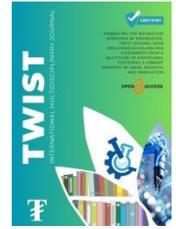




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Effect of Inconsistent Economic Policy on Small and Medium Enterprises in Sub Saharan Africa

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Abstract

In emerging markets and developing economies (EMDEs), particularly in Sub-Saharan Africa (SSA), small and medium-sized businesses (SMEs) play a crucial role in generating employment and economic growth. For instance, SMEs make a significant contribution to the GDP of the continental economy through employment, revenue generation, and the development of technical and entrepreneurial skills, even though most of this is not recorded. Notwithstanding their significance, SMEs frequently encounter difficulties as a result of inconsistent government economic policies. These policies may result in lower investor confidence, higher operating expenses, and uncertainty in business planning. This study examines the connection between SME success and inconsistent economic policy, emphasizing important areas of impact.

Using mixed method research approach, we aim to focus our study to examine the impact of economic policy inconsistency on SMEs, which are the engine of SSA economies, as opposed to our previous study, which examined fiscal policy uncertainty and its effects on businesses in emerging market economies.

The growth and sustainability of SMEs are seriously hampered by inconsistent government policies, such as erratic taxation, shifting government expenditures, inconsistent trade laws, and unstable monetary policies. One important finding is that inconsistent economic policy seriously impairs long-term business planning, corporate operations, investment and growth. This study looks at how these policy discrepancies affect SMEs, with particular attention on their operational efficiency, access to finance, access to market and long-term sustainability and viability. There is also discussion of policy reform recommendations to lessen these difficulties.

Keywords

small and medium enterprises, sub saharan Africa, economic policy, inconsistency

INTRODUCTION

SMEs have a significant impact on economic development in economies all over the world, but this effect is particularly noticeable in emerging nations. The largest contributors to economic growth and employment creation in economies worldwide are SMEs. It is estimated that 90% of businesses and 50% of jobs worldwide are in SMEs. Nearly 40% of the GDP in EMDE comes from SMEs. By 2030, it is estimated that 600 million jobs will be needed globally to support economies' rapid expansion; thus, SMEs play a crucial role in the economy and are a key consideration in decision-making. SMEs will be in charge of providing about 300 million jobs, or 50% of this workforce requirement (Thabet, Haq, Natarajan & Akram, 2021).

SMEs are also rewarded and recognized for their role in establishing new markets and laying the groundwork for new businesses. As a result, this is giving millions of Africans a source of income. Thus, by boosting demand for goods, services, investments, industrial inputs, innovation, technology, and commerce, SMEs are facilitating the production of wealth. Fast economic growth, changing regulatory environments, and the substantial contributions of SMEs define Sub-Saharan African markets because they create jobs and contribute to GDP, SMEs constitute the backbone of the SSA economy, despite being primarily unregistered, informal, and subsistence businesses.

In SSA, SMEs make up around 90% of all businesses, and they contribute between 38% and 50% of the GDP. They constitute the backbone of SSA economies since they provide jobs and stimulate economic growth, accounting for a sizable part of employment (between 50% and 80%). Nigerian SMEs account for 88% of employment and 48% of GDP, whilst Ghanaian SMEs account for 83% of employment and a staggering 70% of GDP. SMEs in Egypt, in northern Africa, account for 75% of employment and 25% of GDP, whereas in Kenya, in eastern Africa, they account for 84% of employment and 40% of GDP. About 60% of jobs and 34% of GDP are created by SMEs in South Africa, one of the continent's strongest economies.

By deterring investment, eroding market confidence, and reducing growth, economic policy uncertainty presented a serious threat to economic stability, claims Aina (2025). The government must support programs that effectively address the urgent requirements of SMEs in practice as well as on paper if it is to promote economic development. Global policy uncertainties and the COVID-19 epidemic drastically decreased the operations of SMEs in Sub-Saharan Africa, limiting the growth and competitiveness of the sector. Businesses' strategic choices and investments are adversely affected by policy uncertainty; in fact, policy reversals have been connected to lower investor confidence, increased unemployment rates, and decreased government revenue from business and personal taxes (Aina, 2025).

Businesses face uncertainty as a result of the introduction and reversal of economic policies by succeeding governments over time, according to Akinyemi & Asonye (2025). The Nigerian economy illustrates the wider difficulties of SSA markets in preserving fiscal restraint, from shifting tax and trade policies to erratic monetary interventions. Due to this uncertainty, investment has been discouraged, operating costs have increased, and overall economic competitiveness has decreased. According to studies, stable fiscal policies produce a supportive economic climate that encourages creativity, boosts output, and makes long-term capital accumulation easier.

