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Submission date: 05-Dec-2020 07:33PM (UTC+0700)

Submission ID: 1465662458

File name: small_business_2pgs.edited.docx (14.08K)

Word count: 717

Character count: 3963

Importance of Small Businesses to a Healthy Economy

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Importance of Small Businesses to a Healthy Economy

A small business refers to a corporation, limited company, or sole proprietorship having five hundred workers or less. As per the United States Small Business Administration (SBA),

small companies entail more than 99% of all country organizations. SBA also claimed that in 2015, these companies developed over 1.9 million jobs, resulting in many employed people. More numbers are expected because, in 2018, the SBA estimated that the small businesses had hired about 58 million employees (Shqipe & Albana, 2016). In the following paragraphs, the importance of small businesses in creating a healthy economy in the country is described.

Small business enhances a healthy economy because they employ local people. Growth and innovation are realized in their societies, as most of the resources are gotten from the people. Economic growth is also stimulated as many locals get jobs, so their living standards are improved (Shqipe & Albana, 2016). In most cases, businesses prefer new talents to produce new goods and develop solutions to current problems. Moreover, large organizations rely on the small ones to meet some of their functions, especially in outsourcing. Therefore, the community, people, and large companies are supported by small organizations leading to a healthy economy as many people are employed.

The small companies also ensure a healthy economy, as they adapt quickly to the changing economic climates. Unlike large corporations, these companies are flexible, so they implement changes faster during alterations in the economy (Ribeiro-Soriano, 2017). They do so because their strategies are customer-based, so they understand society's needs better. Besides, society members are loyal to these companies even during the economic crisis. For example, in the COVID 19 pandemic, most of the large organizations are not functioning. The public's demands and needs are met by small companies, meaning they survive the challenges. Therefore, they benefit the economy at all times, and since their profit margins are less, there is no too much loss, incase times get more challenging. With the many small businesses, the country is assured of a good economy in good and bad economic times.

The attainment of a healthy economy also relies on small businesses because of the local government's taxes. It is said that when community members buy from these businesses, they are giving back the money to society (Ribeiro-Soriano, 2017). When the organizations make huge sales, the taxes paid to the government are also high. It empowers the administration to fund projects that benefit the people, for example, building schools and infrastructure. The companies also boost property values in society, empowering households to create more taxes for the government. Additionally, the local companies demand sales taxes, considering the location.

They would thus contribute a lot to providing unique taxation districts that create opportunities for the people. For instance, they would support the building of more shops that attract more buyers. Therefore, they give taxes to the government and increase the community's property value, enabling the development and creation of more employment opportunities. Small businesses grow to become large corporations, thus benefiting a lot of people in the nation. Popular companies like Nike and Coca Cola began as small companies but grew to have national and multinational influence. Organizations such as Amazon proves that a small company would have considerable impacts on the country. Even when the companies grow, they remain in the communities and begin making them grow and develop fast. In turn, more people get jobs and a reliable market creation that attracts the creation of a more small business.

In summary, small businesses are the largest players in the attainment of a healthy economy. They employ local workers, which improves their living standards. They are also flexible, so they adjust fast during the economic crisis, therefore maintaining the economy. As covered above, they give the government taxes, empowering growth and development, and growth to become large corporations that attract huge markets to the economy. For that reason, the nation's economy depends on small businesses.

References

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