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Effects of Rural Small and Microenterprise Promotion Project – Phase II on Growth of SMES in Rwanda A Case of Nyange Sector -Musanze District

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Abstract:
Small and Micro Enterprises (SMEs) play a major role in the growth of many developing countries economic. The SME sector constitutes 98% of the businesses in Rwanda. Lack of basic training on entrepreneurship, limited or no access to finances and business information seems to be a major drawback in the growth and development of the SME sector. The purpose of this study was to determine the effect of PPPMER II project on SME growth in Rwanda. The study employed descriptive research design. The target population for the study was 184 Nyange sector based entrepreneurs who had benefited from PPPMER II project. Simple random sampling technique was used to select the sample of 124 respondents for this study. The study relied on primary data that was collected by administering questionnaires to the sampled entrepreneurs. Cronbach's coefficient was used to test the reliability of the research instrument. This gave an alpha coefficient of 0.7which indicated that the instrument was reliable. Draft questionnaire was given to the supervisors for review in order to guarantee validity of the instrument. The collected data was analyzed using SPSS. Both descriptive statistics and inferential techniques specifically Pearson correlation and regression analysis were conducted. Results were presented inform of tables and charts and graphs. The study concluded that training, financial access, and access to market information significantly and positively correlated to SMEs growth (.239**, p<0.01) (.278**p<0.01), (.299**, p<0.01). Regression analysis showed that these variables could explain up to 70.8% of the variation in SMEs growth. The study recommends that training offered to the entrepreneurs should meet the needs of the SMEs growth and should be tailor-made. Also interest rate and collateral requirements by the banks should be made friendly to the SMEs operators to encourage them to borrow loans to advance their businesses. Since this research was confined to Nyange Sector, a study focusing on factors affecting SMEs growth in all the districts in Rwanda was recommended as area for further study

1. Introduction

1.1. Background of the Study
Small and microenterprises (SMEs) contributes a lot to the economic development in almost every country, with even much of such contribution being evidenced among African countries. Over 60 percent of employment in developing countries originates from SMEs (Ayyagari et al, 2007). According to MFPED (2008) SMEs is responsible for the growth of economies of all countries, irrespective of their development level. Micro and small-scale enterprises (MSEs) in developing countries are perceived as driving force for achievement of national development goals such as economic growth, poverty alleviation, employment and wealth creation. Promotion and empowerment of existing MSEs has been made a major concern by development partners and donors in their efforts to increase growth rates in low-income countries, particularly in Africa (William *et al.*, 1999). These enterprises are mainly rural and agriculture-based. They are faced with numerous challenges that affect their growth thus, reducing their ability to contribute effectively to economic development. These challenges include lack of access to credit, inadequate managerial and technical skills, and low levels of education to poor access to market information and an inhibitive regulatory environment. The ability of MSEs to realize their potential impact on the rural economy in terms of generating employment and increasing income therefore depends largely on the availability and provision of appropriate and cost-effective business development support services, including financial support (IFAD, 2011).
Rwanda has an estimate of 72,000 SMEs which generate 4.9 billion RwF in annual tax revenue. The SME sector, including formal and informal businesses, comprises 98% of the businesses in Rwanda and 41% of all private sector employment. Most micro and

small enterprises employ up to four people, showing that growth in the sector would create significant private sector non-agricultural employment opportunities. Rwanda has seen a variety of initiatives to support Rwandan SMEs from the government, Development Partners (DPs), financial and non-governmental organization (NGO) sectors. However, these initiatives have suffered from a lack of resources, coordination and capacity. Limited and disparate implementation of the majority of these projects makes it difficult to adequately assess their success or failure (MINICOM, 2010)

Rural Small and Microenterprise Promotion Project – Phase II (PPPMER-II) is a project in MINICOM that works to promotes rural Microenterprise development with a view to improving the living standards of disadvantaged rural groups and increasing the contribution of the secondary sector to the Rwandan economy (IFAD, 2011). The beneficiaries of the project include small microenterprises (SMEs) which are divided into subsistence; emerging; and expanding SMEs. Subsistence SMEs includes active or potentially active micro entrepreneurs with less than Rwandan franc (RWF) 15 000 working capital. Emerging SMEs covers dynamic or seasonal enterprises with RWF 15 000 - 150 000 working capital. Expanding SMEs are full-time, specialized and more modern enterprises with growth potential and RWF 150 000 - 1.5 million working capital. The project directs most of its attention to women, especially woman-headed households, uneducated and unemployed rural youth, households headed by children and orphans, the rural landless, families affected by Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) and former soldiers resettled in rural areas (IFAD, 2011).

1.2. Problem Statement

SMEs growth and profitability requires both financial and non-financial services. Financial access and business development services are important aspects necessary for growth and development of Micro and Small Enterprises (Sievers and Vanderberg, 2004). The unstructured environment in which SMEs operate and their inability to be open to new or innovative ideas presents a major challenge to the development of the SME sector. The 2008 PSF Capacity Needs Assessment of SMEs, which surveyed 2100 SMEs operating in Rwanda, indicated that the need for a greater entrepreneurial culture is a major priority for SMEs in terms of building human capacity and supporting potential growth. There is a great need to develop an entrepreneurial mindset in Rwandan educational institutions as well as to support existing entrepreneurs. Most SMEs duplicate business ideas until the market is saturated with similar enterprises. Whereas competitiveness requires high level of innovation and creativity, most SMEs suffer from lack of technical and business skills and this leads to duplication of services and products being produced.