LITERATURE REVIEW

Introduction

The conventional concept of SMEs is not widely agreed upon. Since the scale of the local economy is reflected in the size of the SME, each country has its own definition. Businesses with less than 250 employees are considered SMEs for the purposes of international research and statistical analysis (OECD, 2017). Sen (1988) asserted that economic policy is the vehicle through which social welfare is accomplished and that it safeguards and enhances people's ability to take advantage of opportunities. This assertion is similar to that of Moreno-Dodson (2013), who asserted that while economic policy is an essential tool that governments employ to enhance the quality of life for its population, that quality of life is also impacted by an individual's capacity and willingness to utilize the different chances that society provides. Governments utilize public finance as a tool to generate possibilities for society by collecting money from private sector taxes and other sources and allocating it equitably through public spending on social payments and public infrastructure. This concept prioritized fiscal policy above all other development policy factors. Sen (1988) theory tends to emphasize the importance of economic policy in economic administration and the need for governments worldwide to always get it right because of the high poverty rate in EMDEs (Levine, 2005). This is because of the effect it has on people's wellbeing as well as enterprises.

According to Ojoye (2018); Osoghoyai & Kalama (2025) foreign investment is hindered by Nigeria's political uncertainty, corruption, unclear legislation, and variable interest rates. They asserted that one way to attract investment is to have a stable and strong currency rate regime. They were all in agreement that corruption deters corporate investment and is the cause of policy instability in Nigeria. They said the country's slow progress was caused by the government's policies and that the private sector needed the right political and economic policies to invest in any field. People would be able to invest in the country, they argued, provided the government's policies were dependable and consistent. Even further, they asserted that rapid and orderly economic growth depends on government actions. The Director General of the Lagos Chambers of Commerce and Industry affirmed the aforementioned claims, stating that the Central Bank of Nigeria's inconsistent policies weaken the dollar supply and have a detrimental impact on local investment and output (Anudu, 2021).

Role of Small and Medium Enterprises in Sub Sharan Africa

Despite their financial troubles and other constraints, SMEs have always been the driving force behind economic growth. SMEs make a substantial contribution to GDP, employment, and development, despite being primarily informal. In developing and SSA economies, the informal sector is not insignificant (Pulka & Gawuna, 2022). According to Ogochukwu & Ohazulike (2021) the informal sector is a vulnerable segment of the economy due to its lack of social protection and regulation, its adaptability serves as a "buffer" for the economy in times of crisis or recession, as demonstrated by the global financial crisis of 2008, which largely spared the economies of most SSA countries.

Different nations have different definitions of SMEs. For example, in Europe, SMEs are defined as businesses with less than 250 employees, an annual revenue of less than 50 million euros, and an annual balance sheet total of no more than 43 million euros every year. Germany considers up to 225 employees, while Belgium limits it to 100. China has a complex definition of SMEs that varies depending on the industry (Zhao, Shan & Gao, 2025). Nigeria's newly passed Nigeria Tax Act 2025 classified SMEs as companies having a gross yearly turnover of no more than 50 million naira and a net asset of no more than 250 million naira. Nigeria's MSME sector employed more than 84% of the country's workers in 2020 and contributed 6.21% of its overall exports, according to the PwC MSME Survey (2024). The importance of SMEs cannot be

overstated, even though there isn't a single, globally recognized definition. SMEs contribute significantly to economic development and employment, which can improve competitive advantage and economic resilience. They also have the agility and innovative potential to be crucial in the adoption of sustainable technologies and the advancement of sustainable development (Zhao, Shan & Gao, 2025).

SMEs are the most active social economy component in today's globalized, information-based, knowledge-based, and market-oriented economy. They are essential to the growth of the national economy in both developed and developing nations. They struggle to achieve a positive cycle of development, nevertheless, because they are still at a competitive disadvantage in the market and deal with a bad external development environment, costly financing, and other challenges. As a result, certain nations have worked hard to encourage SMEs, as evidenced by their own legislative initiatives. Financial policies that assist SMEs, such as tax breaks and subsidies, as well as other economic measures, have been shown through years of experience to have varying degrees of impact across different nations (Zhang & Wang, 2022).

