

**BUSINESS SUPPORT SERVICES AND THE PERFORMANCE  
OF SMALL AND MEDIUM ENTERPRISES  
A CASE OF CAPMER AND  
SELECTED SMEs  
RWANDA.**

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**A Thesis**

**Presented to the School of  
Postgraduate Studies and Research  
Kampala International University  
Kampala, Uganda**

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**In Partial Fulfillment of the Requirements for the Degree  
Master of Business Administration**

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**August , 2010**


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## DECLARATION A

"This dissertation is my original work and has not been presented for a Degree or any other academic award in any University or Institution of Learning".

Kaneza Ingrid Jacqueline 

Name and Signature of Candidate

21 / 10 / 2010

Date

## DECLARATION B

I confirm that the work reported in this dissertation was carried out by the candidate under my supervision".

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21/10/2010

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## APPROVAL SHEET

This dissertation entitled "Business support services and the performance of small and medium enterprises" prepared and submitted by Kaneza Ingrid Jacqueline in partial fulfillment of the requirements for the degree of Masters in Business Administration has been examined and approved by the panel on oral examination with a grade of PASSED.

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## **DEDICATION**

I dedicate this work to God Almighty, my parents and my entire family and to all my friends.

## **ACKNOWLEDGEMENT**

First and foremost, I extend my thanks to almighty father god who continuously cares in everything.

My heartily thanks also go to my parents for their support from my childhood up to this moment.

Mr Ryamugema Vincent who helped me so much in my education in terms of finance and other requirements, also deserve my great thanks.

My thanks also go to my brother and sisters for their boundless support during my studies and especially in the period of preparing this final thesis.

My sincere gratitude goes to Dr Musiime Andrew who kindly accepted to supervise me and his enriching advices, especially during the time of research.

Moreover I thank most sincerely CAPMER and SMEs for their assistance in providing needed information to me.

Finally, thanks to all my lecturers, friends Merveille, Mignonne, Sarah, Dadou, Cadeau, Moses and all my classmates for their contributions in one way or the other, to the accomplishment of this project.

May the Almighty God bless you in abundance.

## **LIST OF ABBREVIATIONS**

BDS	: Business Development Services.
BRD	: Banque Rwandaise du Developpement.
CAPMER	: Centre d' Appui aux Petites et Moyennes Entreprises au Rwanda.
GDP	: Gross Domestic Product
KIU	: Kampala International University
SMEs	: Small and Medium Enterprises.
SNV	: Organisation Néerlandaise de Développement.
SSEs	: Small Scale Enterprises
UNIDO	: United Nations Industrial Development Organization

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## **ABSTRACT**

This study was carried out on the relationship between business support services and performance of small and medium enterprises; using CAPMER and some selected SMEs as a case study. It was carried to determine the nature of business support services offered by CAPMER, to examine the user's expectations on the services offered by CAPMER to SMEs, and the relationship between the support services and the performance of small and medium enterprises.

The study adopted a descriptive research design. The study was done in Kigali Rwanda among the SMEs supported by CAPMER and staff of CAPMER involved with offering services to these SMEs. The sample size was determined to be 152 out of the population of 250 it was selected using a stratified sampling design. Data was collected using questionnaires and was analyzed qualitatively and quantitatively using thematic analysis.

From the findings of the study, it was found the nature of business support services offered by CAPMER are both financial and non-financial but the most offered are non-financial support service to SMEs where user's expectation from CAPMER service are more financial services than non financial services. The factors affecting CAPMER in the delivery of services to SMEs, There is a positive relationship between support services and the performances SMEs, the increase in business support services improve the performance of SMEs.

Therefore, it was concluded that there is a positive relationship between business support services and the performance of SMEs even if there are some factors which affect the delivery of those services.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **Background to the study**

Developing as well as developed countries acknowledge the role and importance of SMEs in generating employment, stimulating growth and creating social cohesion. Moreover, interest in SMEs also seems to have been further revived in the face of globalization, which is increasingly becoming an influential force in world trade. SMEs represent over 90% of private business and contribute to more than 50% of employment and of GDP in most African countries (UNIDO, 1999).

In many African countries including Rwanda, SMEs operate under an unfriendly policy, the lack of managerial know-how places significant constraints on SME development. The scarcity of management talent, prevalent in most countries in the region, has a magnified impact on SMEs. The lack of support services or their relatively higher unit cost can hamper SMEs' efforts to improve their management, because consulting firms are often not equipped with appropriate cost-effective management solutions for SMEs. Besides, despite the numerous institutions providing training and advisory services, there is still a skills gap in the SME sector as a whole (Kayanula & Quartey, 2000). This is because entrepreneurs cannot afford the high cost of training and advisory services while others do not see the need to upgrade their skills due to complacency. In terms of technology, SMEs often have difficulties in gaining access to appropriate technologies and information on available techniques (Aryeetey *et al.*, 1994). In most cases, SMEs utilize foreign technology with a scarce percentage of shared ownership or leasing. They usually acquire foreign licenses, because local patents are difficult to obtain. In many developing countries the informal economy accounts for a significant, but hidden, portion of GDP – anywhere between 30% and 70%. For example, in Burkina Faso, a

country of 12 million people, only 50,000 are employed in the formal sector. However, the country has a thriving informal sector that accounts for 38.4% of GNP. (SME Annual Report 2007 )

The existence of effective business support services is vital for the success of SMEs. In the face of development, SMEs stand little chance of success unless they are assisted and supported to improve the quality of their products and market them effectively. It is in this regard that the government of Rwanda created the Centre for Support to Small and Medium Enterprises (CAPMER), to improve the well being of all Rwandans by fast tracking development catalyzing sustainable economic growth, and creating prosperity for all. It is assigned the mandate of promoting small and medium enterprises in Rwanda through a package of Business Development Services (BDS) which it provides to SMEs and entrepreneurs.

CAPMER provides the following services to SMEs; support SMEs by conducting feasibility studies and developing business plans, training for SME entrepreneurs and staff in entrepreneurship, management and technology areas, "One to one" assistance to SMEs at the level of all the functions of the enterprise, support SMEs in accessing finance, mostly by negotiating bank loans, facilitating access to information on technologies and markets, support SMEs in the promotion and marketing of their products, support SMEs in the search for partnerships, both inside and outside the country, in order to modernize their production tools and access new markets. (MINIMART/SERDI May 2007)

### **Statement of the problem**

Local businesses, whether small or large, are the lifeblood of the economy, to succeed in competitive global environment businesses need ongoing access to help and support. Despite the effort by the Government to establish CAPMER as the provider of business

support services with the aim to improve the development and performance of SMEs, extract literature show no link between Business support efforts and performance of SMEs for the Rwandan perspective (Mazumder 1987), after the genocide in Rwanda, donor provided money for rebuilding up the country and to start some SMEs that could boost up the economy. In this context SMEs were conceived, initiated and upraised in an uncoordinated manner. Resources borrowed, grants received or national funds budgeted for development were not having the desired impact. The situation got worse due to the emergency conditions and lack of human resources which may have been understandable circumstances (Mukamusinga, 2007). Lack of strategic coordination and a structured national system to oversee the planning and management of SMEs has led to a situation where by SMEs were donor driven. According to the Central Bank survey (2005), there is still lack of delegation to the accountability of the middle management and lack of employee's performance assessment. No initiative and spontaneous reaction to problems encountered by the middle management and no discipline in respect to instructions and recommendations from the internal and external audits. Also the efforts of CAPMER have not brought direct results in ensuring the performance of SMEs. It is upon this background that the research was carried out concerning business support services in improving the performance of Small and Medium Enterprises in Rwanda.

