

DEPARTMENTS

## Resilience in the face of crisis: COVID-19's impact on the Mississippi Economy

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USM School of Communications Graduate Student Amanda Walsh interviews Scott Waller, President and CEO of the Mississippi Economic Council (MEC) and shares insight into the effect of COVID-19 on Mississippi's economy.

The sudden emergence and subsequent uncertain continuation of COVID-19 created many problems, one of the most concerning problems was the effects on the economy. We continue to see a lasting economic impact from both a medical and general statewide system change due to the pandemic. At the height of the pandemic, it was estimated that hospitals in the United States were facing an average loss of \$50.7 billion per month in revenue.<sup>1</sup> While there were some concerning decreases in the Mississippi economy, notably a 4.3% decrease in payroll employment, there were also indications that the downturn was not as bad as it could be. This is indicated by Mississippi's real gross domestic product (GDP) only decreasing 1.8% compared to The United States GDP decreasing 3.4%.<sup>2</sup>

While the state still has a long way to go, and COVID-19 continues to bring new challenges, there is confidence in Mississippi and its economy that they are headed into recovery. As it continues to recover and develop, there are still three issues that are the main focus of concern. These are inflation, supply chain issues, and expanding the workforce. These elements have impacted Mississippi's economy from the beginning of the pandemic to the current day. Understanding the intricacies of these primary concerns, as well as looking at what has been done to try to help the situation, is vital to understanding the journey the economy has taken in just a few short years.

### Effects on Small Businesses

Approximately 99% of Mississippi businesses are small businesses, and 46% of Mississippi employees are employed in small businesses.<sup>3</sup> This created several complications when properly addressing the ongoing crisis that COVID-19 was creating for businesses. One of the first issues was determining what was essential versus nonessential businesses. Small businesses that were non-essential were not able to be opened for specific periods of time, and when they were able to reopen, there was a struggle to retain staff who had to find other jobs. According to Scott Waller, the impact of COVID on Mississippi economy could especially be seen on small businesses (Scott Waller, Mississippi Economic Council President/CEO, Zoom Interview, May 2022). For example,

quarantine procedures often led to loss of time worked (Scott Waller, Mississippi Economic Council President/CEO, Zoom Interview, May 2022). A small business could have regular staff, but if a staff member contracted COVID-19, they would have to quarantine. This could also lead to fellow workers who were exposed having to quarantine as well. This leads to temporarily short staff for potentially long periods of time with no warning.

Another problem that is plaguing small businesses is inflation. According to The US Chamber of Commerce, 85% of small businesses are concerned about inflation impacting their businesses.<sup>4</sup> Waller explains that, more specifically to Mississippi, when broken down into regions, the South reported that 37% of businesses surveyed indicate inflation as a top challenge not only currently but as a long-term issue that must be overcome (Scott Waller, Mississippi Economic Council President/CEO, Zoom Interview, May 2022). Inflation becomes a problem for businesses and their customers because the additional cost that businesses are facing due to inflation will be represented in the price that the consumers are given.

Small businesses are also facing issues within the manufacturing sector. Waller shares that at least seventy percent of supply chains have been disrupted due to COVID-19 (Scott Waller, Mississippi Economic Council President/CEO, Zoom Interview, May 2022). Manufacturing delays combined with inflation means that not only are things more expensive, but they are harder to get access to. A significant concern is that there is no way to know when and how this will correct itself. This increases the pressure that this puts on Mississippi's economy as not only creating an unreliable stock but also unreliable costs of materials. Suppose businesses do not know what they can get access to or how much they can get access to. In that case, this creates difficulties in both maintaining customers but also in maintaining reasonable and steady prices.