In their study of SMEs in Nigeria, Peter *et al.*, (2018) discovered that most of the SMEs' operators who were interviewed thought that the SME Development Agency of Nigeria (SMEDAN) made it easier for them to get financing. However, a lot of people who were interviewed claimed to have encountered discrimination because they have no connection to any SMEDAN officer. Despite the urgent requirement for the finance, they are unable to secure the loan facility.

Economic Policy in Sub-Saharan Africa

According to Akinyemi & Asonye (2025), important industries like manufacturing, agriculture, industry, mining, oil and gas, and SMEs are all adversely impacted by economic policy uncertainty. They affirmed the World Bank's claim that economic development, job creation, and higher government revenue all depend on a stable business environment backed by consistent and business-friendly policies. SSA economies run the risk of additional economic stagnation, capital flight, and limited private-sector expansion in the absence of policy coherence and transparency, which would ultimately endanger their long-term growth trajectory. The study also emphasizes how urgently a stable and open tax system is needed. The government's budget deficit is made worse by the uncertainties surrounding tax reform, the variety of taxes, and the sizeable informal sector. A medium-term tax policy framework that is both enforceable and structured is required to improve compliance and promote economic stability.

Bhorat and Tarp (2016) established that SSA's economies are working to diversify away from exporting natural resources, particularly by enhancing the competitiveness of their manufacturing sectors. Insufficient infrastructure, high labour costs per unit, inadequate capital and investment, and unfavourable business environments all contribute to SSA's lack of competitiveness. Enhancements to the region's energy and transportation infrastructure, in addition to expanding human capital and removing trade barriers, might boost the region's competitiveness and productivity and make it easier for it to integrate into global value chains (Allard *et al.*, 2016). Notwithstanding the improvements in the business environment, there is still much room to streamline administrative processes and rules for starting a business, boost the effectiveness of the legal system, and lessen regulatory ambiguity.

Other productivity-boosting measures might potentially yield substantial benefits (AfDB, 2013). Stronger property rights to promote productivity-boosting investment, increased transportation connectivity to promote competition, and diversification to lessen dependency on the resource sector are some of these. The potential growth of the SSA might be further enhanced by increasing productivity in the agricultural, non-farm, and formal sectors (World Bank, 2016).

The employment rate in low-productivity agriculture is still quite high. A lot of nations have big plans to increase agricultural productivity. Some of these plans include improving land titles, expanding credit availability for new farming methods, raising awareness of contemporary farming methods, and enhancing the infrastructure required to link farms to markets. Ethiopia has seen a notable rise in agricultural production and incomes as a result of governmental investments in irrigation, transportation, and electricity. This has led to structural transformation that has accelerated growth (Rodrik, 2017).

The percentage of workers in the informal sector has significantly increased in many countries, according to studies, whereas the percentage of workers in agriculture has decreased (Diao, Harttgen, & McMillan 2017). Increasing the informal sector's productivity has grown in importance as a policy goal. The informal sector could become more formal and dynamic and contribute more to the long-term economic growth of the region if reforms are made to create a supportive regulatory environment and encourage investment in essential infrastructure like information technology, road networks, and electricity (Bhorat and Tarp, 2016).

According to the World Bank (2018), the expansion of the working-age population and capital stock in Sub-Saharan Africa over the last five years has increased potential growth to 3.3%, above both the pre-crisis and longer-term averages. Nevertheless, given probable trends in labour supply and investment, which imply that per capita income growth would plateau, SSA's potential growth would remain low in the absence of reforms, at about 3.2% by 2027. The primary cause of the low prospective growth rate is South Africa's trend growth slowing down. With South Africa excluded, potential growth increased by an average of 5% after the global financial crisis, which was higher than the average for EMDEs and reflected a more robust increase in the rate of capital accumulation. With structural reforms, such as measures to stimulate investment, enhance health and education, and increase female labour force participation, there is

a great deal of room to increase potential development. SSA's potential growth might be increased by approximately 0.8 percentage points to 5.8% on average over the next ten years if bold measures are taken in these areas. These benefits could be protected and strengthened by other changes, such as increased transportation connectivity to promote competition, stronger property rights to stimulate investment that increases productivity, and diversification to lessen dependency on commodities. If the area is to fully benefit from its demographic dividend, such policies must be implemented with vigour.

