

Small Business Administration and How It Affects Government Contracting

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Notably, small businesses are essential for the economic recovery of a country. In many instances, they create an conducive environment, where hardworking and dedicated entrepreneurs access available tools to create jobs, expand enterprises, and strengthen the economy. It is undeniable that small organizations leverage a broad spectrum of programs in the local and national levels of government. For example, the entrepreneurial development programs assist the owners of small firms and potential business individuals to create investment strategies and manage ideas. The contracting plans of growing enterprises also create competition between the organizations and large-scale ventures for government contracts. For that reason, as many entrepreneurs enter the market, trade competitions intensify, and it results in measures and strategy that businesses put to gain higher competitive edges. Conversely, the state promotes the growth of the small enterprises by offering capital programs, research grants, tax incentives, and ventures. Notably, the principles of fair and equitable distribution of resources often drive governments to support the upcoming businesses to receive contracts. Thus, the development of small trades causes re-evaluation of government subcontracting to enhance proper funds supply, eliminate bias, and match the large prime contractors to upcoming enterprises.

The primary objective of this research is to explore the development of small businesses and their effects on the issuance of government contracts. For the need to support and promote the growth of upcoming enterprises and regulate the influence of large-scale investors, the states are always confined to make certain changes. Undeniably, the small organizations are the main drivers of economy and innovation (Longenecker, Petty, Palich, & Hoy, 2017). On the one hand, to continue with the positive influence, the enterprises should earn more revenues to create more jobs and push the country forward. On the other hand, the government receives technical

expertise, creativity, and innovation from the small organizations. On this note, when the young firms get excluded from government contracts, it is apparent that the taxpayers, nation, and economy suffer. Therefore, the ultimate objective is to examine how the growths of upcoming enterprises influence government tenders.

Undeniably, small businesses get considered as the lifeblood of several economies around the world. For example, a study conducted by the U.S.A. census bureau showed that small enterprises in the country account for over 92% of the new employment opportunities. The progressive research was conducted between 1989 and 2003. Further, the study realized that the majority of jobs were created by small firms (Bessette & Pitney, 2011). Due to the reality, the state and federal governments must acknowledge the contributions of the upcoming businesses because their presence in the market keeps the economy running. According to Bessette and Pitney (2011), the states should offer allowances to these firms and provide bidding preferences in order to allow them to win contracts at the expense of large organizations. Ideally, there is increasing value when the government gives tender opportunities to small businesses. Green (2005) mentioned that the positive impacts of offering contracts to small enterprises include the creation of jobs, indirect business taxes, increase of net gross product, and net labor income. Besides, the raise in economic activity results to government's decision to give tenders to small firms. According to Longenecker, Petty, Palich, and Hoy (2017), the number of successful contract bids for the upcoming businesses increases as the number of the firms rises. For that reason, the objective of preferring such organizations is to promote their growth and development.

The competition for the government contracts has risen with the increase of small enterprises. The reason is that the businesses provide technical assistance, services, goods,

training, and other amenities to the government, and it is undeniable that many players result in an intensified rivalry. Notably, it is irrefutable that competence, expertise, skills, and experience are essential criteria for winning a contract. On this note, different players compete to convince the government to offer them tenders. Green (2005) noted that apart from the rivalry amongst the small businesses, they also face competition from the large prime contractors. As the economies of scale, skills, experiences, and knowledge of the big companies in winning the bids, they often supersede the small businesses. However, due to government awareness of the contributions and capabilities of the small enterprises, they are always offered favorable packs. As a matter of fact, the overall mission of making the adjustments is to ensure that the issuance of contracts is fair and equitable. Therefore, the administration of small firms forges for better deals by training and educating the members about the government contracts and the requisitions for winning them.

Budgetary priorities may be extended to specific small businesses. Due to the quest for equality and fair treatment, sometimes, the government offers bidding opportunities for upcoming organizations owned by women, youths, or people with disabilities. The objective is to serve all and ensure that resources benefit the main players in the economy. Markedly, Bessette and Pitney (2011) stated that the growth and development of small businesses lead policy reforms and development of regulatory bodies to guide the provision of contracts. For example, the state of California established a policy in 2003 to certify small businesses (SBs) and Disabled Veteran Business Enterprises (DVBE) in order to allow the efficient and effective provision of government tenders. In addition, the state allocates a specific percentage of bid preferences for the small enterprises (Longenecker, Petty, Palich, & Hoy, 2017). The aim is to limit business competition for the contracts. Specified groups and organizations such as youths, women, and the disabled also benefit from a certain amount of tenders. Therefore, the changes in policies,

regulations, and allocation packs are determined to limit expected competition and provide better opportunities for the small businesses to get profit from the government contracts.

Small businesses are the main lifeblood of the economy. The entrepreneurial growth and development of upcoming enterprises create avenues for government revenue, jobs, increase in the new gross national product, indirect taxes, and labor income. In addition, the country receives technical expertise, goods, services, training, and other programs from the enterprises. The first impact of small businesses' growth and development is competition for the government contracts. For that reason, the administrators model ways of winning the bids through information exchange and training. However, the government is also aware of the small enterprises' contribution and, thus, provides grants, bid preferences, and other allowance to them. Through advocacies and regulations, policies are often adjusted to suit the upcoming investors, and sometimes, a specific percentage of bids is allocated for the small businesses. The overall idea is to enable fair and equitable distribution of government resources.

References

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