### **Purpose of the study**

The purpose of this study was to investigate and examine the role and contribution of CAPMER as a business support service to the Performance and the development to the SMEs.

## **Research Objectives**

### **General objective**

The general objective of this study was to determine the relationship between business support services (CAPMER) and the performance of Small and Medium Enterprises in Rwanda.

### **Specific objectives**

- i. To determine the nature of business support service offered by CAPMER.
- ii. To examine the service users expectations of SMEs from business support services.
- iii. To examine the factors affecting CAPMER in the delivery of business support services.
- iv. To establish if there is a significant the relationship between Business support service and the performance small and medium enterprises.

## **Research Questions**

- i. What are the business supports services offered to small and medium enterprises by CAPMER?
- ii. What are the service user (SME) expectations of the business support service offered by CAPMER?
- ii. What are the factors affecting CAPMER in the delivery of business support services?
- i. What is the relationship between business support services and the performance of CAPMER?



## **Scope of the study**

### **Content Scope**

The study was hunted to business support services offered by CAPMER and their impact on the performance of small and medium enterprises in Rwanda.

### **Geographical Scope**

The study was done in Kigali city and this is because it is the administrative and business centre of Rwanda and many small and medium enterprises have their headquarters in Kigali.

### **Significance of the study**

- i. The study will be useful to SMEs because new strategies of improving their performance will be established.
- ii. The study will be useful to CAPMER as information will be got in the service user expectation will be and this will be used to improve service delivery.
- iii. These study findings will be useful for future researches, as new gaps may be identified.
- iv. This study will be useful for the policy implications and administrative

### **Operational Definitions of Key Terms**

Small and medium enterprise: they are defined as the scale of enterprise which can be measured in terms of total workforce, turnover, investment and number of business units.

Business support services: are defined as any assistance, financial or non-financial provided by any organization, public or private, involved directly or indirectly in the SME for the initiation, growth, and development of small enterprises.

Performance of small and medium enterprises: performance is crucial for any enterprise be it profit or not. Set standard serve as yardsticks for the stakeholders to assess their actual results in light of original goals.

## CHAPTER TWO

### LITERATURE REVIEW

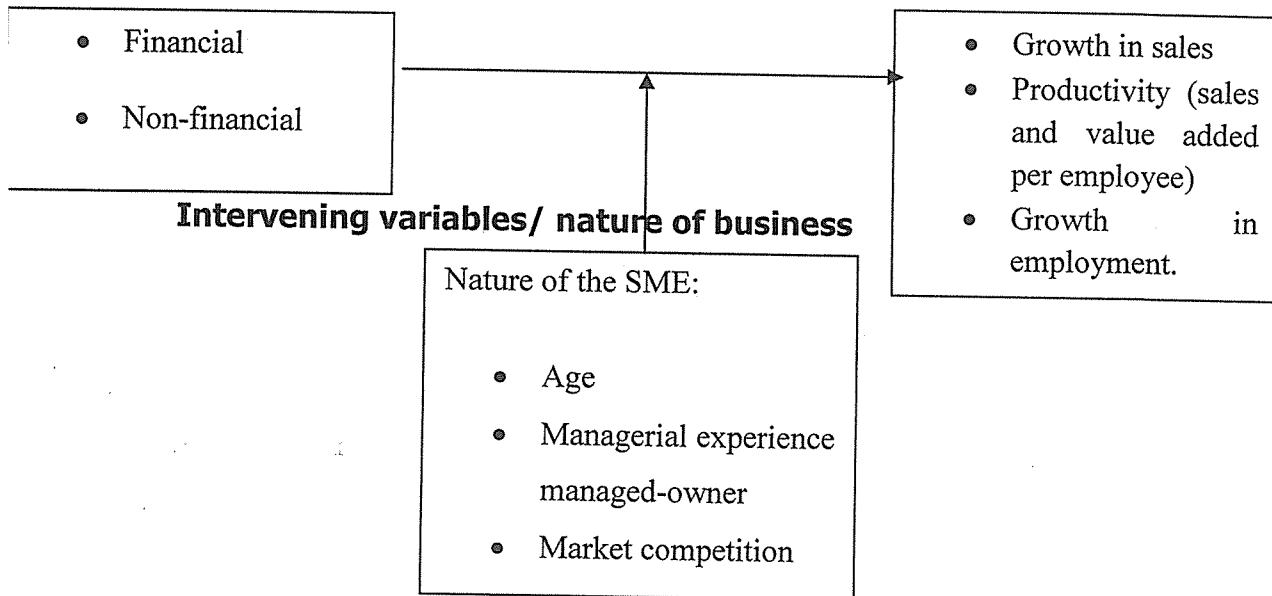
#### Introduction

This study is about the investigation into business support service (CAPMER) and the performance of the SMEs. In this chapter, the researcher reviewed related literature about the study in the following manner: defining Business support service, defining small and Medium scale Enterprises and their performance, and their relation between Business support services and the SMEs showing the importance and contribution of Small and Medium scale Enterprises in economic growth. Some constraints faced by SMEs that will be discussed in this chapter.

#### Conceptual Review

##### Business support services

##### Performance of SMEs



Source: (modified from Chrisman and Leslie 1989, Iaitiren 1996, & Mulford et al 1989)

The conceptual framework explains the relationship between the study variables. It is advanced that business support services especially financial and non-financial services Chrisman & leslie (1989) would improve the performance of SMEs through the generation of sales, products and growth in employment (Mulford 1989).

This is induced by the notice of the firm in terms of age, managerial competence and market competition Iaitien (1996). Hence this study examined as guided by the conceptual framework, Business support services as (independent variable), nature of the SMEs as (moderating variables) and SME's performance as the dependent variables)

### **Review of Related Literature**

The literature used at the proposal level and the final research report derived from a wide search using both print and electronic media in various aspects of BDS and the performance and presented as per research questions.

### **Business Support Services**

Business 'support' typically refers to the external resources that a business draws upon from time to time in order to extend or strengthen its internal resource base (Smallbone & North, 1999).

A business support service was again defined by Kaplan & Norton, (1992), as any assistance, financial or non-financial, provided by any organization, public or private, involved directly or indirectly in the SME sector for the initiation, growth, and development of small enterprises. A list of all possible assistance that was available to the SMEs was prepared.

A range of business support options have been developed and can be applied to develop small and businesses. However, key benchmark need to be applied in order for

such support to be effective. Business development services are important because they can assist entrepreneurs to run their business more effectively and, if appropriately applied, can act as an enhancer of access to finance and as an alternative form of "collateral" in circumstances where tangible collateral may be an impediment to meeting traditional security requirements. According to the World Bank report, (2007)

While the state has offered strategic direction in terms of SMEs development from time to time, there is as yet no coherent and focused delivery of such support available throughout the country. Despite this interest, evidence suggests that the majority of programs and institutions designed to support small enterprises have reached and assisted only a minority of them Farbman & Steel (1992) there is a range of obstacles facing entrepreneurs needing support. Rural areas, for example, are very under resourced and service.

### **Types of business support services**

There are two types of business support services, the financial business support services and non-financial business support services.

#### **Financial support services**

Financial services most often brings to mind the simpler aspects, of money services especially, such loans and cash. According to Storey, (1994) financial services refer to services provided by the finance industry. The finance industry encompasses a broad range of organizations that deal with the management of money. Among these organizations are banks, credit card companies, insurance companies, consumer finance companies, stock brokerages, investment funds and some government sponsored enterprises.

As everyone knows, though, there are other areas of financial services. Lack of access to finance was still considered a major impediment to growth by the SME community. The most serious part of the gap was the absence of financial intermediaries possessing the business orientation, tools, and systems needed to effectively service the capital needs of this growing segment of the economy.