Challenges of Inconsistent Economic Policy

Research on the effects of uncertainty on economic activity has been sparked by the macroeconomic instability that accompanied the 2010 recession (Bloom, 2014). Significant issues have surfaced in recent years, leading to political and economic unpredictability on a worldwide scale. Global uncertainty has increased as a result of a series of events that followed the 2008 financial crisis, including the "Arab Spring," Brexit, the U.S.-China trade war, the COVID-19 epidemic, and now the conflict between Russia and Ukraine. Uncertainty has increased and become more significant than in the past (Figure 1).

At the heart of economic decision-making is the role that uncertainty plays in economic fluctuations. Its distributional implications, however, have not gotten much attention. Even though the topic is receiving more and more attention from economists and policymakers, not much research has been done on how uncertainty affects public decisions and its socioeconomic ramifications, particularly in developing nations and Sub-Saharan Africa. The COVID-19 epidemic and the Russian-Ukrainian conflict are two instances of the detrimental impacts of uncertainty that highlight how crucial it is to take uncertainty into account while doing economic studies and making decisions. In fact, decision-makers may be able to implement some measures to lessen or prevent the economic impacts of uncertainty shocks by analyzing the implications of uncertainty (Bonfiglioli, Crinò & Gancia, 2022).

There are three primary ways that uncertainty affects economic activity, according to (Bloom, 2014): (i) real-options effects, (ii) risk-premium effects, and (iii) precautionary-savings effects. In terms of the real-options effects, businesses become more cautious when decisions are expensive to reverse. They postpone hiring and investments in order to gather more information, which ultimately results in a decrease in productivity and an increase in the unemployment rate (Bernanke, 1983; Dixit, Dixit & Pindyck, 1994). A rise in uncertainty boosts the likelihood of default and, as a result, the risk in the financial market, according to the risk-premium effect theory (Christiano, Motto & Rostagno, 2014). The country's capacity to import products and services as well as macroeconomic stability may be affected by this. As a precaution, businesses that are uncertain about their future income, put off procuring inputs (Romer, 1990). This may result in decrease in the manufacturing and selling of goods and services, which may impede economic growth by slowing the productivity of SMEs. In this study, we assume that this effect may be dependent on the fiscal position, a measure of economic resilience. In fact, a nation's financial situation indicates its capacity to finance certain expenditures by minimizing the negative consequences of uncertainty or a crisis as quickly as possible. When a developing nation has a fiscal surplus, it adopts measures and precisely countercyclical policies more reactively to lessen the negative consequences of uncertainty (Bénassy-Quéré, Ragot & Wolff, 2016). This is not true for a nation that exhibits budgetary deficits when unpredictability has a detrimental impact. The nation becomes less reactive in this situation and then implements cyclical policies, which might worsen the effects of uncertainty.

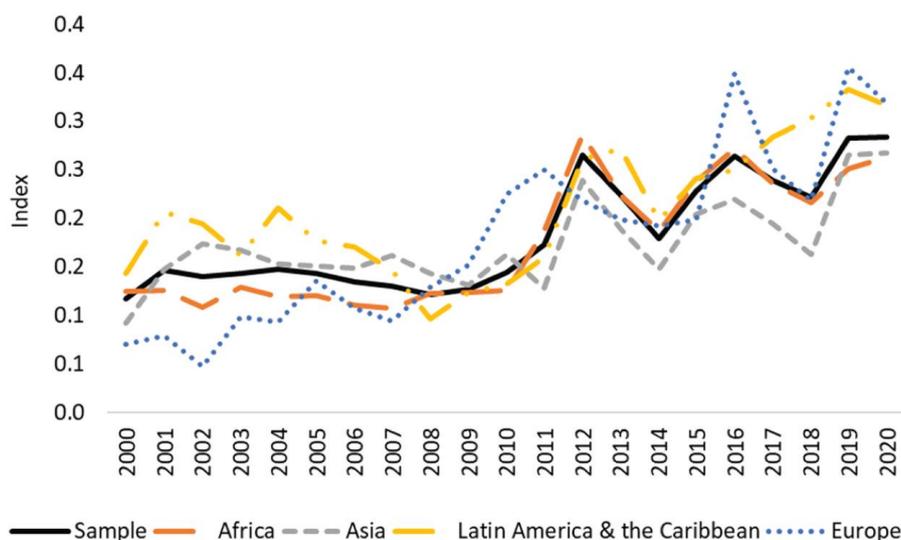


Fig. 1

It displays the World Uncertainty Index's development. It draws attention to the global increase in uncertainty. It illustrates three key stages where uncertainty has grown.

