THE PROBLEM OF SUSTAINING THE GROWTH OF SMALL AND MEDIUM ENTERPRISES IN A TYPICAL SUB-SAHARAN AFRICAN CONTEXT

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ABSTRACT

This paper focused on factors that impede the sustainability of small and medium enterprises (SME) and by extension entrepreneurship development in a typical sub-Saharan Africa context in South-East Nigeria. The study was necessitated by the available statistics showing that over 70% of small and medium enterprises in the study area (the industrial layout of the South-East of Nigeria where this level of business is predominant) die within five years of establishment. The study used the analytical survey method in carrying out the investigation. By applying chi-square (X2) inferential statistics to a sample of respondents collected from the study area, it was found that poor infrastructural facilities (especially electricity, water and roads), lack of access to formal sources of credit, high incidence and prevalence of violent crime leading to high operational costs are the major impediments to sustaining the growth and survival of small and medium enterprises. It was specifically found that due to the high cost of production especially the high cost of self-generated electricity, small and medium enterprises collapse at an alarming rate in Nigeria. The study recommends that the government should urgently address the issue of poor infrastructural facilities especially electricity supply as well as establish an SME stimulus package to rejuvenate SME development and sustainability. This has become critical in view of the potentials of the SME sector in entrepreneurship development, poverty reduction, employment generation and wealth creation.

Keywords: Entrepreneurship Development, SME Stimulus, Nigeria

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