### **Difficulties Workers Face**

An interesting aspect to note within Mississippi is that while the state has fewer workers than before COVID-19, the unemployment is still low, at about 4%. While unemployment did spike in early 2020 at the beginning of the pandemic, it has since quickly recovered and is now lower than pre-pandemic rates.<sup>5</sup> This is a good indication that the economy can make a comeback if workers can be encouraged back to Mississippi. A complication to that is the cost of housing. Currently, the housing market is very difficult for buyers as houses are more expensive and do not stay on the market long. In addition to an existing house being more costly and harder to purchase, the disruption in the manufacturing sector is causing it to be very difficult to build new homes as many of the supplies are on back order or very expensive. This kind of disruption can have significant impacts both from the difficulty bringing in more workers and because new home construction makes up 7% of Mississippi's gross state product.<sup>6</sup>

In addition to housing concerns, childcare has also always been a concern when dealing with worker retention and it has been magnified due to COVID-19. Schools shutting down meant that children were back at home for longer hours than caregivers were used to and needed more supervision. In addition to this many daycares were forced to shut down, meaning people that had previously relied on daycares during work hours had to provide alternative childcare plans. If businesses do not have available and affordable childcare options for their employees, then this leads to either additional lost time from workers or a mass of workers that leave the workforce because the only option available to them is to stay home. When looking to increase Mississippi's workforce, it is important to acknowledge that making areas more livable and more convenient for families is essential to attracting workers that will stay and contribute to the economy (Scott Waller, Mississippi Economic Council President/CEO, Zoom Interview, May 2022).

### **Focus on Needs Approach**

The Mississippi Economic Council (MEC) tried to establish the top concerns of businesses during COVID-19 (Scott Waller, Mississippi Economic Council President/CEO, Zoom Interview, May 2022). The first concern was the financial impact it would have on businesses and the second was the duration of the different phases of the pandemic. The MEC knew from the beginning that they needed to focus on addressing the public needs and communicating what the public needed to do in response to COVID-19. This shifted as the pandemic continued to evolve, but it started with big picture aspects, such as creating a COVID-19 resource page to help people understand the disease and how it is impacting them. Many resources were geared towards individual safety, but the creation of business protocols allowed more businesses to operate as safely as possible and stay open longer. This was incredibly important when communicating information about the vaccine. People were very hesitant about the vaccine and being able to provide information on the vaccine and how it can impact the health and continued ability to work of employees. By establishing these communication avenues, the MEC was able to communicate updates to its members as they developed quickly. Understanding the process and options when navigating the pandemic gives businesses the ability to adapt and make the best choices for their businesses in a time when there are so many unknowns (Scott Waller, Mississippi Economic Council President/CEO, Zoom Interview, May 2022).

This was combined with emphasizing the importance of keeping doors open and people employed. As COVID-19 was and continues to be very unpredictable, having the top priorities of the MEC as keeping businesses running and keeping unemployment low has created a positive environment in the long run and hopefully will make Mississippi's economy stronger for the long term. The intense focus on providing businesses with not necessarily monetary assistance but knowledge and information-based assistance allowed people to feel they were in control. This allowed for more personal

accountability and interaction from businesses. And the results are that businesses have a more robust outlook on growth even during the pandemic. Over 50% of businesses across the state of Mississippi are expecting to increase the number of employees within their company (Scott Waller, Mississippi Economic Council President/CEO, Zoom Interview, May 2022).

## **Resilience**

A major takeaway when looking at Mississippi's economy is that the state as a whole has been incredibly resilient when faced with a crisis such as COVID-19. An early survey showed that 34% of people expected to have to reduce staff or hours that the staff were working when in reality, there are no expectations of any reduction of staffing. Currently, no businesses surveyed say they expect to have to reduce their staff (Scott Waller, Mississippi Economic Council President/CEO, Zoom Interview, May 2022). While the workforce in Mississippi is smaller, this is a positive sign for bringing in additional workers as it shows that Mississippi can support its workers and that there will be jobs to move here or move back here for. In the uncertain times of COVID-19 being able to say that there is no plan for job cuts or layoffs is an indication that, as a state, Mississippi has done an above average job at guiding its businesses through the crisis. This indicates that Mississippi is getting to a point where the economy can resume running at a normal rate. While there are still concerns about inflation, supply chain issues, and the reduced workforce, plans are shifting to address these concerns. Waller stated that there is still a lot of work to be done, but Mississippi has come a long way (Scott Waller, Mississippi Economic Council President/CEO, Zoom Interview, May 2022).

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