

Small Business Struggles and Triumphs

Introduction

Both the small and large business play an important role in the development of an economy and labor market. However, it has been noticed that often the large businesses are preferred and given benefits like tax reforms, discounts, and other trade benefits. The small businesses, on the other hand, face a lot of struggles to survive in an unsupportive economy despite of their greater contributions to the economy. I have noticed some particular small businesses declining only due to the opening of large departmental stores in our community. In order to find suitable implications for them, the overall small businesses in America have been reviewed. This paper aims to analyze the struggles and Triumphs of small businesses, particularly, in American economy. Also, the paper covers significant contributions made by the small businesses and the role of small businesses in the American economy.

Thesis Statement

“Small businesses are considered to be the cornerstones of the American community due to their contribution to jobs and growth of economy, however, they are not provided as much support as they require.”

Literature Review

In the United States of America and its territories, the *Small Business Development Center (SBDC) Network* is the main assistant network for small businesses. This assisting

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network is accommodated by leading colleges, universities, and economic development agencies of the United States of America. It also has a partnership with the *Small Business Administration* of the United States, which also provides the funding to this network. Approximately, more than a thousand SBDCs provide a low-cost training without charging any fee to new and small entrepreneurs. So that they can contribute in Economic growth of the United States of America (Garcia, 2010).

The main purpose of the SBDCs is to make the small businesses competitive in the emerging and complex markets. The concept behind the SBDCs has been replicated by numerous association of universities and trade centers to flourish the economy through assisting the small businesses. It would result in the growth of high value-added business and sustainability of economies which are based on technologies (Garcia, 2010).

Another study, conducted in 1987, reveals that the business population as a whole is enormously growing. It means that the businesses, particularly the small businesses are increasing in number every year in the United States of America. Every year, millions of small companies, add a significant share to the economic growth of the United States of America. The outcome of the study show that the workers in the United States must be eager to seek the opportunities. In addition to opportunities, they should also acquire such knowledge, which is not only valuable the industries, but also applicable to multiple jobs that essentially supplement the innovation-based markets (Birch, 1987).

Small businesses have a rich history in the United States, such as, long ago the 1880's, the concept of small businesses became common. Most of the small business networks have played a significant role in the expansion of the commercial business networks. However, such

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businesses faced a lot of challenges regarding technology and finance, due to which, these businesses could not be developed to a large-scaled business network. In the nineteenth and twentieth century, the business sector in America emerged as the world's largest domestic free trade region. On the other hand, the businessmen struggled a lot with proper source of finance, transportation and communication (Blackford, 2003).

Struggles of Small Businesses

Unlike the large businesses, the small businesses face a lot of struggles. The most important aspect of the small businesses is that the owners never take a vacation because of the fear if the failure of the small businesses. According to the Gallup report, around 400, 000 new small businesses start every year, whereas, around 470, 000 small businesses die each year. The main reason behind the failure and shut down of the small businesses is the unavailability of funds. Most of the American street small businesses do not get enough funds for expansion of their businesses, and due to this lack of borrowing, they do not have any other option than closing the business(Joseph, 2014).

Apart from borrowing, there a lot of other issues faced by the owner of the American small businesses. Employee turnover is one of those issues as the small businesses often struggle to provide benefits to their employees. These benefits include annual paid leaves, health benefits, profit sharing, insurance, and vehicle allowance etc., but small business owners, due to lack of finance, cannot offer such facilities to their employees. Due to this issue, the small business owners are facing high employee turnover each year. Furthermore, the taxation system of the United States is not favorable for the small businesses, and due to lack of profitability, the payment of such taxes become difficult for owners.

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Furthermore, the time management is also a major issue of the small business owners. Usually, they do not take any off day or vacation as the businesses would face loss in case of their absence. This is why, they do not successfully make public relation or research for product development and business development. Also, they do not have enough access to new technology due to lack of time and money. Usually, the new technology and machineries are this much expensive that are almost unaffordable to be afforded by the small business owners. Credit agencies and banks also do not trust small businesses due to their low profitability and prefer large businesses for financing (George N. Root, 2016).

Strategies for Triumphs of Small American Businesses

Some small business do not get themselves involved in the race of becoming large, rather they chose to be great, due to which, they often become successful. According to the analysis of Sage, the service- based small businesses often have a profitable bottom line than the product-based small businesses. The reason behind their success is their low overhead cost and reasonable price for the end service. In this way, such businesses no not take much money to be invested, rather, earn more money in return(KLICH, 2014).

Furthermore, many small businesses are overcoming the issue of huge cost of advertisement and promotion as social media has solved this issue to some extent. Rather than choosing a paid source of media, the small businesses are preferring to use social media networks like Facebook, Instagram and YouTube to promote their product and services. Another famous trend in the United States is to provide tutorial regarding using the product along with advertisement, which helps the small businesses to attract their target customers in no time and

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cost. Also, many product-based small business are having the trend of online businesses with delivery services, which saves them from the cost of outlets, staffs, and utility bills etc.

What should be done to protect Small Businesses?

First of all, the small businesses should have the element of diversity so that in the case of risk of failure, the business can move towards another suitable product or service which would be beneficial for the community. There should be proper training centers and funding sources for the small businesses in each community/ area, so that there can be enough opportunities to run the small businesses.

The trend of failure of small business can also be reversed with the new programs, such as, “*Big Ideas for Small Business*,” which has been launched in Chicago by *The National League of Cities* and the *City of Chicago’s Innovation Delivery Team* (Joseph, 2014). Such innovative teams and organizations should develop and implement such programs which support and provide training to the small businesses. The mission of such programs are to raise the small business communities by educating, mentoring, and providing facilities. Also, the use of Social media for advertisement and promotion and concept of online businesses can be helpful for the small-budget businesses in this emerging era.

Conclusion

To sum it up, both the small and large business play an important role in the development of the American economy and labor market. However, due to big box stores, the small businesses are facing issues because they cannot offer as much benefits to employees and

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discounts to customers as these large business do. The main difference is the availability of finance and availability of discounts on bulk which the large business enjoy and small businesses cannot enjoy. Therefore, the small business owners should try their best to cut the overhead cost and overall cost of production, due to which, they would be able to earn high profit. Also, there should be proper guidance and support to the small businesses by organizations like the *National League of Cities* and *Small Business Development Center (SBDC) Network*, so that they would have enough guidance and training to run their businesses in an effective way.

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