



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

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SMEs Definition

Small enterprise is defined as an enterprise which employs fewer than 50 people and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million (ibid.). This focus on SMEs and use the definition of the European Union.



Contributions of SMEs

- ❖ The presence of SMEs in all sectors of the economic would signify their critical role in steering development.
- ❖ The contribution of SMEs correlates strongly with a country's Gross Domestic Product (GDP).
- ❖ Another important role played by SMEs is that of inventing and Innovation of new ideas, technology.



Contributions of SMEs

- ❖ The 20million SMEs in the EU represent 99% of businesses, and are a key driver for economic growth, innovation, employment and social integration (Eurostat, 2009).
- ❖ The World Bank Review on Small Business Activities establishes the commitment of the world and groups to the development of the SMEs sector as a core element in its strategy to foster economic growth, employment and poverty alleviation (Ayyagari et al., 2007).
- ❖ Due to their widespread in number, the impact of SMEs is easily recognizable.



Challenges Facing SMEs

- ❖ Access to financing
- ❖ Electricity supply
- ❖ Poor management
- ❖ Competency and capability
- ❖ Negative perception
- ❖ Access to reliable information
- ❖ Government support
- ❖ Corruption



Challenges Facing SMEs

Other challenges facing SMEs in Africa include

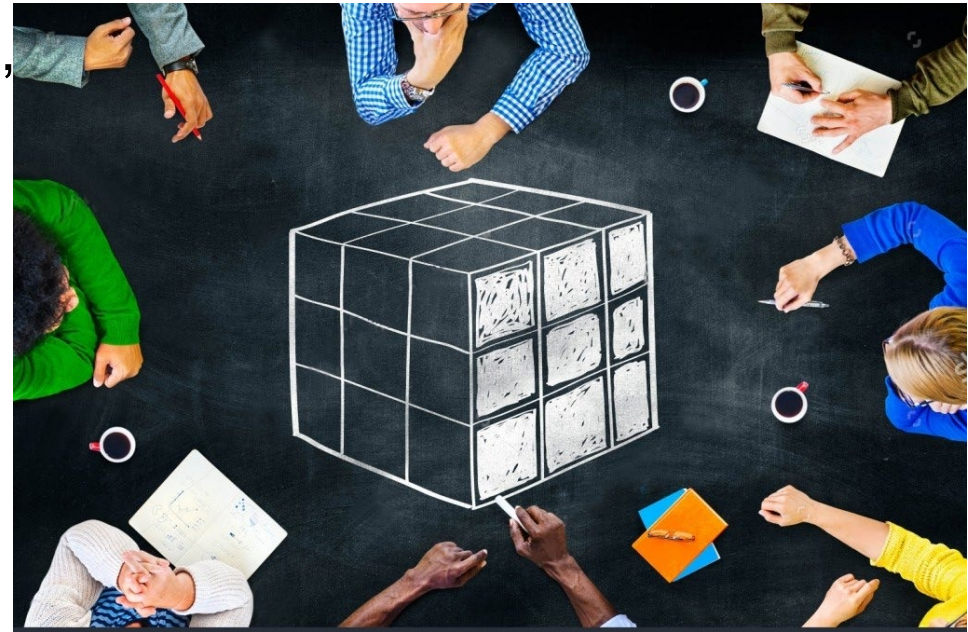
- ❖ political instability,
- ❖ labor issues due to lack of established legal frameworks,
- ❖ lack of coordination,
- ❖ ethnic violence destructions and
- ❖ lack of qualified personnel



ISO International Standards

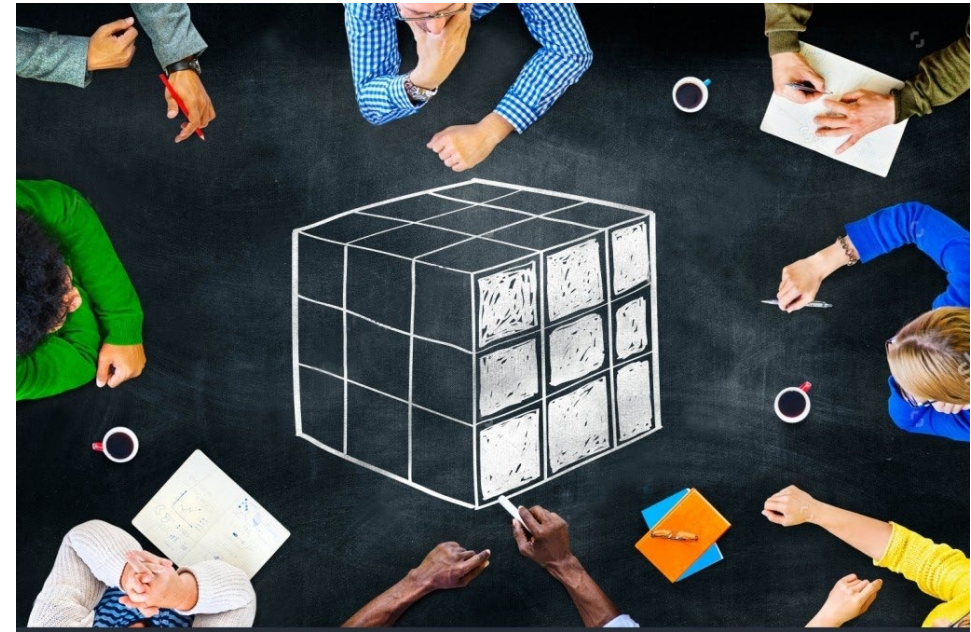
For small to medium sized enterprises (SMEs), standards can help to:

- ❖ Build customer confidence that your products are safe and reliable
- ❖ Meet regulation requirements, at a lower cost
- ❖ Reduce costs across all aspects of your business
- ❖ Gain market access across the world



Solutions

- ❖ Access to Loan
- ❖ Provision of Alternative Power Supply
- ❖ Business Management Training
- ❖ Good and Proper Documentation
- ❖ Access to reliable information
- ❖ Government support



Conclusion



The importance of SMEs in an economy cannot be underestimated. In fact, world governments, policy makers whether in developed or developing countries now see SMEs as sources of employment, wealth creation and innovation.

The area also major sources of manufacturing and service products for both exports and domestic consumptions.

Standards make market access easier, for SMEs. They can enhance brand recognition and give customers the guarantee that the technology is tested and reliable.

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