licensure requirements and grant out-of-state temporary licenses to make it easier for medical professionals to cross state lines or come out of retirement and for military personnel to administer care to civilians.²⁵ Relaxing state certificate-of-need laws, expanding scope of practice for physician assistants and nurse practitioners, and removing restrictions on telemedicine will also allow hospitals to increase and improve services.²⁶ Similarly, delivery services are quickly becoming an essential service for people to receive needed food and supplies. Relaxing regulations on delivery technologies, labor policies, and state food and alcohol restrictions will further enable this industry to respond to the needs of its customers.²⁷

Recommendation 3: Avoid Confusing and Contradictory Policies

Amidst uncertainty, policymakers should focus on reducing the signal noise of confusing and contradictory policies and on setting clear guidelines for entrepreneurial activity.²⁸ At the federal level, regulatory agencies should provide clear guidelines on what individuals and manufacturers can do to help meet medical supply needs and what labs can do regarding testing, approving, and producing needed medical devices and virus test kits. Some of this guidance is already occurring. The FDA recently allowed commercial manufacturers and private and university labs to produce coronavirus tests and has moved regulatory oversight to the states, rather than continuing to rely on the Centers for Disease Control and Prevention (CDC) as the single source of tests.²⁹ Furthermore, the CDC recently clarified its guidelines on homemade mask development and use, reversing the earlier suggestion from US health officials that healthy people need not wear masks.³⁰

Critically, policymakers should be as clear as possible about when they plan to relax the restrictions that they have imposed in response to the pandemic and the metrics that they will be using to determine their course of action. Policymakers should also be very clear about what they will do and what they will not do. Offering false hope that there will be a return to normalcy sooner than is likely or promising help that is unlikely to be forthcoming can paralyze entrepreneurs or push them to pursue strategies that are ill advised and unsustainable. Entrepreneurs can only plan in an uncertain world if the guideposts they are relying on to help them navigate that uncertainty are consistent and reliable.

CONCLUSION

The research on disaster recovery provides a hopeful lesson as the world lives through and ultimately recovers from the COVID-19 pandemic. Unleashing entrepreneurial action while observing physical distancing practices needed to save lives will provide people with needed goods and services, encourage essential social connections, and signal that recovery is likely to occur.

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NOTES

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