The high cost of doing business is cited by SME owners as one of the biggest challenges. This is in terms of high energy and transport costs. In addition, SMEs in Rwanda face significant compliance burdens dealing with existing regulation. The current tax regime is both costly and difficult to comprehend. The 2008 GTZ/PSF study cites regulatory compliance as a major block to all businesses in Rwanda, with over 40% of spontaneous responses stating that regulatory compliance was a key constraint to business growth.

SMEs lack access to financial services. As evidenced by the OTF/PSF survey, financial institutions perceive SMEs as high risk and are therefore inflexible in terms of collateral and repayment terms. This is compounded by the fact that smallest borrowers lack experience and understanding of financial organizations and do not have the necessary technical skills to make successful applications. In addition, most financial products from commercial banks are not suitable to the agricultural sector, where most SMEs currently operate, and existing regulations limit the total funds available for lending.

SMEs face difficulties accessing and utilizing information regarding local, regional and international pricing, a major constraint to business planning as well as about the regulatory environment in Rwanda and regionally. Among SMEs there is poor participation in the policymaking process, meaning they have little knowledge of interventions designed to assist them. SMEs have inadequate access to market information that could benefit their businesses as well as inadequate knowledge about marketing their products both nationally and internationally. With all these challenges SMEs have remained less competitive compared to regional neighbors and if no effort is made to make them more competitive, the situation is likely to worsen with the full-fledged East African Community (EAC) common market. Making existing and new Rwandan SMEs more competitive is critical for economic development and improve the living standard of the entrepreneurs.

1.3. Objective of the Study

1.3.1. General Objective

The main objective of this study was to determine the effect of Rural Small and Microenterprise Promotion Project on SMEs growth in Rwanda.

1.3.2. Specific Objectives
    i.   To determine the effect of training on growth of SMEs in Rwanda
   ii.   To determine the effect of financial access on growth of SMEs in Rwanda
  iii.   To evaluate the effect of market information on growth of SMEs in Rwanda

2. Literature Review

2.1. Small and Medium Enterprises (SMEs)

Over 60 percent of employment in developing countries originates from SMEs (Ayyagari et al, 2007). According to MFPED (2008) SMEs is responsible for the growth of economies of all countries, irrespective of their development level. Rwanda has an estimate of

72,000 SMEs which generate 4.9 billion RwF in annual tax revenue. The SME sector, including formal and informal businesses, comprises 98% of the businesses in Rwanda and 41% of all private sector employment. Most micro and small enterprises employ up to four people, showing that growth in the sector would create significant private sector non-agricultural employment opportunities. Rwanda has seen a variety of initiatives to support Rwandan SMEs from the government, Development Partners (DPs), financial and non-governmental organization (NGO) sectors. However, these initiatives have suffered from a lack of resources, coordination and capacity. Limited and disparate implementation of the majority of these projects makes it difficult to adequately assess their success or failure (MINICOM, 2010)

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2.2. Conceptual Framework

This study focuses on the effect of PPPMER-II project on SMEs growth in Rwanda. Independent variables to be discussed include training on entrepreneur, financial access and availability of market information. The dependent variable i.e. growth of small and medium enterprises will be conceptualized by the use of growth in number of enterprises, growth in product variety, growth of profit and improved livelihood for the SMEs owners as the indicators
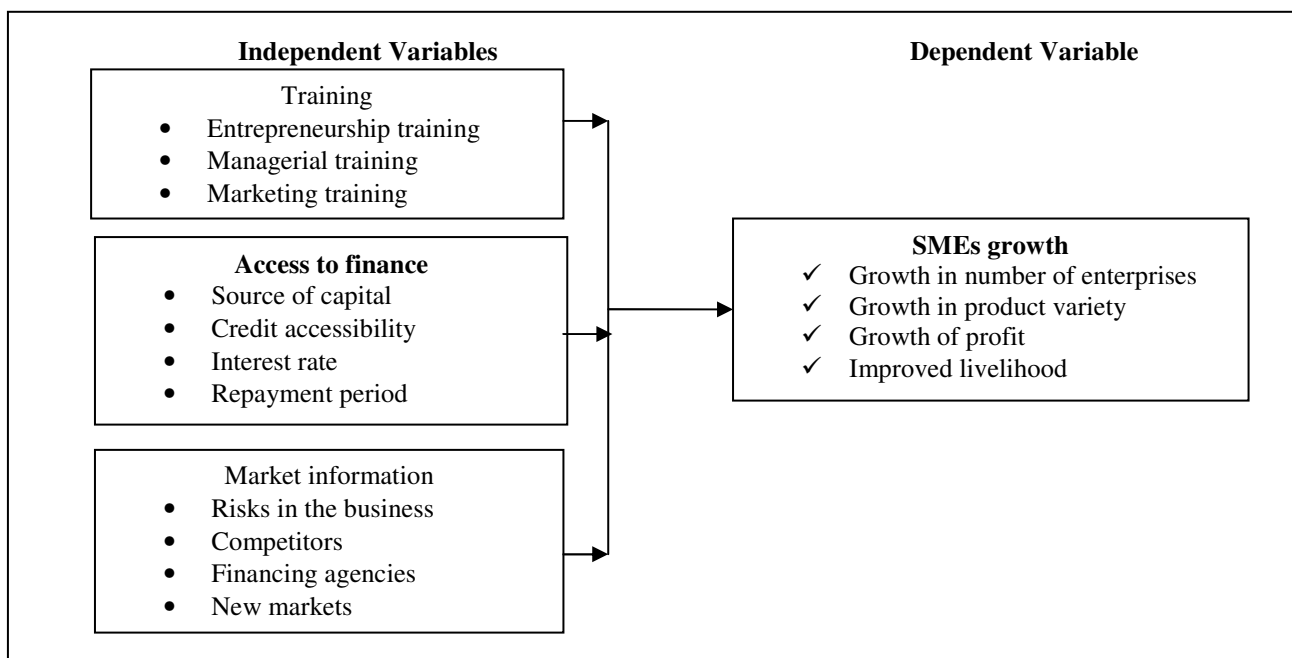

