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Small Businesses

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Small Businesses

In determining the economic value of small businesses in the US, it is essential to explain a small business. A small firm is privately run, has minimal power in its field, and engages fewer than 500 workers (with very few exclusions). Small businesses are also defined by their income (ranging from \$1 million to almost \$40 million) and workforce (from 100 to 500 workers). In addition to that, the US Census Bureau (2021) suggests that small businesses are frequently lauded as a critical component of the national and local economies and a significant source of financial growth in the United States.

Small businesses are an essential part of the American economic system. Around 27 million small enterprises in the United States generate more than half of the country's total domestic product (GDP) (University of Minnesota Libraries, 2016). Furthermore, they support multinational firms' economic activity by providing parts, services, and distribution of the goods. In particular, small businesses play three crucial roles; Promote creativity by providing jobs, ensure that many individuals, especially minorities and women, have the opportunity to achieve economic success and prosperity. The substantial majority of Americans started their careers as employees of private enterprises. Half of all adults in the US today are self-employed or work for businesses with fewer than 500 employees. While the percentage of people employed by large and small businesses is nearly equivalent, small businesses hire and fire more regularly than large companies (University of Minnesota Libraries, 2016). As a result, many small businesses are established, and some grow at any given timeframe. These small companies require employees; thus, hiring occurs repeatedly.

Nevertheless, small business sustainability and growth rates have fallen, and many smaller firms liquidate or shrink at any one time, leading to job losses (Bartik et al., 2020).

Fortunately, smaller firms add more positions than they take away with time, resulting in a net gain in the number of employees. Regarding innovation, despite the massive resources available, big businesses ought to incorporate almost all new merchandises that join the marketplace. Smaller companies produce more inventions per worker compared to large businesses. Small businesses encourage creativity since they offer atmospheres that attract people to invent new products or improve their work. They encourage intelligent choices, have dedicated research efforts, and incentive systems that recognize top talent. (University of Minnesota Libraries, 2016). Small business is the gateway into the economic mainstream for most individuals. Persons, especially minorities and women, can achieve economic security and satisfaction in their achievements by starting a business.

To sum it up, one fact that surprised me about small businesses is that they are the reason for some global multinationals. For instance, many of the components used by large corporations are supplied by small businesses. They also provide accounting, legal, and insurance services to major companies, and many offer outsourced services to large agencies. Moreover, they enlist themselves to engage with contract work or specific corporate responsibilities. In addition to that, Small businesses (such as auto dealers) often serve as sales agents for more prominent companies' merchandise (for example, automobile manufacturers).

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