Access to financial services for the SME sector, both SME operators and those intending to provide support services technical assistance and training to this sector, need to be proactive in maintaining current information about demand for commercial financial products and working to bring this information both to the business support services and SME operators. (Demand Mapping Survey - 2005)

Nearly 80% of enterprises maintain business accounts with commercial banks and over half are satisfied with their bank services. While the majority of SMEs utilize personal savings, family resources and retained earnings for new venture finance and working capital, they want leasing mechanisms, overdraft facilities and "soft loans," and business development services from commercial banks. According to the (World Bank's *Doing Business* report for 2007) SMEs access funds to operate their businesses through many sources: personal savings for working capital; informal sources, friends, families and "merry-go-rounds" for new investments; 30% access financing from cooperatives, and 9% from community banks; 6% from Development Finance Institutions; and nearly 26 percent from commercial banks. Technical assistance can be provided in the form of periodic assessments to maintain a current profile of SME financial product demand and satisfaction, with services provided.

## **Types of financial support services provided to SMEs**

Given that access to affordable finance is often an issue for SMEs, it is in this regard that a range of financial business supports have been developed and can be applied to develop small businesses. Some of these services which are very important to SMEs are as follow;

Loans; which is defined as a written or oral agreement for a temporary transfer of a property (usually cash) from its owner (the lender) to a borrower who promises to return it according to the terms of the agreement, usually with interest for its use. (Timberg 1992)

It is again defined by (Kilby 1979) An arrangement in which a lender gives money or property to a borrower, and the borrower agrees to return the property or repay the money, usually along with interest, at some future point(s) in time. Usually, there is a predetermined time for repaying a loan, and generally the lender has to bear the risk that the borrower may not repay a loan (though modern capital markets have developed many ways of managing this risk).

Grant: An amount of money given, usually by a government or nonprofit organization, to fund certain projects (Eccles, 1991). According to Raynard & Forstater (2002). Grant is the act of conveying title to real estate via a voluntary transfer. In some states, use of the words "grant, bargain, and sell" in a deed automatically incorporates some or all of the typical deed warranties. In order to avoid the consequences of such statutes, if a grantor wishes to convey title without any warranties, it should use a quitclaim deed or the words "bargain, sell and quitclaim" rather than "grant, bargain, and sell."

Leasing: the term "financial Serviced Lease" refers to a lease in which the monthly rent includes the cost of certain types of services, which may include janitorial services, trash collection, utilities, water and sewer charges, property taxes. Instead of the tenant opening their own service or utility accounts and directly paying for these costs, the landlord pays for the expenses, but includes an amount in the monthly rent to help off-set these costs.(ESCAP 2001).

Other financial support services provided are to underwrite debt and equity, assist company deals (advisory services, underwriting and advisory fees), and restructure debt into structured finance products.

### **Non-financial business support services**

These services are primarily aimed at skills transfer or business advice. The field of business support has been growing alongside the SME development process internationally (*Sarder1995*). Non financial business support services are willing to provide targeted technical assistance to SME borrowers to meet the demand for business development services for: strategic planning and business plan development; basic business management training; and commercial bank training in basic lending and borrowing principles.

### **Types of non-business Support services provided to SMEs:**

Supporting and equipping businesses to meet the opportunities and challenges posed by globalisation and rapid technological change is a priority at all levels of government. SMEs expect the service they get from business support services to be joined-up and targeted on their needs. (Bolton, 1971). Here are some of the services provided by business support services to SMEs:



The conduct of feasibility studies; feasibility studies are preliminary investigations into the potential benefits associated with undertaking a specific activity or project, the main purpose of the feasibility study is to consider all factors associated with the project, and determine if the investment of time and other resources will yield a desirable result, (Sharma 1979)

The feasibility study was again defined by (Gregory, 1993) as a report detailing the evaluation criteria, the study findings, and the recommendations Resource feasibility. This involves questions such as how much time is available to build the new system, when it can be built, whether it interferes with normal business operations, type and amount of resources required, dependencies

The development of business plan; as Pride, Hughes & Kapor (2005) defined the business plan as a carefully constructed guide for the person starting a business. Business plan can also serve as a concise document that has potential investors can examine to see if they would like to invest or assist in financing a new venture. (Smallbone & North, 1999).

Non-financial support services offer assistance in staff training for SME entrepreneurs and staff in entrepreneurship, management and technology areas, enhancing and giving new knowledge about technology and management skills and provide "One to one" assistance to SMEs at the level of all the functions of the enterprise. Training of various kinds can be provided directly by business support services or training partners. A number of different target groups are identified, since all parts of the management and enforcement system could currently benefit from training on the issues faced by SMEs in enforcing their knowledge. The issues also need to be covered more extensively in business management courses. (Beck *et al.* 2003)

Support SMEs to access finance, mostly in negotiating bank loans and provide financial advisory to SMEs and how to allocate the resources they got from financial services and to invest properly their money. Facilitating access to information on technologies and markets; non-financial services provide information by updating SMEs about technology and market through training and sensitization, they support to SMEs in the promotion and markets of their products.

Support to SMEs in the search for partnership, both national and international, in order to modernize their production tools and access new markets.(Luetkenhorst 2004)

### **Small and Medium Enterprise**

There is no universally agreed definition of SMEs. Some analyses define them in terms of their total revenue, while others use the number of employees as an indicator. (European Commission, 2006) defines a medium-sized enterprise as one with a headcount of 250, a small firm as one with a headcount of less than 50 and a microenterprise as one with a maximum of 10 employees.

Small enterprises can be defined in many different ways, but in developing countries some consensus is emerging to define a small enterprise as an establishment with a maximum of 49 full-time employees (Sharma 1979;). One current definition of Small and Medium Enterprise encompasses firms with less than 15 workers. A more complex definition looks at three aspects these are: the type of activities; the number of workers and the level of output. For the sake of economy the term "small business" is used in place of the phrase Small-to-Medium-sized Enterprises (SMEs). Small business, as used in its generic sense, covers firms of variable size. (Leidholm & Mead 1987)

The term small business is used to capture four key elements: number of employees; size of turnover; market share and managed and owned in an independent and

personalized way. The term "enterprise" is similar to "undertaking"; "occupation"; company or plan while small or medium is a relative term because a small business in developed countries can be a big enterprise in most developing countries. Therefore, small and medium has been defined basing on socio-political context of the country in which the business is operating. (Kaplan, 1983)

Back in 1971, what is usually held to be a definitive report on the state of small business in Britain at a time, the Bolton Report (Bolton, 1971), made heavy weather of proving a statistical definition. Recognizing that one definition would not cover industries as divergent as manufacturing and service, it is used eight definitions for various industry groups. These are ranged from under 200 employees for manufacturing firms to over £ 50,000 turnover (in 1971) for retailing, and up to five vehicles or less for road transport. What is more, definition based on financial criteria suffers from inherent problems related to inflation and currency translation. Being a small firm is not just about size defined in simple statistical terms. Small firms also have important defining characteristics.

In the recent years, there have been major resurgences of small business throughout the developing world. In most developed economies anything from 6 to 15% of the working population are small business men and women. In Italy, for example, 90% of all industrial firms are small businesses and absorb 84% of total employment. In Denmark 92% of all manufacturing firms are small businesses employments 43% of the work force. But throughout history small business has received only modest attention. (World Bank report 2007)

However, even if there are some centers that support SMEs to access to finance, still small scale enterprises require many things to start their business. Small businesses need capital, customers, joint activities, information and above all proper management (Harper, 1976). Most good business people are short of capital, since they have more

ideas than they have money to put them into effect. These are however, particular reasons why small businesses have difficulties in raising their capital. Banks may be anxious to help, but it often takes as long to assess a loan application from a small business as from a large one.