Figure 1: Conceptual framework

2.2.1. Training

Most of the SMEs owners who are the managers in most cases, lack managerial training and skills. This result to management style that is more inclined to daily achievements and day-to-day operations than long-term goal (Jaloni et al., 2008). Poor managerial style implies that the entrepreneur is likely to miss handle the scarce capital that will lead to no profit to repay the credit. Majority of people operating SMEs are people with low or no education at all. As such they may not have any managerial training or they may even be unaware of the role of such training on the growth of their enterprise (King and McGrath, 2002)

2.2.2. Access to Finance

Financial constraints have been the major challenge for many entrepreneurs including those who want to start businesses. Lack of capital or financial resources is a major barrier for SMEs growth and expansion, especially when the entrepreneurs have to source their capital from their savings or friends (Harvie, 2005). Although bank loans have been the most convenient source of capital for many SMEs in developing countries, there are numerous difficulties in accessing the credit (WB, 2011). This has been brought about by the low profitability of the borrowed credit as well as lack of collateral required by most banks (Harvie, 2005). Access to finance and capital for most of the SMEs in developing countries is reportedly difficult and these have affected the growth rate of SMEs. Berger *et al*., (1998) has found financing of SMEs and access to finance to have a great role in the growth and development of the enterprises. Lack of collateral, high transaction costs and the inability to deal with complex financial institutions formalities has been considered to be among the major challenges facing growth of SMEs (Nichter and Goldmark, 2009).

Navajas et al, (2000) argues that microcredit helps the entrepreneurs' access small loans that could not be accessed from banks and as a result the rate of SMEs growth increases. Accessing credit is an important factor in enhancing the growth of Small and Medium

Enterprises. Further to that credit access directly increases growth of income, increases employment and alleviate poverty. Making finance accessible to poor people helps them to overcome their financial constraints and undertake some investments leading to improvement of the standard of living (Hiedhues, 1995).

Development Marketplace (DM), an initiative of Rwanda private sector federation (RPSF) in partnership with WB has been charged with the mandate of finding and funding potential enterprises. Rwanda has been using DM as a strategy of developing the capacity of small and medium enterprises (SMEs) and improving their access to finance. Other partners include the Rwanda Development Bank (BRD); Kigali Institute of Science, Technology and Management (KIST); CAPMER, ADAR, and donor agencies (Sina, 2012). The Development Bank of Rwanda (BRD) has been in the forefront in developing the country through direct investments, for a sustained momentum of SME development. The bank has strengthened its commanding position of financing SMEs especially agro-processing, manufacturing and services through collaboration with BDF to offer guarantees thus fighting finance access which has been a major challenge facing SMEs growth (BRD, 2006).

2.2.3. Market Information

Access to business information has been identified by many researchers as a major factor that has to be ensured if SMEs in many developing countries is to grow to a level that will alleviate poverty and rise economies. Due to the greater effect of factors such as access to finance and training on the growth of SMEs, the role of access to business information has not received the attention it deserves (Kangasharju, 2000). Information on business risks, new markets, business management, information leading to access to finance and facilitation of business partnerships are among the relevant information that entrepreneurs should have access to (Moreno, and Casillas, 2007). Limited access to information regarding financing products and new market opportunities has been considered as important obstacles affecting SMEs' ability to compete favorably (Perren, 2000).

3. Research Methodology

3.1. Research Design

This study adopted a cross-sectional descriptive research design. A descriptive research design aims at gathering relevant information that describes existing phenomena and this is achieved by identifying the respondent's perceptions regarding various aspects under study. Frequency of occurrence of a given study item or the relationships between variables are well captured through descriptive study design (Robinson, 2002).

3.2. Target Population

As argued by Ngechu (2004), a population is a defined set of people, services, elements, and events, group of things or households that are being investigated. The target population of this study was 184 SMEs owners in Nyange sector of Musanze district who are beneficiaries of PPPMER II project.

3.3. Sample Size

In a population of more than 10,000 individuals, Mugenda & Mugenda (2003) recommends 384 as the desired sample size. However, when the population is less than 10,000, the required sample size is smaller and the formula that follows is applied. The study population for this study is 184 entrepreneurs. The sample size was therefore calculated using the formula by Yamane (1970)

$nf = n/(1+n/N)$.

