

## Chapter 15

# Climate Change and the Sustainability of Small Businesses in Africa

**Thabiso Sthembiso Msomi**

 <https://orcid.org/0000-0002-8500-2624>

*Durban University of Technology, South Africa*

**Odunayo Magret Olarewaju**

 <https://orcid.org/0000-0002-4366-040X>

*Durban University of Technology, South Africa*

### ABSTRACT

*This chapter examined the role of climate change in the sustainability of small businesses in Africa, as climate change is a serious challenge. Severe weather events have the ability to interrupt supply chains, making it more difficult for companies to access materials and resources. Climate change is rapidly becoming the most urgent problem facing humanity in the 21st century. Despite rapid efforts in the mitigation of climate change, there are rising global impacts of climate change. Small businesses remain a source of economic growth and social development in African countries irrespective of the global impact of climate change. Thus, African countries should embark on a reasonable transition to a low-carbon, climate-resistant, or environmentally sustainable economy such that small businesses are turned to small green domestic companies.*

### BACKGROUND

The critical role of small and medium-sized enterprises (SMEs) has remained significant and prominent in many ways in both developed and developing countries (Nyamrunda & Freeman, 2021). This sector has probably been attached not only to grassroots growth in the economy, but also to the formation of inclusive sustainable development of an unprecedented dimension. There is also no indication that most established countries around the world attributed their economic development and growth to the

DOI: 10.4018/978-1-7998-7967-1.ch015

establishment and funding of a strong SME sector (Biggeri, Anand, Fennell & Comim, 2020). Experiences have therefore demonstrated that governments in advanced countries continue to promote and give preferential treatment to the sector (Banwo, Du & Onokala, 2017). Building on this experience, developing countries have also taken notice of this fact, recognising and acknowledging that the SME sector is a key factor in driving required economic and social development (Adam & Musah, 2015). In particular, the importance of the SME sector has been identified by South Africa as a powerful factor in the mission for economic growth and development (Leboea, 2017). It is therefore not shocking, in view of its respected position in boosting poverty alleviation and unemployment, which recently has become terrifying, that significant policy and programming efforts, including ongoing centered and imperative attention to help the SME sector, have been seen (Maduku, Mpingingjira & Duh, 2016). The production of the SME sector has also been a key driving force of economic post-season and growth in other developed countries (Mathu & Tlare, 2017). This recognition is extremely crucial since the worldwide SME sector is seen to be vital in stimulating economic growth through various methods such as wealth creation, poverty reduction and job creation (Mamabolo, Kerrin & Kele, 2017).

The creation of the SME sector, which would be the way to go if a country really wants growth from the grassroots, is definitely very important (Nyamrunda & Freeman, 2021). It is not only a major source of job growth, but, if harnessed properly, generates substantial export and domestic earnings. In addition, it is considered to be a significant, crucial instrument in the effort to reduce poverty, and its success through coordinated efforts would ultimately provide a giant basis for sustainable economic growth (Adam & Musah, 2015). Pertinently, SMEs are an important part of the economic structure of a country and their success is likely to influence the well-being of a nation as they represent the engine compartment for job formation, economic growth and innovation (Biggeri et al., 2020). Interestingly, it is regarded as an incubating medium for developing entrepreneurship that, by providing both backward and forward linkages for products and services, actually complements the process of adjustment in large companies (Leboea, 2017). The sector includes a wide variety of businesses of varying dynamism, technical development, risk attitudes, many of which are reasonably constant in technology and size, and others are more technologically sophisticated, filling vital niches of goods and services (Bibri & Krogstie, 2017). At present, SMEs are working in a world that is becoming more complex and competitive in terms of threats, markets and technological advancements (Ju, Ferreira & Wang, 2020). There is, therefore, a compelling need to guarantee that SMEs are becoming more competitive by careful management of dwindling resources, generating accurate planning, monitoring, decision-making, risk management and better assessment systems (Saah, 2019). With the increasingly intense rivalry constantly induced by the evolving nature of the operational environment, an insightful incorporation of all of these by an organisation will inevitably reinforce its capacity to gain competitive advantage (Biggeri et al., 2020). As such, optimum cost effectiveness, maximisation of benefit, reduction of risk and creating a competitive advantage are among the main goals SMEs are now trying to achieve strategically in the long and short term (Katz & Green, 2018).

However, in addition to its vital and positive position, many SMEs in Africa face numerous challenges, from the shortage of power, the lack of resources, incompetence in management, inadequate knowledge and ever-changing climate (Muriithi, 2017). A combination of high exposure to climate change and low adaptability has severely impacted businesses on the African continent. There are indeed a number of consequences of climate change on businesses (Wright & Nyberg, 2017). On the one hand, it tends to create a number of new business risks. In addition to the most apparent physical risks (for instance, operational effects of extreme weather events or supply disruptions caused by water depletion), businesses

13 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

[www.igi-global.com/chapter/climate-change-and-the-sustainability-of-small-businesses-in-africa/280970](http://www.igi-global.com/chapter/climate-change-and-the-sustainability-of-small-businesses-in-africa/280970)

## Related Content

---

### Community-Based Rehabilitation Programs for the Acid Victims' Community in Bangladesh: A Conceptual Analysis Aiming to Including the Excluded Into the SDGs Regime

Tahmina Islam, Siti Hajar Abu Bakar Ahand Noralina Omar (2023). *Positive and Constructive Contributions for Sustainable Development Goals* (pp. 220-234).

[www.irma-international.org/chapter/community-based-rehabilitation-programs-for-the-acid-victims-community-in-bangladesh/313406](http://www.irma-international.org/chapter/community-based-rehabilitation-programs-for-the-acid-victims-community-in-bangladesh/313406)

### Different Philosophical, Aesthetic and Sociological Approaches to the Relation Art-Labor-Economy

Loredana Stoica (2013). *International Journal of Sustainable Economies Management* (pp. 32-45).

[www.irma-international.org/article/different-philosophical-aesthetic-and-sociological-approaches-to-the-relation-art-labor-economy/94587](http://www.irma-international.org/article/different-philosophical-aesthetic-and-sociological-approaches-to-the-relation-art-labor-economy/94587)

### The Role of Economic and Political Power in Preservation of Status-Quo and Markets Integration: A Review

Georgiana Daniela Vlad, Anda-Ileana Necula, Mihai Mieiland Andrei Marcel Manole (2022). *International Journal of Sustainable Economies Management* (pp. 1-10).

[www.irma-international.org/article/the-role-of-economic-and-political-power-in-preservation-of-status-quo-and-markets-integration/304876](http://www.irma-international.org/article/the-role-of-economic-and-political-power-in-preservation-of-status-quo-and-markets-integration/304876)

### COVID-19 Impact on National Tourism: Romania's Case Study

Lcirmioara Alina Drcea, Daniela Mrcine, Maria Giripand Iulia Alexandra Oprea (2021). *International Journal of Sustainable Economies Management* (pp. 39-53).

[www.irma-international.org/article/covid-19-impact-on-national-tourism/298950](http://www.irma-international.org/article/covid-19-impact-on-national-tourism/298950)

### Bioeconomic Fishery Management: Changing Paradigms towards Eco-System Based Management

Anita Chattopadhyay Gupta (2016). *Handbook of Research on Climate Change Impact on Health and Environmental Sustainability* (pp. 261-281).

[www.irma-international.org/chapter/bioeconomic-fishery-management/140575](http://www.irma-international.org/chapter/bioeconomic-fishery-management/140575)