The first period, which spanned 2000 to 2003, emphasizes the unpredictability brought about by incidents like the second Gulf War (2002–2003), the dot-com bubble in 2001, and the September 11 terrorist attacks. The uncertainty brought on by the Eurozone crisis (also known as the sovereign debt crisis) and China's leadership transition is reflected

in the second phase, which runs from 2012 to 2013. From the end of 2017 to 2020, the third phase is underway. This final stage emphasizes how the trade war caused uncertainty on a worldwide scale.

Evolution of World Uncertainty Index (WUI), developing nations. The percentage of the word "uncertain" (or a variant of it) in the country reports from the Economist Intelligence Unit is used to calculate the WUI. Next, the WUI is multiplied by one million to rescale it. Uncertainty increases with a higher number and vice versa. An index of 200, for instance, indicates that the word uncertainty makes up 0.02 percent of all words, or roughly 2 words every report.

METHODOLOGY

Introduction

Using a mixed-method approach, the study combines qualitative reports and reviews from academics, professionals, industry leaders, and policymakers with quantitative analysis of SME performance metrics in specific SSA markets. The World Bank, government publications, SME surveys, and case studies from nations like Egypt, Ethiopia, Kenya, Nigeria and South Africa and are some examples of data sources. It would seem reasonable to assume that a mixed research technique will be the most effective way to conduct this investigation. This is because, in order to collect and process data, the mixed research method combines qualitative and quantitative research techniques (Saunders, Lewis, and Thornhill, 2015).

Research Method

The mixed research approach was used to quantify and comprehend a condition or phenomenon since it allows for data analysis with both qualitative and quantitative tools. Mixed method analysis is a suitable fit since it can evaluate vast volumes of statistical data, such as schedules and graphs, as well as a range of reviews, economic observations, newspaper editorials, research papers, and academic publications (Akinyemi and Asonye, 2025). Using mixed research approaches, Johnson, Onwuegbuzie & Turner (2007) advocated the use of pragmatic philosophy since it provided a sensible and practical substitute. Induction, which includes finding patterns, deduction, which involves testing ideas and hypotheses, and abduction, which involves identifying and depending on the best explanations for results, are all made possible by the mixed research method, they added.

Data Collections

The impact of contradictory government economic policies on SMEs operating in SSA will be investigated through mixed method research, as previously noted. To collect relevant data, a range of sources will be consulted, such as surveys, literature reviews, and journal articles. Journal reviews, scholarly publications, and monthly reports will provide more proof to back up the current facts and data. These data and additional materials will be integrated into the research endeavour at the same time (Akinyemi and Asonye, 2025).

Data triangulation was used to improve the quality and depth of the research findings, as well as their validity and correctness (Stake, 1995). A comprehensive picture of the situation is expected to be created by examining the same subject from multiple perspectives, and data collected in different ways is expected to yield comparable results. Even if understanding the data from several sources can be difficult, the study analysis process requires frequent examination and categorization of the extensive and comprehensive data.

FINDINGS AND DISCUSSION

Based on secondary data, this section delivers research findings that assess how government policy volatility affects business stability using text and visuals. Government economic policies are examined, along with how they affect the operational challenges, access to finance, market uncertainty, and long-term growth and sustainability of SMEs in SSA.

Operational Challenges

It is anticipated that Sub-Saharan Africa's economy will grow at an average annual rate of 4.4% in 2026-2027, having increased from 3.5% in 2024 to 3.8% in 2025. Local currencies are stabilizing thanks to improved terms of trade, but real income per capita is only expected to increase little, mainly ignoring acute poverty. More than 620 million more people of working age are expected to live in the region by 2050. Given that present growth does not substantially result in paid employment, this demographic transition necessitates creative and revolutionary approaches to job generation.

A favourable business climate, sound governance, and fundamental infrastructure and skills are necessary to address these problems. By addressing the barriers to SME development, the economy's productive sectors - such as mining, agribusiness, tourism, manufacturing and healthcare - gain the opportunity to expand and create high-quality jobs. A thriving labour market can be established in Sub-Saharan Africa with the correct strategy. This would assist in meeting the demands of its expanding workforce (World Bank, 2025a).