Where;

nf= desired sample size in a population of less than 10,000 individuals,

n= desired sample when the population is more than 10,000,

N= estimate of the population size.

Study sample size by applying the formula, (nf) sample size is:

$384/(1+384/184) = 124$

3.4. Sampling Procedure

Sampling is the selection of samples of study participants from the population such that the samples are representative of the entire population under study (Griffiths, 2009). This study employed simple random sampling to obtain samples that are as representative of the target population as possible. Simple random sampling ensures that each person within the study population has equal chances of being included in the sample (Mugenda and Mugenda, 2003).

3.5. Data Collection Instrument

This study used questionnaires as the instrument for primary data collection. Questionnaire is a set of questions arranged in particular order as per study objectives. The questions can be administered as soft copy or hard copy to the respondents. This instrument is less costly and participants can easily be reached even through email (Kothari, 1999) hence it was the appropriate choice for this study. The questionnaire was divided into three sections representing the study objectives.

3.5.1. Reliability
Reliability is the degree to which the research instrument can be depended upon to produce consistent results after repeated trials under similar conditions (Mugenda and Mugenda, 2003). Cronbach's alpha reliability coefficient was used to test for reliability. This gave an alpha coefficient of 0.7 which indicated that the instrument was reliable according to Carmines and Zeller (1997)

3.5.2. Validity
The study instrument was considered valid if it measures what it was intended to measure (Nachmias & Nachmias, 1996). To ensure validity, the questionnaire was presented to the supervisor for review. Recommendations made were incorporated in the final questionnaire

3.6. Data Analysis
The completed questionnaires were edited for completeness and consistency before analyzing. Data was cleaned and coded to allow analysis procedures to be conducted with ease and to generate meaningful results. Statistical package for social science (SPSS) was be used for analysis. Descriptive statistics mainly frequencies and percentages was carried out as well as Correlation analysis to establish if there was a relationship between independent variables and SMEs growth. Regression analysis was also carried out to determine the percentage of variation in SMEs growth that would be attributed to the study variables
Multiple regression model presented below was used

$$Y' = a + b_1X_1 + b_2X_2 + b_3X_3$$

Where Y' denoted the predicted growth of SMEs $a, b_1, b_2 b_3$ are constants. X_1, X_2, X_3 are the independent variables i.e. Training, Financial access and Access to Marketing information

4. Research Findings and Discussion

4.1. Demographic Characteristics of the Participants

4.1.1. Gender Distribution among the Respondent
The study sought to determine the gender distribution among the entrepreneurs. Figure 1 indicates that 51% of the respondents were male while 49% were female. This indicates that both male and female operated SMEs.
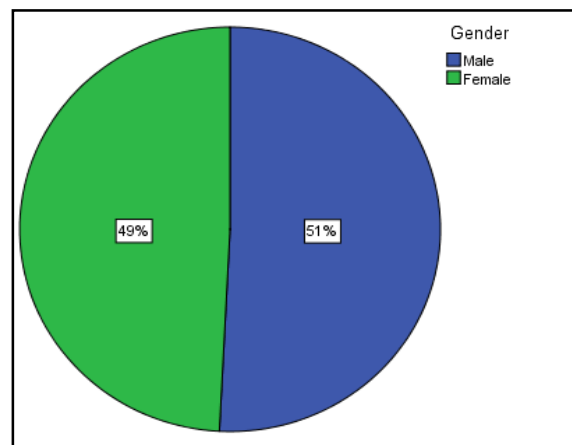

Figure 2: Gender distribution

4.1.2. Age Distribution among Respondents
Figure 2 indicate that majority of the respondents (63%) aged below 30years while 37% aged between 31-50 years. This shows that majority of the SMEs operators were young adults. This age bracket consists of the most productive people who mostly have young families with much financial needs. As such people aged thirty years and below may result to operating SMEs to meet their financial needs. Hence the large percentage of respondents aged below thirty years
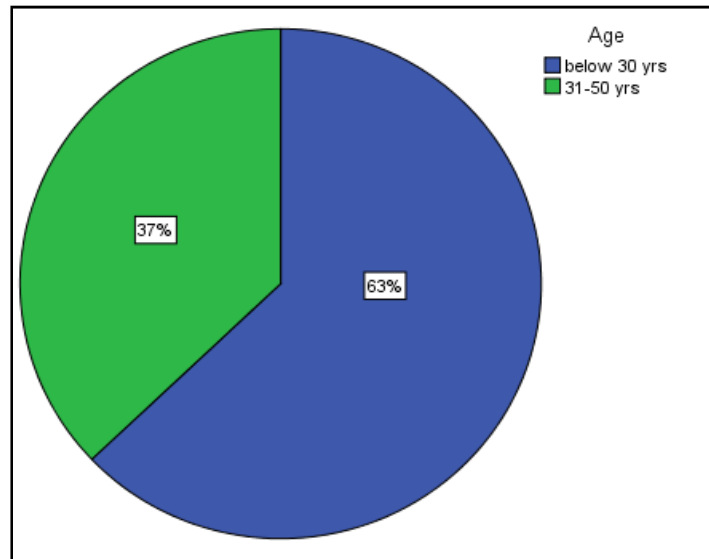
Figure 3: Age distribution

4.1.3. Respondents Level of Education

Figure 3 indicates that majority (70%) of the SMEs operators had primary level education. 27% had no education at all while only 3% of them had attained secondary education.

