

# HOW SMALL BUSINESSES AFFECT OUR ECONOMY

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## **HOW SMALL BUSINESSES AFFECT OUR ECONOMY**

Very few of us are aware of the contribution small businesses make to the American economy. According to the Small Business Administration, in 1988, the United States had approximately 19 million businesses. Of those, 15.7 million were operated as sole proprietorships \_ the businesses that traditionally train the work force by employing young people in their first jobs and women returning to the work force in local or part-time jobs.

Of the remaining 3.3 million corporations and partnerships, a full 99.8% employ fewer than 500 people and are classified as small businesses for Small Business Administration programs. And of the 10.5 million jobs created in the private sector between 1980 and 1986, 6.6 million (or 63.5%) were created by small business!

Since people who own and operate their own business take "pride" in their work, it is common for their quality and efficiency to be much higher. In many cases small businesses are known for providing their customers personalized and customized, high-quality products and services.

Just compare a "temp help" in a big company with an independent home-business owner. If a temporary is hired for 40 hours per week, he or she may not give the customer-company 40 hours in production. Part of those 40 hours is spent on orientation, gathering office supplies, getting the computer turned on and paper loaded, etc.) This breaks down the actual time spent working and producing for the company to about 25 hours, with 15 hours lost per week through no fault of your (or their) own.

However, the home worker is different. The home worker will charge for time actually spent on the job. If you produce 10 pages of text at a price of \$4 per page, you would charge \$40 for the completed job. The company does not pay you per hour, but for the amount of work you complete. This saves the company money \_ and we mean BIG money. Now all you have to do is convince the larger companies of this concept and your business at home will flourish!

There is only one drawback to being in a small business. People do not take you seriously at first. Companies will try and take advantage of you when you are not established. Why? Because they know you need the business and they want to continue receiving "something for nothing."

Human nature continues to strike me with awe. If I could purchase a higher-quality product from a small business for \$15, why would I go to the mall and purchase a lower-quality version for \$60? There are many small businesses that design crafts that could never be purchased in a store. These crafts show human pride and quality that could never be mass produced. But why do people continue paying for lower quality at a higher price? Is it the money-back guarantee? I don't think so because the toys you purchase at

premium rates around Christmas time normally break and are destroyed by December 26. Do you return them? Most people don't, so what good is a money-back guarantee?

And wouldn't a hand-crafted product withstand more abuse than it's store-bought counterpart? So what if you have to make your purchase at someone's place of residence? Don't they offer a money-back guarantee also and wouldn't they be easier to locate if you did want a refund? Wouldn't all this be much more personable than a mall with 1,000's of screaming people fighting you to the next Blue Light special?

With this same type of human nature involved, larger businesses will try and take advantage of smaller companies. Why? To tell you the truth, I really don't know. If I had to pay \$80 per hour to have my computer serviced by IBM, but I knew a small business owner could do the same job for \$25 per hour, I'd be more than happy to pay the small business their \$25.