

AFRICAN SMALL AND MEDIUM ENTERPRISES (SMES) CONTRIBUTIONS, CHALLENGES AND SOLUTIONS

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ABSTRACT

Small and medium enterprises (SEMs) are notably the engines that drive economic development. The businesses account for almost 90% of businesses in both leading and developing economies through job creations, employment, tax provision and contribution to Gross Domestic Product (GDP). However, in Africa, besides their critical and positive role, many SMEs face numerous challenges ranging from power shortage, lack of capital, poor management skills and competencies, and inadequate information and corruption. It is notable that most African governments give very little support to SMEs thereby neglecting a vital economic trigger and should form pillars of development. This paper explored the role played by SMEs, their contributions, challenges and solutions. The paper is based on empirical evidence and current research on SMEs worldwide with a major focus on African SMEs and how to improve their operations and profitability. The paper calls for African governments to develop policies favourable to SMEs development and put them in their development agenda. With appropriate legal framework, business infrastructure, continual power supply and accessible financial supply, SMEs stand to contribute to African development and position the continent as a competitive and innovative and create jobs to unemployed communities thereby providing income and essential goods and services the 1.2 billion Africans, forming a huge market.

Keywords: SMEs, Employment, challenges, economic driver.