Due to stiff competition among the university graduates and other professionals for the limited job opportunities, people with no or low level of education fail to get employment opportunities. Such people start up SMEs as means of generating income to cater for their financial needs. As such majority of the study respondents were found to have primary educational
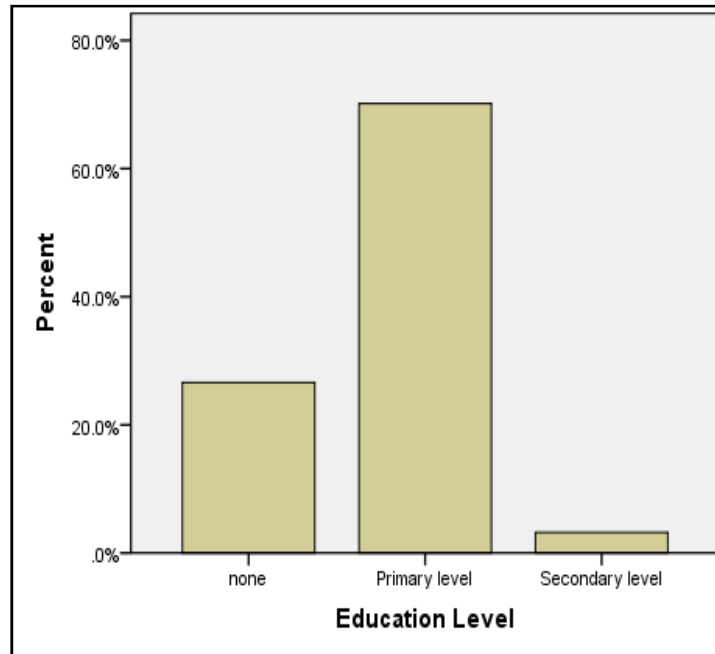

Figure 4: Education levels of respondents

4.2. Type of Training Received

The study sought to determine the type of training that respondents had received. Figure 4 indicates that majority (88%) of the SMEs operators had received entrepreneurial training while 12% had not received any form of training
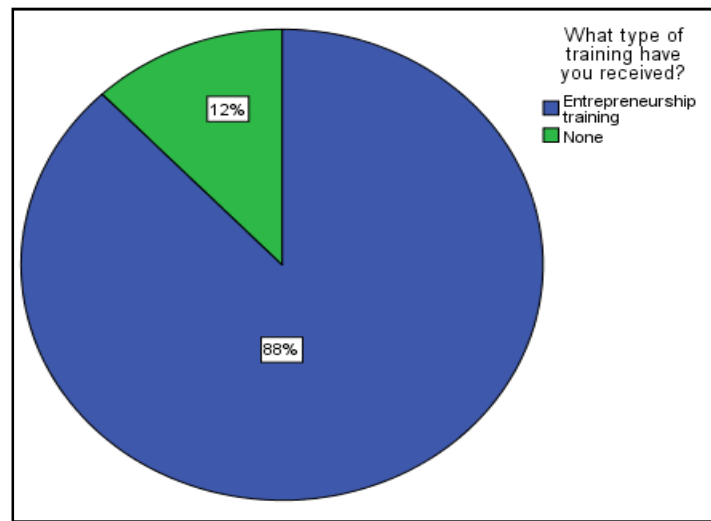
Figure 5: Type of Training received

4.3. Nature of Training

Figure 5 indicates that majority 81% of the entrepreneurs received training through workshops, 4% received training from training institutions, 10% through seminars while 5% of the respondents received on-job training. Rural Small and Microenterprise Promotion Project – Phase II targeted the uneducated entrepreneurs who they supported with training to boost their entrepreneurial skills. The project conducted trainings through workshops. This could explain the large number of respondents who had received training through workshops. The project also organized seminars through which SMEs operators would receive some training.

The small percentage of entrepreneurs who had received training through training institution could be explained by the fact that majority of the SMEs operators had not reached university level or higher education institutions where such trainings could be offered
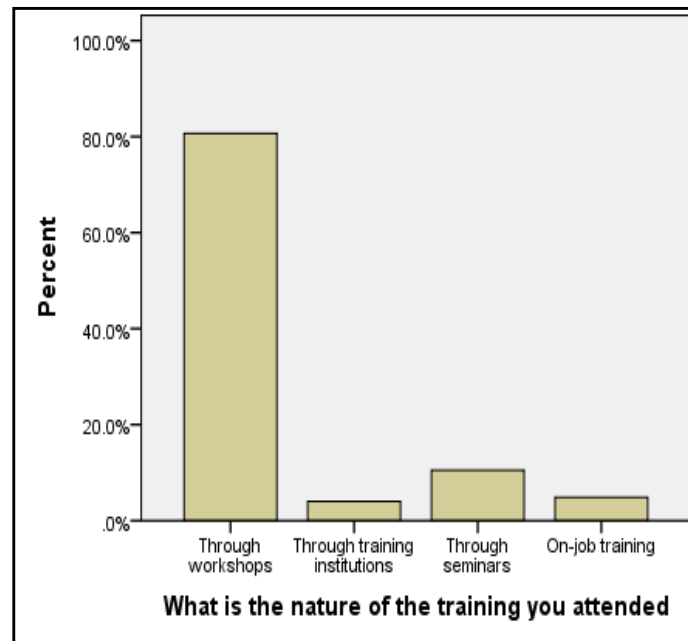
Figure 6: Nature of training received

4.4. Distribution of Responses on the Effect of Training on Growth of SMEs

4.4.1. Response on Whether SMEs Operators Placed Importance on Training

The study sought to determine if the sampled entrepreneurs placed any importance on training. Table 1 indicates that majority (92%) of the study respondents viewed training as important aspect in their businesses.