Hence considering that this study will take place in Rwanda a developing country the study will adopt the definition of SME according to (Leidholm & Mead 1987), as this prescribed the characteristics fit the environment in Rwanda.

### **The Nature of small and medium enterprises**

Many Scholars argue that the mean of creating sufficient business support services that are applicable to SMEs, it is important to recognize the nature of many SMEs, for whom Luetkenhorst (2004) notes that "the bottom line of short-term economic survival is more pressing than for large corporations. SMEs are often forced to prioritize short-term survival over longer-term strategic measures, and they often have few managerial and financial resources to invest in such measures

Age of the SME: SMEs age should be a key criterion in any future targeting of business support. Using evidence from a recent study of the survival and growth of a panel of manufacturing SMEs in the UK in the 1980s, two main arguments for focusing support on younger firms are considered: first, that their prospects for employment generation are better than that of older firms, and second, that they may need particular help in order to evolve successfully into more mature businesses. . Audretsch (1995).

Managerial experience managed-owner: the organizational size is an important determinant of the nature of managerial work. The owner-manager must achieve some minimum threshold in managerial and administrative skill if the business is to grow. (Greiner, 1972). Firm growth was found to be directly associated with diversity of

management experience and owners' growth intentions. These two factors underlie all other owner and firm attributes that have historically been associated with firm growth. Management experience among business owners suggests a need for skill development as this area of management is sometimes overlooked in training programs. These management activities are particularly important given the study finding that those business owners that emphasize the upgrading of resources (an operational strategy) (Green *et al.*, 2002).

Market competition: For the mainstream of economic theory the notion of competition has come to be associated with the absence of market power (to effect change in price or product quality). A competitive market is one in which no firm possesses market power.

Adam Smith, Austrians define a competitive market not as a situation where no participant or potential participant has the power to make any difference, but as a market where no potential participant faces nonmarket obstacles to entry. (The adjective "nonmarket" refers, primarily, to government obstacles to entry; it is used to differentiate such obstacles from, for example, high production costs that might discourage entry.

These latter do not constitute noncompetitive elements in a market; to be able to enter means to be able to enter a market if one judges such entry to be economically promising-it does not mean to be able to enter without having to bear the relevant costs of production.) That is, a situation is competitive if no incumbent participant possesses privileges that protect him against the possible entry of new competitors. (Green *et al.*, 2002).

## **SMEs performance**

Like any other firms, literature has identified the increasing complexity of small and medium-sized enterprises (SMEs) and highlighted their sensitivity to differences in managerial culture and management systems.

Since the mid-1980s, increasing attention has been given to the study of performance. Performance is a balanced and dynamic system that is able to support the decision-making process by gathering, elaborating and analyzing information (Neely *et al.* 2002). Following the criticism of traditional performance models, which focused on financial measures, multidimensional and balanced models were created to support the development of the organization and management of big companies (Sinclair & Zairi 2000).

In recent years, the literature has highlighted the need for changes in managerial culture and rationalization of management systems to support the management of the increasing complexity in manufacturing small and medium-sized enterprises (SMEs) (Bernardi & Biazzo 2003). The most popular of these is the balanced scorecard (Kaplan & Norton, 1992), which emphasizes a balance between the use of financial and non-financial measures to achieve strategic alignment. (Neely *et al.* 2002). Therefore this study will adopt SMEs performance in terms of productivity, growth in sales, and growth in employment.

**Productivity Performance of SMEs:** The least controversial definition of productivity is that it is a quantitative relationship between output and input (Iyaniwura & Osoba, 1983). This definition enjoys general acceptability because of two related considerations. One, the definition suggests what productivity is thought of to be in the context of an enterprise, an industry or an economy as a whole. Regardless of the type of production, economic or political system, this definition of productivity remains the

same as long as the basic concept is the relationship between the quantity and quality of goods and services produced and the quantity of resources used to produce them (Prokopenko, 1987).

**Growth in sales SMEs:** According to Storey (1994) the definition of sales growth is the increase in sales over a specific period of time, often but not necessarily annually. (Kayanula & Quartey, 2000) define growth of sales as annualized growth rate of revenue expressed as a percentage, used in measuring the performance of a new firm with little or no record of earnings.

When small firm sales grow faster than large firm sales, growth in Gross National Product is enhanced in the following year. This suggests that SME growth may provide an independent source of general economic growth. In 2007, the growth in productivity of SMEs stood at 5.3%, with a value of the previous year. The productivity gain was attributed to higher value added creation and capacity utilization in selected sub-sectors. The high productivity growth mainly in the Chemicals and Chemical Products (11.4%) and Petroleum Products (8.4%) sub-sectors was due to continued investments in modern technology and advanced production processes which led to the delivery of higher value added products and services, according to the World bank report (2008).

**Growth in employment:** There is, in addition, considerable evidence to show that the proportion of employments found in SMEs has been increasing since 1970. SMEs make up over 99 per cent of all firms, are the source of 40 to 80 per cent of all employment, and provide between 30 and 70 per cent of gross domestic product (GDP) European Observatory for SMEs, 1995. The most recent analyses in the United States indicate that new and small firms provide gross and net jobs in about the same proportion as their role as sources of jobs at any given time. For example, firms with less than 500 employees provided 51 per cent of the 86 million jobs in 1984 and 51 per cent of the 97 million jobs in 1988. They also provided 48.5 per cent of the net job gain over these

four years. (SME Annual Report 2007). Since human capital development is expected to further spur the development of business startups and increase the supply of skilled and knowledge workers, SMEs need to improve on capacity and capability by investing in appropriate new technologies and intensifying the ongoing training of human resources.

### **Theory and practice in SME performance measurement systems**

Current literature suggests that SMEs may be differentiated from larger companies by a number of key characteristics. These are generally described as personalized management with little devolution of authority; severe resource limitations in terms of management and manpower, as well as finance; reliance on a small number of customers, and operating in limited markets; flat, flexible structures; high innovatory potential, reactive, fire-fighting mentality; informal, dynamic strategies, the significant differences in the structure and philosophy of SMEs indicate a need to assess the relevance of the strategic performance measurement development process. (Kaplan & Norton, 1992)

To address the need for companies to align their performance measurement (PM) systems with their strategic goals, a number of frameworks and approaches for the development of PM systems have emerged. The most popular of these is the balanced scorecard (Kaplan & Norton, 1992), which emphasizes a balance between the use of financial and non-financial measures to achieve strategic alignment. The popularity of the balanced scorecard has acted as a catalyst for further research into the characteristics of, and approaches for developing, strategic PM systems. These approaches have been designed primarily for use in a medium to large company context. Small- and medium-sized enterprises (SMEs) exhibit distinct characteristics that differentiate them from the majority of their larger counterparts (Storey, 1994).



Therefore, there is a need to establish the relevance of existing PM approaches for SMEs and to identify an appropriate process for the design and implementation of strategic PM systems in this context. The concept of strategic PM was developed in response to the criticisms that traditional PM systems are financially driven and historically focused (Kaplan & Norton, 1993). According to Neely (1999), this change in emphasis represents a revolution in the field of PM, evidenced by the increasing body of research that has been developed over the last decade. This plethora of information included many different proposals and guidelines that attempt to explain the characteristics of strategic PM.

These may be divided into two broad categories: appropriate dimensions of performance for which measures might be developed and the characteristics that these measures should display.

These categories, however, focus only on the content of strategic PM systems, rather than identifying the requirements of effective processes for developing them.

Previous research has failed to address explicitly the features of PM development processes that enhance the likelihood of successful implementation. This makes the evaluation of existing approaches problematic. This problem has been addressed by the identification of features of typical process methodologies, which can be applied to the PM development process.