Pitigala and Hoppe (2011) found that businesses typically paid taxes equal to about 31% of their pre-tax profits. They further stated that the World Bank's Doing Business report found that, on average, Nigerian businesses paid about 32% of their pre-tax income in taxes, while Ghana, Kenya, Rwanda, and South Africa paid 41%, 49%, and 31%, respectively. In Nigeria, however, the burden varies greatly from state to state, while businesses in Enugu paid up to 51% of their pre-tax profit in taxes, those in Ogun and Lagos paid only about 17% and 23%, respectively (Table 1). Lagos

traders also knew more about the tax system and were better equipped to protest any policy that they felt was offensive or detrimental to their interests.

Inconsistent economic policies result in decreased profitability and increased compliance expenses. Many World Bank papers and associated studies back up the claim that SMEs in SSA, especially in nations like Nigeria, face substantial obstacles due to the variety of taxes, complicated rules, and high rates. This includes various taxation levels (federal, state, and local) as well as transportation and commodities taxes, which hinder market integration and competition. Thus, these problems reduce incentives for investment and raise operating costs, which impair SME performance and impede overall economic growth.

Table 1 Summary of Tax Costs in Nigeria, by State

	Average	Lagos	Anambra	Enugu	Ogun
Direct tax burden	31%	24%	34%	52%	17%
Double taxation	8%	6%	9%	12%	4%
Mobile fees and levies	10%	12%	11%	12%	6%
Compliance Costs	11%	10%	13%	12%	7%
Total Tax Burden	42%	34%	47%	64%	24%

Source: Pitigala and Hoppe (2011)

Table 1 Showing average rates of tax payable by SME across some states in Nigeria with total tax burden ranging between 24% and 64%.

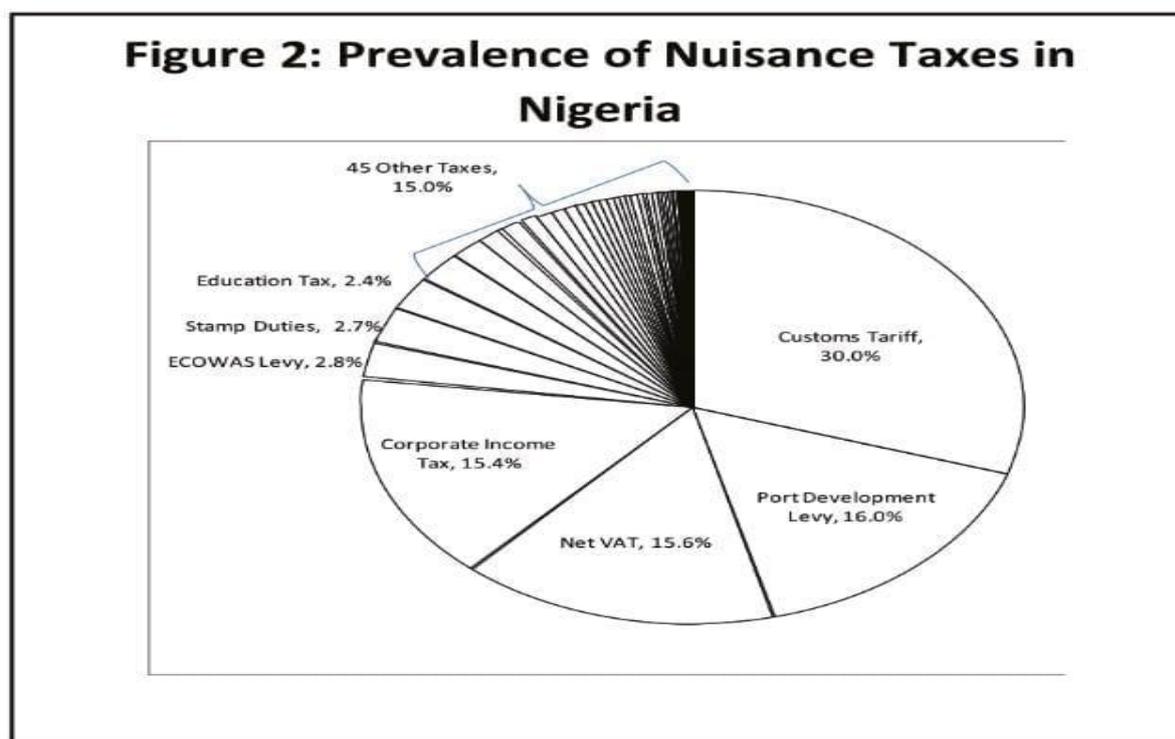


Fig. 2 Showing prevalence of nuisance taxes in Nigeria with over 50 different taxes payable by SMEs

Source: Pitigala and Hoppe (2011)

Access to Finance

Small and medium-sized businesses (SMEs) are the backbone of most economies, accounting for over half of all firms globally and nearly 90% of all businesses. In emerging nations, SMEs play a key role in productivity, economic diversification, and poverty alleviation. They still have trouble getting the funding they need to launch, maintain, and expand, though (World Bank, 2025b). Encouraging private investment, productivity development, and better local economies all depend on SMEs having greater access to financing.