However, 8% of the respondents stated that they did not see any importance of training. This implies that if relevant trainings based on the SMEs growth needs are availed to the respondents, majority would be willing to participate and to apply the skills or ideas they get for growth of their businesses

	Frequency	Percentage (%)
Yes	114	92
No	10	8
Total	124	100

Table 1: Whether SMEs operators placed importance on training

4.4.2. Effect of Training of SMEs Growth

Table 2 indicates that 36% of the study respondents agreed with the statement that training is a factor that affects growth of SMEs while 61% just agreed. Majority 71% of the respondents agreed that training could lead to growth of SMEs in Rwanda, while 29% strongly agreed. Regarding training on marketing, 72% of the respondents disagreed with statement that training on proper marketing of the products handled to growth in sales of their business, 21% agreed while 7% strongly agreed with the statement. While 40% of the sampled SMEs operators disagreed with the statement that the training they received was based on the real growth needs of SMEs, 17% were not sure, 36% agreed and 7% strongly agreed. The table further indicates that majority 70% agreed with the statement that enterprises operated by trained persons grows and performs better than those operated by untrained entrepreneurs, 29% strongly agreed while 1% of the respondents disagreed with the statement.

Statement	Strongly agree %	Agree %	Not Sure%	Disagree%	Mean	Std. Deviation
Training is a factor that affects growth of SMEs	39	61			1.61	.489
I believe training can lead to growth of SMEs in Rwanda	17	71		12	2.07	.798
Training on proper marketing of the products has led to growth in sales of my business	7	21		72	3.39	1.018
Training we receive are based on the real growth needs of SMEs	7	36	17	40	2.96	1.039
Applying managerial skills received through trainings has led to growth of my enterprises	17	83			3.00	1.082
Enterprises operated by trained persons grows and performs better than those operated by untrained entrepreneurs	29	70		1	1.73	.543

Table 2: Distribution of agree/disagree responses regarding training

4.5. Effect of Financial Access on Growth of SMEs

4.5.1. Financial Constraints Affect the Growth of SMEs

The study sought to determine if the respondents felt that financial constraints affected SMEs growth in any way. Table 3 indicates that majority of the respondents 97% felt that financial constraints had effect while 3% felt that it had no effect on the growth of SMEs.

This implies that with this understanding majority of the SMEs operator could consider looking for financial support mostly in form of credit to keep their business running.

	Frequency	Percentage (%)	Mean	Std. Deviation
Yes	120	97	1.07	.342
No	4	3		
Total	124	100		

Table 3: Financial constraints affect the growth of SMEs

4.5.2. Accessibility Credit

This study sought to determine the accessibility of credit to the SMEs operators. Table 4 indicates that majority (82%) of the study respondents felt that it was difficult to access credit for their business while 18% felt it wasn't difficult

	Frequency	Percentage (%)	Mean	Std. Deviation
Yes	102	82	1.18	.384
No	22	18		
Total	124	100		

Table 4: Distribution of responses on the Accessibility credit

4.5.3. Source of Initial Capital

This study sought to determine the source of initial capital for the sampled SMEs operators. Figure 6 indicates that majority 40% of the study participants obtained their initial capital from their personal savings, 23% sold their assets to get initial capital, 22% borrowed loan from banks while 15% got support from their families and friends.

The stated difficulty in accessing credit could explain the small percentage of respondents who borrowed loan to start their business.
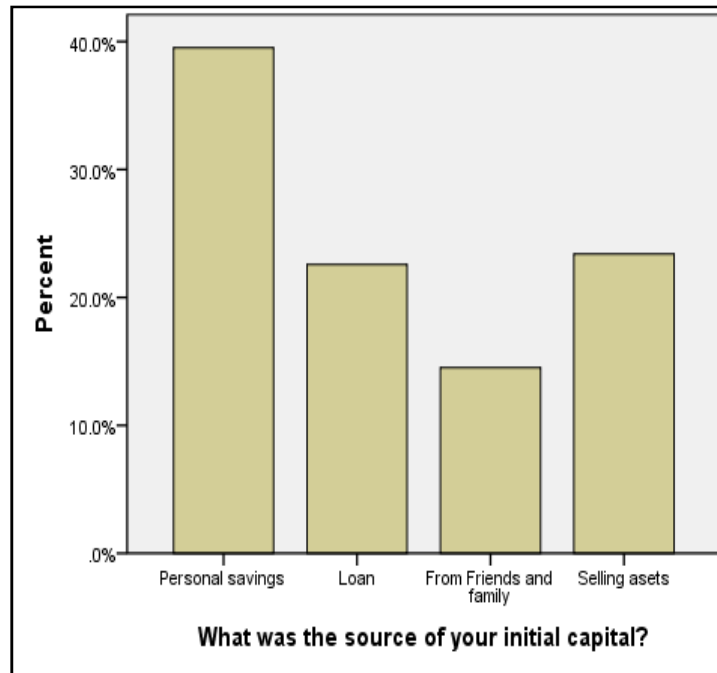

