THE SUSTAINABILITY OF SMES GROWTH IN EMERGING MARKETS

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Abstract - Small and medium enterprises (SMEs) are agents of economic transformation; they create jobs, reduce poverty, and generally improve the standards of living of the owners and their families. Nonetheless, SMEs often have to scale several hurdles. Chief among them is insufficient capital. A corollary to this is access to finance. Some other factors linked to finance include high interest charged by the lender for lending money and the inability to experience financial satisfaction from the small business. There are other significant obstacles namely lack of understanding of the basic principles of business management, legal restrictions and requirements as well as the cost of meeting them, fear of failure and so on. Burgeoning economies cannot but invest in SMEs. Investing in SMEs and meaningfully reaping their benefits require a number of important factors. These include physical infrastructure, obliteration of undue and excessive red tape associated with business registration, access to finance, as well as access to business education. This paper is an attempt at offering a broad overview of the relationship among the critical factors that facilitate SME growth in emerging markets. Essentially, the paper tries to establish the interrelatedness of these factors by examining their relevance as well as implications when they are unavailable or in short supply. This ambitious project lent itself to the arduous task of examining the different factors that impede SME growth. The author confirms that this is the first known theoretical review of its kind i.e. bundling up all the variables and therefore care was taken to ensure that only articles with a focus on infrastructure, red tape, access to finance, and training were consulted. This review clearly suggests that the factors that have been examined are interrelated. For instance, the high cost electricity significantly reduces the profit that can be made by a small business owner. And in this case, the small business owner may have difficulty paying back a loan obtained in favour of the business.

Keywords - Small Business Management; Infrastructure; Red Tape; Entrepreneurship Education; Business Education; Small and Medium Enterprises; Smes