The three resulting categories are described in the following sections and are synthesized to form a typology for evaluating the PM approaches that have emerged in the literature:

Dimensions of performance: the dimensions of performance for which measures, within a strategically aligned PM system, should be developed have been defined using a

variety of terms in the literature. This has caused a degree of replication. Time, quality, SME performance measurement systems and flexibility are commonly cited as the main operational dimensions which should be measured (Kaplan, 1983). Finance, in various different forms, is also considered to be a critical dimension of performance, in addition, customer satisfaction and human resources are repeatedly cited as critical measurement areas (Fitzgerald & Moon, 1996).

These six dimensions can be seen to cover all aspects of business: The financial results, the operating performance (through the dimensions of time, quality and flexibility), the way the company is perceived externally (through its customers) and the cultural aspects of the working environment (through the human resource dimension). It is, however, important to note that these dimensions are not prescriptive. Instead, they are intended to encourage the holistic consideration of these areas when developing measures to support the company strategy.

### **Business support services and SMEs performance**

Systematically assisted SMEs indicate significantly better performance by the firms receiving support services. This suggests that assistance, particularly financial assistance, could help firms increase growth in sales and employment. Therefore, support services are a beneficial ingredient in the enterprise development efforts as part of an overall economic development strategy.

It could also be interpreted that providing extensive support could be a way of making assistance more effective in the desired direction. Establishing the performance of firms or their owners before they receive assistance, it is difficult to unambiguously establish whether the better performance by assisted firms is due to the direct effects of support services. (Murphy 1996),

The report of World Bank (2007), shows that in economies SMEs account for over 95% of firms, 60-70% of employment, 55% of GDP and generate the lion's share of new jobs. In developing countries, more than 90% of all firms outside the agricultural sector are SMEs, generating a significant portion of GDP. For example, in Morocco, 93% of industrial firms are SMEs and account for 38% of production, 33% of investment, 30% of exports and 46% of employment and most of these successful SMEs have been assisted by business support services financially and non financially.

### **The SMEs in Rwanda: Present situation and conceptual clarifications**

The over-riding problem in most developing countries is economic development, thus an understanding of this problem; most developing countries are now involved in economic reform activities under different names for example: structural adjustments programs, poverty reduction strategies and the like. All such programs, aim to reduce and remove distortion caused by the lack of strong market economies. (Harper2001).

According to the study on SMEs in Rwanda with MINIMART/SERDI in the case of Rwanda, there is no commonly accepted definition by the Intervening Institutions. The most commonly used definition is that of the Rwanda Development Bank (BRD: Banque Rwandaise de Development). It is based on the criteria such as net investment, turnover and employment as indicated below:

**Table 2.1 Table showing the present situation of SMEs in Rwanda**

Size of enterprise	Net capital investment In million Frw	Annual turnover In million Frw	Employment Number
Micro enterprise	Less than 0.5	Less than 0.3	Less than 15
Small enterprise	0.5 to 15	0.3 to 12	15 to 30
Medium enterprise	15 to 75	12 to 50	30 to 100

(Source: study on the sector of small and medium enterprises and Artisans in Rwanda-MINIMART/SERDI, May, 2007)

Note: The BRD suggests increasing the value of the investment and turnover by 3 folds in order to take into account the devaluation of the currency to revise the above definition.

The income tax department (Rwanda Revenue Authority) is also defining enterprises having an annual turnover of less than 60 Million Rwandan francs as small and 60 to 150 Million Rwandan Francs as medium. On this basis, they estimate a number of around 7300 as SMEs that liable to be taxpayers include diversified categories of persons and enterprises, retail and wholesale dealers, restaurants, hotels etc. it is therefore difficult to use these figures to define the SMEs of the manufacturing nature.

According to the report of MINIMART/SERDI May 2007, most Rwandan SMEs are small companies of less than 50 people, managed by terms of 3 to 4 managers. They are fairly young companies created after 1994 and most of those companies have already passed the bar of \$ 12000 a year in sales. They still feel that their firms are at a "struggling for survival" stage, and feel rather reserved about sharing what is happening in their businesses with non-trusted people. However, they have a tight and strong network and tend to get a lot of their information via work-of-mouth. Despite

their heavy schedule, they also try to stay informed by tuning to the radio and reading some related or brochure

There are about 170 to 200 organized, structured industrial and service enterprises in the country. There is also micro or informal units employing less than 10 persons and they are dispersed in different regions that are estimated at present to be around 2000 to 3500 as at today. Some of these enterprises are candidates for organized SMEs if properly assisted. It was observed that often intervening institutions, funding agencies, micro credits programs, NGOs tend to include all types of sub sectors, handicrafts units, informal and micro enterprises, SMEs, export oriented industries, in the same category of SMEs and tend to adopt uniform promotional and development mechanisms for all.

In additional, to the definitions many terms are also used to identify the SMEs in Rwanda as in many countries. The terms used such as SMEs, SMIs, Handcrafts, Rural industries, Micro enterprises/ industries, Informal unit's production Cooperatives, Artisans.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **Introduction**

This chapter encompassed the methods that were employed in the research process it covers the research design, the study population, the sampling criteria and sample size, the sources of data, the description of the area of study, the methods and tools of data collection and the data analysis technique.

#### **Research design.**

The study adopted a descriptive correlation design. This design provided a clear understanding of how business support services influence on the performance of SMEs in Rwanda.

#### **Study Population.**

The study was done in Kigali Rwanda among the SMEs supported by CAPMER and staff of CAPMER involved in offering services to these SMEs. Those SMEs have been chosen because they are beneficiaries of the services provided by CAPMER and influenced on their performance on the other hand staff of CAPMER have been selected because they are the providers, regulators and implementer of CAPMER policies, the population of the study was 250 involving both SMEs and staff of CAPMER .

## Sample Size and selection

According to Kakoza (1996), a portion of the population selected for the purpose of researching the characteristics of the whole population is called a sample. With the desired confidence level of 95% in the sample expressing a 5% margin of error and using the formula below the sample size was determined to be 152 out of the population of 250.

$$n = \frac{X^2 * N * P * (1-P)}{(ME^2 * (N-1)) + (X^2 * P * (1-P))}$$

Where:

n = sample size

$X^2$  = Chi – square for the specified confidence level at 1 degree of freedom

N = Population Size

P = population proportion (.50 in this table)

ME = desired Margin of Error (expressed as a proportion)

*Adopted from Krejcie & Morgan(1970)*

## Sampling procedure

The study used a stratified random sampling. In this process, the sampling frame was divided into non-overlapping groups or strata based the stakeholder groupings of the population. A sample was then taken from each stratum randomly. This sampling technique was adopted because it helped this study in achieving greater precision because the strata have been chosen so that members of the same stratum were as similar as possible in respect of the characteristic of interest. Also it provided administrative convenience as each stratum was understood and dealt with in detail and this was even assist in later stages of Analysis

In general the size of the sample in each stratum was taken in proportion to the size of the stratum, this is commonly referred to as proportional allocation as shown below;

Stratum	Population	Proportionate Sample size	Percentage out of the total Population
CAPMER Board	08	05	3.2%
CAPMER Staff	22	13	8.8%
SMEs	220	134	88%
Total	250	152	100%

### **Data sources**

The study used both primary and secondary data. Primary data was collected from the SMEs supported by CAPMER and staff of CAPMER involved with offering services to these SMEs while secondary data was gotten through the review of relevant literature from publications such as journal articles, textbooks and other related publications.