Figure 7: Sources of initial capital

4.5.4. Effect of Financial Access on Growth of SMEs

Table 5 indicates that majority of the study participants agreed with the statement that bank loan had assisted them to increase the profitability of their businesses, 7% strongly agree while 29% disagreed. Regarding interest rates, 61% of the study respondents agreed with the statement that interest rates made loan borrowing difficult, 10% strongly agreed, 3% were not sure while 26% disagreed with the statement. Most of the respondents 66% agreed with the statement that collateral requirements hinder finance access, 19% strongly agreed, 2% were not sure of the statement while 11% disagreed. The table further shows that 78% of the respondents agreed with the statement that loan repayment period was short and affected the rate of borrowing, 5% strongly agreed, 2% were not sure while 15% disagreed.

Statement	Strongly agree %	Agree %	Not Sure%	Disagree%	Mean	Std. Deviation
Bank loan have assisted me to increase the profitability of my business	7	64		29	2.54	1.037
Interest rate make borrowed of loan difficult	10	61	3	26	2.45	.982
Collateral requirements hinder finance access	19	66	2	11	2.06	.824
Loan repayment period is short and affect borrowing rate	5	78	2	15	2.27	.779

Table 5: Effect of financial access on growth of SMEs

4.6. Effect of Access to Market Information on Growth of SMEs

Table 6 indicates that majority (90%) of the respondents agreed with the statement that access to market information is a factor that affects SMEs growth, 5% strongly agreed while 5% disagreed. The table also shows that 62% of the respondents agree with the statement that accessing vital business information was a big challenge for SME owners, 6% strongly agreed while 33% disagreed with the statement. Further, the table indicates that 53% of the study participants agreed with the statement that information on new financing agencies was accessible to them, 3% strongly agreed while 44% disagreed with the statement. Regarding competitor's strategies 64% of the study participants agreed with the statement that they had access to information about their competitor strategies, 2% strongly agreed while 34% disagreed. Majority of the respondents (80%) agreed with the statement that they had access to information on risks that could occur to their business, 5% strongly agreed while 15% disagreed. Also, the table shows that 65% of the study respondents agreed that information about financial crises was accessible to them, 4%strongly agreed while 31% disagreed with the statement.

Statement	Strongly agree %	Agree %	Disagree %	Mean	Std. Deviation
Access to market information is a factor that affects SMEs growth	5	90	5	2.05	.491
Accessing business information is a big challenge for SME owners	6	61	33	3.03	1.133
Information on new financing agencies is accessible to me	3	53	44	2.87	1.028
I have access to information on my competitor strategies	2	64	34	2.63	.975
I have access to information on risks that can occur to my business	5	80	15	2.27	.747
Information about financial crises is accessible to me	4	65	31	2.61	.977

Table 6: Effect of Access to market information on growth of SMEs

4.7. Correlation Analysis

Table 7 shows that there was a positive significant correlation between training, financial access, access to market information and SMEs growth (.239[**], $p<0.01$) (.278[**] $p<0.01$), (.299[**,] $p<0.01$). This means that the three independent variables; training, financial access and access to market information can lead to growth of small and medium enterprises if considered and emphasized.

		SMEs growth	Training	Financial access	Access to Market Information
SMEs growth	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	124			
Training	Pearson Correlation	.239[**]	1		
	Sig. (2-tailed)	.007			
	N	124	124		
Financial access	Pearson Correlation	.278[**]	.072	1	
	Sig. (2-tailed)	.005	.425		
	N	124	124	124	
Access to Market Information	Pearson Correlation	.299[**]	.282[**]	.173	1
	Sig. (2-tailed)	.001	.002	.055	
	N	124	124	124	124
**. Correlation is significant at the 0.01 level (2-tailed).					

Table 7: Correlation Analysis

4.8. Regression Analysis

The study sought to determine how much variation in SMEs growth could be explained by training, financial access and access to Market Information. Table 8 indicates that 70.8% of the variation in SMEs growth could be attributed to the three variables together.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.753[a]	.711	.708	20.63	
a. Predictors: (Constant), Training, Financial access, Access to Market Information					

Table 8: Model Summary

From the ANOVA- Table 9, the *P*-value is less than 0.05 implying that the model is a good fit for the data

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.254	3	.751	5.690	.001[b]
	Residual	15.843	120	.132		
	Total	18.097	123			
a. Dependent Variable: SMEs growth						
b. Predictors: (Constant), Training, Financial access, Access to Market information						

Table 9: ANOVA[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.475	.177		2.688	.008
	Training	.130	.070	.166	1.861	.035
	Financial access	.108	.097	.096	1.112	.026
	Access to Market Information	.184	.070	.236	2.615	.010
a. Dependent Variable: SMEs growth						

Table 10: Coefficients[a]

From the table of coefficients, Table 10 indicates that the established regression equation was Y = 0.475 + 0.130 (Training) + 0.108 (Financial access) + 0.184 (Access to Marketing information). The regression equation revealed that holding training, financial access and access to Marketing information constant to a constant zero, growth of the firms would be 0.475. A unit increase in training would lead to increase in growth of SMEs in Rwanda by a factor of 0.130, likewise a unit increase in financial access would lead to increase in growth of SMEs in Rwanda by a factor of 0.108 and also a unit increase in access to Marketing information would lead to increase in growth of SMEs in Rwanda by a factor of 0.184. The study also found that all the p-values were less than 0.05 indicating that all the variables were statistically significant in influencing growth of SMEs in Rwanda.