The Africa Union Development Agency's report (AUDA-NEPAD, 2022) on leveraging new technologies to unlock the potential of Africa's SMEs makes the case that African SMEs are disproportionately affected by market and institutional failures. This is most evident in the restricted availability of credit and financing. Political instability, exploitation, an onerous regulatory environment, and a lack of institutional and physical infrastructure are further factors that hinder the expansion of SMEs throughout the African continent. Additionally, according to the World Bank Enterprise Surveys, the main obstacles to the expansion of the SME sector in Africa are restricted access to and cost of financing. Lending capital credit to SMEs is a challenge for many African banking and financial institutions. This is due to the fact that the majority of SMEs in Africa are hardly able to obtain the necessary information, such as required credit history for financing, limited financial records and reports, and insufficient ownership of buildings and land for collateral.

For Africa's SMEs, the African Union High Level Panel on Emerging Technologies (APET) is significantly enhancing their management systems and commercial processes. For instance, Kenyan SMEs can now get financing through mobile money applications thanks to digital technology. This has significantly increased the number of online loan applications and approvals. Consequently, the approval rate of these digital loans has therefore exceeded that of conventional credit instruments. According to the Reserve Bank of Kenya, the Loans Information Sharing System (CIS) is helping to increase financial inclusion in the country. Additionally, this method is simplifying the process for SME borrowers to obtain additional expansion finance (NEPAD-AUDA, 2022).

Indeed, one of the biggest obstacles to SME expansion continues to be financial accessibility. A financial gap of around US\$5.7 trillion, or 19% of GDP and 20% of total private sector credit, is estimated to exist across 119 EMDEs according to the most recent IFC–World Bank MSME financial Gap Report (2025). 40% of formal MSMEs, of which 19% are entirely and 21% are somewhat hampered by financing, according to the report. A disparity of around US\$1.9 trillion, or 34% of the total, affects women-owned MSMEs. In developing nations, informal businesses provide an additional US\$2.1 trillion in unmet demand for financing, or around 8% of GDP. Despite a 7% rise in credit supply, the MSME finance gap widened by more than 6% per year between 2015 and 2019. By November 2025, updated worldwide projections for 2023 should be available (World Bank, 2025a).

Market Uncertainty

According to World Bank (2025b), Sub-Saharan Africa's economy is expected to increase by 3.8% in 2025 and 4.4% in 2026–2027, demonstrating its resilience in the face of global market uncertainties. Significant dangers, such as ongoing uncertainties in international trade and policy, difficult external financing circumstances, and high debt levels, restrain this progress, nevertheless. The current rate of growth is not enough to fulfil the demands of the fast-growing labour force, which is why a significant and urgent jobs crisis is highlighted. (Afrexim, 2025).

Although half of the world's extremely poor people live in Sub-Saharan Africa, the region accounts for a very minor portion of global production and trade. The continent must implement reforms to increase its supply capacity and better integrate its trade and industry with the global economy if it hopes to catch up to the rest of the world. It will benefit from limitless demand and supply chain innovation if it does. Over the past ten years, there has been some progress, as the region's imports and exports have increased significantly. As the recent COVID-19 outbreak has shown, most African countries are highly dependent on trade for industrial inputs and a significant portion of their national GDP, making them more susceptible to trade disruptions from external shocks (Coulibaly, Kassa & Zeufack, 2010).

According to Joseph (2024), the African Continental Free Trade Area (AfCFTA) aims to strengthen Africa's shared voice and policy space in international trade discussions, thereby improving Africa's trading position in the global market and accelerating intra-Africa trade. If all signatories can implement the AfCFTA's requirements, the difficulty of market uncertainty will be reduced. Joseph (2024) further argued that AfCFTA intends to deepen the African continent's economic integration by creating a single market for goods and services enabled by human mobility. Liberalize the market for products and services through a series of rounds of discussions, facilitate investments that build on individual states' ambitions and developments, and assist in the movement of money, labour, and natural resources (Joseph, 2024).

Long-Term Growth and Sustainability

SMEs find it difficult to expand because of uncertain financial conditions. The economic outlook for Sub-Saharan Africa is still bright, but development is susceptible to a steep drop in commodity prices; the region has made little headway in eliminating poverty because of significant inequality; and growth with fairness will be necessary to reduce poverty more quickly (World Bank, 2013).

World Bank (2023) stated that in 2024 and 2025, Sub-Saharan Africa's growth is expected to reach 3.7 and 4.1 percent, respectively. However, the region is expected to marginally decline between 2015 and 2025 in terms of per capita. A "lost decade" of slow growth, consistently low per capita income, growing budgetary difficulties made worse by heavy debt loads, and the pressing need for job creation are just a few of the region's many problems. In order to address these complex problems and advance regional economic growth, poverty alleviation, and long-term job prospects, extensive reforms are needed. An ecosystem that supports firm entry, stability, growth, and talent development in line with business needs will be necessary for this (World Bank, 2023).

Strong governance will be essential for newly resource-rich nations to harness their riches for development, and Sub-Saharan African nations are still growing steadily. The region's economic progress over the past ten years seems to be sustainable.

CONCLUSION AND RECOMMENDATION

This study looked critically at how inconsistent economic policies affect small and medium-sized businesses in Sub-Saharan Africa. The study found that inconsistent economic policies make it difficult for SMEs to get financing, deal with high operating costs (such as taxes and unstable infrastructure), navigate complicated laws for development and sustainability, and deal with market unpredictability. High inflation, various taxes, and inconsistent regulations are only a few examples of how inadequate or badly executed policies impede growth, create financial limitations, and lower competitiveness.

Results further confirm our previous research showing that consistent and business-friendly policies, along with a stable business environment, are essential for creating jobs, increasing government income, and eventually boosting the economy. Inconsistencies in economic policy have been shown to seriously impair business operations, undermine investor trust, cause market disruption, and impede long-term economic and business progress.

Access to financing opens up opportunities beyond income. It empowers women and young people and builds communities by empowering businesses to innovate, grow, and hire. A significant multiplier impact is produced when women, in particular, reinvest a large portion of their income back into their families and local economies. Therefore, encouraging SMEs—particularly those run by women and young people—is essential to fostering inclusive and long-term growth. It is necessary to make technologies available for SME usage in order to gather and handle transactional data that can be utilized to quickly generate the financial reports and statements that formal lenders and commercial banks want. Thus, through innovation and emerging technologies, the African Union High Level Panel on Emerging Technologies (APET) is highlighting the digitization of financial data and transactional history. Appropriate financial statement and historical reporting may be greatly facilitated by this innovation. For SMEs in Africa, such data and well-structured information can facilitate finance access and diversification.

Regional development is becoming more and more dependent on market access, but there are obstacles to overcome, such as inadequate infrastructure, high operating expenses, and the requirement to support the expansion of SMEs in critical industries. These obstacles can be addressed, according to recent research, by utilizing regional trade areas such as the AfCFTA, fortifying institutions, and investing in infrastructure, particularly in the areas of digital and transportation. Increased unpredictability is a result of shifting trade dynamics, regional conflicts, and the effects of climate change on people and agriculture in Sub-Saharan Africa. African economies can choose to liberalize and diversify their markets, including by using the AfCFTA to increase regional trade, to increase economic activity, and to create jobs for young people, even though the direct and indirect effects of policy changes will take time to manifest and change.

In a turbulent environment, the report offers policy recommendations to African governments on how to sustain growth and restore confidence. When nations face mounting debt and dwindling international aid, they can take advantage of the chance to improve government spending efficiency and give people improved access to basic amenities like power, water, roads, education, and health care, the bond between businesses and governments would be strengthened as a result. SMEs will also benefit from more accountability, better public services, a fair tax structure, and unambiguous market regulations as they expand, compete, and generate employment.

To improve longer-term resilience, SSA must fortify its economic policy frameworks by implementing transparent and rules-based methods. When the economy is functioning well, fiscal regulations can assist nations in building up resources and maintaining sustainable finances. Additionally, stronger economic policy frameworks support monetary policy by curbing pro-cyclical spending that can increase demand pressures. A central bank that is independent and transparent will be in a better position to keep prices stable, which will contribute to the development of a macroeconomic climate that supports robust economic growth.

SME growth and sustainability in SSA are severely hampered by inconsistent fiscal policies. In order to fully realize the potential of SMEs as catalysts for economic growth, policymakers must tackle these obstacles.

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