### **Data collection instruments and procedure.**

Data was collected by the use of self-administered questionnaires which were distributed to the respondents and then collected after, this is because this approach was flexible and allowed respondents to interact with the tool long enough to be able to fill answers and above everything it enhances respondent confidentiality. The researcher was by the use of trained research assistants to distribute and collect these tools and whenever not ready, a callback will be made.



## **Validity and reliability of the instrument**

In order to ensure validity the researcher discussed the instruments with a panel of experts in the field of entrepreneurship who advised on the appropriateness of the questions and other items on the questionnaire and hence face and content validity was established, and according to Amin (2005) and using his formula;  $CVI = \frac{\text{No. of judges declaring an item valid}}{\text{Total No. of judges}}$ , and all item with an index below 0.6 will be dropped hence ensuring that the instrument has a CVI of 0.6 and above as indicated below;

$$CVI = 21/26 (0.81)$$

To ensure reliability, the questionnaire was pre-tested on 10% of the respondents as guided by Saunders et.al (2005), and was tested using Chronbach's coefficient alpha. Since the Alpha coefficient ranges in value from 0 to 1 and may be used to describe the reliability of factors extracted from dichotomous (that is, questions with two possible answers) and/or multi-point formatted questionnaires or scales (i.e., rating scale: 1 = poor, 5 = excellent) for which the questionnaire in this study is, then this was a valid test. Therefore higher the score, the more reliable the generated scale is and Nunnally (1978) has indicated 0.7 to be an acceptable reliability coefficient and this study strived to achieve this level despite lower thresholds sometimes being used in the literature Nunnally (1978).

## **Data analysis.**

Data collected was edited both during the field data collection and after to ensure completeness in answering the questions and then was coded with the guide of the sections in the questionnaire to allow easy entry.

The entry of data was done using Epi-Info version 6.04b statistical package and after words entered into and analyzed using a statistical package for social scientists (SPSS version17).

### **Measurement of variables**

The study variables were measured on a five point Likert scale developed by the researcher, but measuring items modified from previous studies. Business support services were measured on a five likert point scale was items modified from (Chrisman and Leslie 1989),the moderating variable of the nature of SMEs was measured and modified items from (Laitiren 1996) while the dependent variables which are SMEs performance were measured on modified items from (Mulford et al 1989).

### **Ethical consideration.**

There is a tendency of researchers to use research assistants to collect for them data. In the end such assistants end up sitting somewhere in a restaurant and filling the questionnaires hence leading to unreliable results. The researcher in this regard planned to maximize her involvement in data collection.

### **Limitation to the study**

Because of the increased competition amongst SMEs, the researcher anticipated a challenge of withholding information by the respondents especially in the private sector. However, this challenge was addressed by explaining to them the purpose of the study and the benefits that will accrue to them after the publication of the findings.

## CHAPTER FOUR

### PRESENTATION AND INTERPRETATION AND ANALYSIS OF FINDING

#### Introduction

This chapter presents the result of the study and interpretation of findings. The chapter comprised of four sections. Section one presents the sample characteristics showing sex, age, education level, responses on the variables and the relationship between the variables.

#### Gender by status

Cross tabulation was used by the researcher to present the gender of the respondents.

The table below presents the result:

**Table 4.1. Gender**

Gender	Frequency	Valid Percent	Cumulative percent
Male	96	63	63
Female	56	37	100
Total	152	100	

The research revealed that the majority of the respondents were male (63%) while 37% of the respondents were female. As the research showed CAPMER has gender sensitivity where it encourages even women entrepreneurs to run their business effectively.

## Age of the respondents

**Table 4.2 : the table showing the age range of the respondents**

Age	Frequency	Valid Percent	Cumulative percent
10-20	30	20	20
30-39	45	30	50
40-49	60	39	89
50 and above	17	11	100
Total	152	100	

The results shows that the majority of the respondents are between the age of 40 and 49 with 39%, the age between 30 and 39 follows with 30% followed with the age between 10-20 with 20% most of them were between the age of 18-20, the age of 50 and above come last with the percentage of 11, the majority in the entrepreneurship start seriously with the age between 40-49 and 30-39, where it seen that the ages below expect to be employed in public services.

## Nature of Business Support Services

**Table 4.3 Nature of Business Support Services**

	Min	Max	Mean	Std. Deviation
CAPMER offers loans to SMEs	1.00	5.00	2.63	1.13
CAPMER extends credits and other financial services	2.00	5.00	3.00	0.96
CAPMER offers grants to SMEs	1.00	5.00	2.48	1.19
CAPMER offers financial leasing	2.00	5.00	3.08	0.76
CAPMER offers training to SMEs	1.00	5.00	3.38	1.12
CAPMER finds market to SMEs	1.00	5.00	3.72	1.11
CAPME develop business plan to SMEs	1.00	5.00	3.92	0.93
CAPMER conduct feasibility studies to SMEs	2.00	5.00	3.45	1.16
CAPMER promotes the ICT to SMEs	1.00	5.00	2.82	1.19
CAPMER develops the industrial site to SMEs	2.00	5.00	2.35	0.71

The results of the nature of support services offered by CAPMER show that CAPMER often gives non financial services than financial services, where it offer services such as develop business plan to SMEs (mean 3.92 and the standard deviation of 0.93), it conduct feasibility studies to SMEs (mean 3.45, and a standard deviation 1.16), CAPMER finds new market to SMEs internally and outside the country (mean 3.72, standard deviation 1.11), it offers trainings to managers and employees to improve their management skills, to improve their productivity and be competitive to the market (3.38, standard deviation 1.12), CAPMER promotes the use of ICT in SMEs performance (mean 2.82, standard deviation 1.19), CAPMER try develop the industrial sites to SMEs

(mean 2.35, standard deviation 0.71). CAPMER also offers financial support services such as offering financial leasing (mean 3.08, standard deviation 0.76), CAPMER extends credits and other financial services to SMEs (mean 3.00, standard deviation 0.96), CAPMER offers grants to SMEs (mean 2.48, standard 1.19), CAPMER offers also loans with a low interest rate of 7% ( mean 2.63 standard deviation 1.13)

**Table 4.4 Service User Expectations**

	Min	Max	Mean	Std. Deviation
We expect more financial services from CAPMER	2.00	5.00	4.07	0.67
We expect more non-financial services from CAPMER	1.00	5.00	3.42	0.97
We expect quality services from CAPMER	1.00	5.00	3.47	1.06
We expect to spend more time with experts from CAPMER	1.00	5.00	3.09	1.15

The results on Users expectations show that SMEs expect more financial support services (mean 4.07, standard deviation 0.67) than non financial services (mean 3.47, standard deviation 0.97) from CAPMER, SMEs expect quality services from CAPMER (mean 3.47, standard deviation 1.06), to meet users expectation CAPMER should allow to their experts to spend more time with them by supervising them and guiding them in their performance (mean 3.09, standard deviation of 1.15).

**Table 4.5 Factors affecting CAPMER services**

	Min	Max	Mean	Std. Deviation
Policy environment affect our services	1.00	5.00	4.00	0.86
Lack of enough finances	2.00	5.00	3.87	8.87
Lack of technology	2.00	5.00	4.08	0.81
Poor entrepreneurial knowledge of SMEs	1.00	5.00	3.00	1.22
Poor management skills of SMEs	1.00	5.00	3.32	1.13
Lack of accountability in SMEs	1.00	5.00	3.81	0.94
Bureaucracy/ lengthy decision making in CAPMER	1.00	5.00	3.78	0.73
Lack of marketing our services	2.00	5.00	4.10	0.88

The results on factors affecting CAPMER in delivering its services to SMEs show that, lack of marketing our services affect the most our services delivery (mean 4.10, standard deviation 0.88), lack of technology make our service delivery slow (mean 4.08, standard deviation of 0.81), policy environment is another factor which affect our services delivery when they keep on changing (mean 4.00, standard deviation 0.86). Lack of enough finances makes our services very slow when our beneficiaries require more services and more funds than our capabilities (mean 3.87, standard deviation 8.87), lack of accountability in SMEs affect also in our services when SMEs misuse the services we offer to them and fail to allocate the funds we gave to them even some of managers use loans we gave to them in their personal affairs this affect us (mean 3.81, standard deviation 0.94), poor management skills of SMEs affect us because it requires too much effort and too much time to supervises those SMEs with poor management skills (mean 3.32, standard deviation 1.13). the other factor which affect our service delivery is the length of making decision from our managers which delays our service delivery (mean 3.78, standard deviation 0.73), poor entrepreneurial knowledge of SMEs

affect which is seen in most SMEs where they take long to scan the environment and innovate their products so that to be competitive in the market (mean 3.00-standard deviation 1.22).

### Relationship between study variables

In this section, the results that address the relationships between the study variables and to investigate the relationship among the constructs a zero-order correlation table were generated.

**Table 4.6: Pearson correlation matrix**

Zero order correlation	1	2	3	4	5	6
Business Support Services (2)	.436**	1.000	-----	-----	-----	-----
SME Performance (4)	.356**	.514**	.418**	1.000	-----	-----
Nature SME (6)	.313**	.536**	.416**	.543**	.239**	1000

According to the results of relationship between study variables, there was a significant positive relationship between SMEs performance and business support services offered by CAPMER ( $r=0.416^{**}$ ,  $p=0.01$ ) as supported by the research objectives. This implies that if CAPMER increased its support services the performance of SMEs is likely to improve by 41.6%. The results revealed in the above table barked by literature reviewed by (Gibb and Manu 1990) who clearly posited that business support services



affect SMEs performance through service outcomes, Business support services have a great relationship with the SME nature and affect direct on this nature SMEs such as managerial experience, market competition by improving them. (Mulford et al 1989)

**Table 4.7: SMEs Satisfaction on the support services offered by CAPMER**

	Min	Max	Mean	Std. Deviation
I would recommend to another firm to come to	1.00	5.00	2.16	1.09
I am proud of CAPMER.	1.00	5.00	2.84	1.27
I feel I have developed a basic relationship with	1.00	5.00	3.01	1.11
I feel that my complains and suggestions are acted	1.00	5.00	3.23	1.04
I feel I have been kept and grown by CAPMER well	1.00	5.00	2.98	1.01

The results in the table above show that though SME would recommend to other firm to come to CAPMER (mean 2.16, standard deviation 1.09), there was much uncertainty as to whether they are proud to be beneficiaries of CAPMER (mean 2.84, standard deviation 1.27) and as to whether they feel they have developed a basic relationship with CAPMER (mean 3.01, standard deviation 1.11). In addition, the results also revealed that SME complains and suggestions are never acted upon by the CAPMER effectively (mean 3.23, standard deviation 1.04). Finally, it was observed that SMEs do feel that they have been kept and well developed by CAPMER (mean 2.98, standard deviation 1.01).

## **CHAPTER FIVE:**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **Overview**

This chapter presents the discussion, conclusion, and recommendations arising out of the research findings in chapter four and suggests areas for further study, the study has generated several findings of which are in line with existing literature and previous research findings.

#### **Findings**

The chapter was summarized in accordance to: summary of findings; discussion of the findings; conclusion; recommendations and finally areas for further study.

Respondent's background showed that the majority of respondents were male (63%) and the majority of respondents are between the age of 40 to 49 (39%). Nature of business support services offered by CAPMER, the analysis of data showed that CAPMER provides more non financial support services such as developing a business plan for SMEs (mean 3.92, standard deviation 0.93) than financial support services to SMEs, user's expectations, the analysis of data showed that SMEs, expect more financial support services (mean 4.07, standard deviation 0.67), factors affecting CAPMER's support services delivery as the study indicated that lack of the market of its services (mean 4.10, standard deviation 0.88), lack of technology (mean 4.08, standard deviation 0.81), ), policy environment is another factor which affect our services delivery when they keep on changing (mean 4.00, standard deviation 0.86). Lack of enough finances (mean 3.87, standard deviation 0.87), affect directly the services offered by CAPMER, relationship between the study variables, the study revealed that there is a positive relationship between business support services, SMEs performance

and the nature of business( $r=0.46^{**}$   $p=0.01$  ). Finally data revealed that about SMEs satisfaction, SMEs can recommend to other firms CAPMER services (mean 2.16, standard deviation 1.09).

## **Conclusion**

This is the data and findings above; the study concluded;

The nature of business support services offered by CAPMER are both financial and non-financial, data analysis showed that the support services which is more offered by CAPMER are non financial services to SMEs it assists.

The user's expectation from CAPMER service as shown with data findings and analysis SMEs expect more financial services from CAPMER while they receive non financial more than what they expect and quality services from CAPMER. As conclusion CAPMER should search for enough funds so that to meet SMEs requirement and the government will be required to come in help by donating to CAPMER financial means so that to meet SMEs expectation at the maximum level.

The factors affecting CAPMER in the delivery of services to SMEs, findings find that policy environment, lack of marketing its services; lack of enough finance affect most the delivery of services to SMEs.

The relationship between support services and the performance SMEs, data analysis revealed that there is a positive relationship among these two variables and it is in the nature of performance which is the growth of sales, growth in management skills and the competitiveness in the market.

In general , the study looked at the influence of business support services on the performance of SMEs, CAPMER In particular , the study examined relationships between

the study variables; nature business support services, SMEs performance. All the relationships were significantly positive. It also examined the effect of the study variables on the dependent variables and all study variables were found to be significant predictors of SMEs performance.

## **Recommendations**

An innovative model, which integrates SMEs, access to finance and management trainings, is to be found in Entrepreneurship Programs. CAPMER should provide extensive training for growth-orientated entrepreneurs across the country. Mentorship need to be established as part of the main streaming of SMEs in the economy. This is especially important for less mature businesses owned. On the whole, SMEs were not very positive about the business support arrangements that they had available to them. Some programs were cited as having been "very good", but these tended to be training options. Some SMEs said that they learn great deal, but that there was never any follow up and that this diluted the benefit so CAPMER should increase follow up on the performances of SMEs after trainings and evaluation. CAPMER should search for enough funds so that to meet SMEs requirement and the government will be required to come in help by donating to CAPMER financial means so that to meet SMEs expectation at the maximum level.

## **Areas for further study**

Despite the efforts made by the researcher he cannot convince himself that he has exhausted the topic 100% this therefore leave areas for further investigation as elaborated below.

The results of the study point to a number of opportunities for further research into financial analysis of small and medium enterprises as a tool of business performance

measurement, SMEs a driving force for national growth. Future research should attempt to collect data from other industries such as banking, health to see whether other services are the same and could therefore benefit from this study.

Furthermore the study almost concentrated in the city centre of Rwanda so a serious researcher can still employ or use the same topic and the case in rural area of the country in order to find SMEs performances towards the network.

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## **APPENDICES**

### **Appendix I**

KAMPALA INTERNATIONAL UNIVERSITY

SCHOOL OF POSTGRADUATE STUDIES

#### **QUESTIONNAIRE TO CAPMER STAFF**

Dear Respondent,

I am by the names Kaneza Ingrid Jacqueline a student at Kampala International University, pursuing a Masters Degree in Business Administration.

As part of the academic requirements for this course, I am undertaking this study. My study is about "An Investigation into business services and the performance of SMEs in Rwanda"

Kindly answer this questionnaire and your responses will be confidentially kept and only used for academic purpose in this course.

#### **I. Respondent Background**

##### **1. Sex:**

☐ Male

☐ Female

2. Age group (in years)

☐ 10-20

☐ 30-39

☐ 40-49

☐ 50 and above

4. What is your position in the CAPMER?

☐ Director

☐ Head of Department

☐ Employee

☐ A consultant

On a scale of 1-5, where: 1 is strongly disagree, 2 is disagree, 3 neither agree nor disagree, 4 agree, 5 strongly agree; rate the services you offer to SMEs.

II. Nature of services	1	2	3	4	5
Financial support services					
CAPMER offers loans to SMEs					
CAPMER extends credits and other financial services					
CAPMER offers grants to SMEs					
CAPMER offers financial leasing					
Non-financial support services					
CAPMER offers training to SMEs					
CAPMER finds market to SMEs					
CAPME develop business plan to SMEs					
CAPMER conduct feasibility studies to SMEs					
CAPMER promote the ICT to SMEs					
CAPMER develop the industrial site to SMEs					

III. how can you rank your users expectations	1	2	3	4	5
Our services users expect more financial services					
Our services users expect more non-financial services					
Our services users expect quality services from us					
Our services users expect to spend more time with them with our experts					

IV. Factors affecting our services	1	2	3	4	5
Policy environment affect our services					
Lack of enough finances					
Lack of technology					
Poor entrepreneurial knowledge of SMEs					
Poor management skills of SMEs					
Lack of accountability in SMEs					
Bureaucracy/ lengthy decision making in CAPMER					
Lack of marketing of our services					

V. The influence of services to SMEs performance	1	2	3	4	5
The influence of our services is seen in the growth in sales of SMEs					
The influence of our services is seen in the productivity of SMEs(sales and added value of their products per employee)					
The influence of our services is seen in the growth of employment to our SMEs					
The influence of our services is seen in the entire life of the SMEs					
Our services have no influence to SMEs					

VI. In your own view, what do can CAPMER to improve their services toward SMEs?

.....

.....

.....

## Appendix II

KAMPALA INTERNATIONAL UNIVERSITY

SCHOOL OF POSTGRADUATE STUDIES

### QUESTIONNAIRE TO SME's

Dear Respondent,

I am by the names Kaneza Ingrid Jacqueline a student at Kampala International University, pursuing a Masters Degree in Business Administration.

As part of the academic requirements for this course, I am undertaking this study. My study is about "An Investigation into business services and the performance of SMEs in Rwanda"

Kindly answer this questionnaire and your responses will be confidentially kept and only used for academic purpose in this course.

#### I. Respondent Background

##### 1. Sex:

☐ Male

☐ Female

2. Age group (in years)

- ☐ 18-25
- ☐ 26-33
- ☐ 34-41
- ☐ 42-49
- ☐ 50 and above

On a scale of 1-5, where: 1 is strongly disagree, 2 is disagree, 3 neither agree nor disagree, 4 agree, 5 strongly agree; rate the influences of services offered to your performances.

II. Nature of services received from CAPMER	1	2	3	4	5
Financial support services					
We receive loans from CAPMER					
CAPMER extends credits and other financial support					
CAPMER offers to us grants					
CAPMER offers us financial leasing					



Non financial support services					
CAPMER offers training to our staffs					
CAPMER finds market to our products					
CAPMER helps us developing business plan					
CAPMER helps us conducting feasibility studies					
CAPMER promote the ICT with our enterprise					
CAPMER helps in developing the industrial site					

<b>III. how can you rank your expectations to CAPMER services</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
I expect more financial services from CAPMER					
I expect more non-financial services from CAPMER					
I expect more quality services from CAPMER					
I expect to spend more time with external experts given / CAPMER					

<b>IV. The influence of CAPMER services to SMEs performance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The influence of CAPMER services is seen in the growth in our sales.					
The influence of CAPMER services is seen our productivity (sales and added value of our products per employee)					
The influence of CAPMER services is seen in the growth and quality of our employees.					
The influence of CAPMER services is seen in the entire life of our firm.					
CAPMER services have no influence to our performances					

<b>V. SMEs satisfaction</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
would recommend to another firm to come to CAPMER					
am proud of CAPMER.					
feel I have developed a basic relationship with CAPMER					
feel that my complains and suggestions are acted upon by CAPMER					
feel I have been kept and grown by CAPMER well					

VII. What can you recommend CAPMER to improve their services toward you?

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## **APPENDIX III:**

### **CURRICULUM**

#### **Personal profile**

- **Name:** KANEZA
- **Second name:** Ingrid Jacqueline
- **Date and Birth Place:** 1983, BUJUMBURA-BURUNDI
- **Parents:** MBAGUTA Innocent and UWAMARIYA Annociate
- **Marital status:** Single
- **Nationality:** Rwandan
- **Telephone number:** +250 788853623
- **E-mail:** [kaninngrid@yahoo.fr](mailto:kaninngrid@yahoo.fr)

#### **Educational Background**

##### **Academic**

- 2009-2010: Kampala International University (Master of Business Administration)
- 2003 - 2007: School of Finance and Banking (Bachelors' degree in Business Administration)
- 1997 - 2002: Secondary studies at Lycee Notre Dame de Citeaux
- 1990- 1996: Primary studies at Complexe Scolaire Nuru d'Uvira

#### **WORKING EXPERIENCES**

- June 2004 carried out census with Rwanda Demobilization & Re-integration Commission.
- September 2006 Worked as an Intern with Banque Populaire du Rwanda

- August 2005 Voluntered with Femme Rwandaise Séropositive dans la Lutte contre le SIDA (F.R.S.L+)

### **OTHER RESPONSIBILITIES HELD**

- Ladies' Leader in School of Finance & Banking
- President of Club fighting against HIV in High School.

### **LANGUAGES**

- Can speak and write two international Languages i.e. English and French
- Fluent in Swahili
- Fluent in Kinyarwanda.

### **HOBBIES**

- Like reading Novels
- Like Watching Movies
- Making friends and Helping those in need
- Swimming

## **Dissertation and Thesis**

- Dissertation in Business Administration «**Dynamism of cash management in a manufacturing company**»
- Thesis in Masters of Business Administration « **Business supports services and the performance of Small and Medium Enterprises** »

## **Computer knowledge**

- Microsoft Word
- Microsoft Excel
- Power point
- software / DgMarket



KAMPALA  
INTERNATIONAL  
UNIVERSITY

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KAMPALA- UGANDA.  
TEL:-041-266813

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**OFFICE OF THE COORDINATOR, BUSINESS AND  
MANAGEMENT - SCHOOL OF POSTGRADUATE STUDIES AND RESEARCH**

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20<sup>th</sup> July, 2010

Dear Sir/Madam,

**RE: REQUEST FOR KANEZA INGRID JACQUELINE, REG. NO.  
MBA/10010/81/DF TO CONDUCT RESEARCH IN YOUR INSTITUTION.**

The above mentioned is a bonafide student of Kampala International University pursuing a Masters of Business Administration (Finance and Accounting).

She is currently conducting a field research the title of which is "**Business Supports Services and the Performance of SMEs**". As part of her research work she has to collect relevant information through questionnaires, interviews and other relevant reading materials.

Your institution has been identified as a valuable source of information pertaining to her research project. The purpose of this letter is to request you to avail her with the pertinent information she may need.

Any information shared with her will be used for academic purposes only and we promise to share our findings with your institution. Rest assured the data you provide shall be kept with utmost confidentiality.

Any assistance rendered to her will be highly appreciated.

Yours truly,

Mr. Malinga Ramadhan  
Coordinator

**Business and Management-School of Postgraduate Studies and Research**

## APPENDIX V

### MAP OF RWANDA