5. Summary of Findings, Conclusions and Recommendations

5.1. Introduction
This chapter presents the summary of the findings, conclusions that have been drawn from the findings and recommendations suggested from the conclusions

5.2. Summary of the Findings
This study was conducted to determine the effect of PPPMER II project on SME growth in Rwanda. The study employed cross-sectional descriptive research design. The target population for the study was 184 Nyange sector based entrepreneurs who had benefited from PPPMER II project. Simple random sampling technique was used to select 124 respondents who participated in this study. The study relied on primary data that was collected using questionnaires. The collected data was analyzed using SPSS and the results presented inform of tables, graphs and charts.

The study revealed that 51% of the respondents were male while 49% were female. Majority of the respondents (63%) aged below 30years while 37% aged between 31-50 years. Further to that, majority (70%) of the SMEs operators had primary level education. 27% had no education at all while only 3% of them had attained secondary education. While 88% of the SMEs operators had received entrepreneurial training, 12% had not received any form of training. Majority 81% of the entrepreneurs received training through workshops, 4% received training from training institutions, 10% through seminars while 5% of the respondents received on-job training. Most of the study respondents 92% viewed training as important aspect in their businesses. 36% of the study respondents agreed with the statement that training is a factor that affects growth of SMEs while 61% just agreed. Majority 71% of the respondents agreed that training could lead to growth of SMEs in Rwanda, while 29% strongly agreed. Regarding training on marketing, 72% of the respondents disagreed with statement that training on proper marketing of the products had led to growth in sales of their business, 21% agreed while 7% strongly agreed with the statement. While 40% of the sampled SMEs operators disagreed with the statement that the training they received was based on the real growth needs of SMEs, 17% were not sure, 36% agreed and 7% strongly agreed. Majority 83% of the study participants agreed with the statement that applying managerial skills received through trainings had led to growth of their enterprises while 17% strongly agreed. Majority 70% agreed with the statement that enterprises operated by trained persons grows and performs better than those operated by untrained entrepreneurs, 29% strongly agreed while 1% of the respondents disagreed with the statement

As many as 97% of the respondents felt that financial constraints had effect while 3% felt that it had no effect on the growth of SMEs. Majority (82%) of the study respondents felt that it was difficult to access credit for their business. 40% of the study participants obtained their initial capital from their personal savings, 23% sold their assets to get initial capital, 22% borrowed loan from banks while 15% got support from their families and friends.

Majority 64% of the study participants agreed with the statement that bank loan had assisted them to increase the profitability of their businesses, 7% strongly agree while 29% disagreed. Regarding interest rates, 61% of the study respondents agreed with the statement that interest rates made loan borrowing difficult, 10% strongly agreed, 3% were not sure while 26% disagreed with the statement. Most of the respondents 66% agreed with the statement that collateral requirements hinder finance access, 19% strongly agreed, 2% were not sure of the statement while 11% disagreed. 78% of t\he respondents agreed with the statement that loan repayment period were short and affected the rate of borrowing, 5% strongly agreed, 2% were not sure while 15% disagreed

Majority (90%) of the respondents agreed with the statement that access to market information is a factor that affects SMEs growth, 5% strongly agreed while 5% disagreed. Also 62% of the respondents agree with the statement that accessing vital business information was a big challenge for SME owners, 6% strongly agreed while 33% disagreed with the statement. Further, the table indicates that 53% of the study participants agreed with the statement that information on new financing agencies was accessible to them, 3% strongly agreed while 44% disagreed with the statement. Regarding competitor's strategies 64% of the study participants agreed with the statement that they had access to information about their competitor strategies, 2% strongly agreed while 34% disagreed. Majority of the respondents (80%) agreed with the statement that they had access to information on risks that could occur to their business, 5% strongly agreed while 15% disagreed. Further, 65% of the study respondents agreed that information about financial crises was accessible to them, 4%strongly agreed while 31% disagreed with the statement

There was a positive significant correlation between training, financial access, access to market information and SMEs growth (.239[**], p<0.01) (.278[**]p<0.01), (.299[**,] p<0.01). Training, financial access and access to Market Information could explain up to 70.8% of the variation in SMEs growth.

5.3. Conclusions

 Based on the findings of this study, the following conclusions were made.

5.3.1. Effect of Training of SMEs Growth

There is a positive significant relationship between training and growth of SMEs. Training is an important factor that could lead to growth of SMEs in Rwanda. Majority of the SMEs operators have received entrepreneurial training but no training on marketing or managerial training has been received. Some entrepreneurs haven't received any form of training regarding SMEs. Majority of those who have been trained have received training through workshops or through seminars. Training received was not based on the real growth needs of SMEs. Enterprises operated by trained persons grows and performs better than those operated by untrained entrepreneurs

5.3.2. Effect of Financial Access on Growth of SMEs

Access to finance and SMEs growth has a significant positive relationship. Making finance accessible would lead to increased SMEs growth. