


# Chapter 1

## A Conceptual Model on the Challenges Affecting the Growth, Sustainability, and Survival of Small, Medium, and Micro Enterprise

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### ABSTRACT

*This chapter addresses the changes (finance, human resources management, supply chain management, and regulatory) that affect the growth, sustainability, and survival of SMMEs world. These challenges are common among SMMEs in every country. In order for SMMEs to achieve growth, sustainability, as well as survive in the competitive global market, SMMEs must deal with these challenges. This chapter also creates a conceptual model that addresses these challenges and provides solutions that can be used to improve SMME challenges. SMMEs from South Africa, Nigeria, and Ghana were also discussed.*

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## **INTRODUCTION**

This chapter explains the challenges facing growth, sustainability and the survival of Small, Medium and Micro Enterprises (SMMEs). It also looks at SMMEs in South Africa, Ghana and Nigeria. The financial challenges, Human Resource Management, Supply chain and regulatory challenges are issues that affects small businesses. This is needed in order to explain the different types of SMMEs in some countries that their economy is striving in Africa.

Figure 1 shows the changes (finance, human resources management, supply chain management and regulatory) which affect the growth, sustainability, and survival of SMMEs world. These challenges are common among SMMEs in every country. For SMMEs to achieve growth, sustainability as well as survive in the competitive global market, these challenges must deal with.

## **SMME SECTOR IN SOUTH AFRICAN AND OTHER AFRICA COUNTRIES**

Before discussing the challenges facing SMMEs, it is important to first render a discussion on the contribution of the SMMEs sector in selected countries such as South Africa, Ghana, Nigeria, Rwanda, and Israel. The SMME sector remains the largest contributor to economic development in many nations, including South Africa.

### **SMME Sector in South Africa**

Statistics reveal that there are more than 445 million SMMEs nationwide (World Bank, 2015). Nevertheless, it is suggested that South African alone has more than 2.25 million SMMEs (Statistics South Africa, 2015). According to Malapane and Makhubele (2013), the SMME sector in South Africa represents about 95% of all businesses in the country, which contributes to approximately 30% of the country's GDP. Research shows that the SMME sector acts as the vehicle for job creation, poverty alleviation, sustainable economic growth, equity redress, income generation and sustainable economic development (Balogun, Ansary & Agumba, 2016).

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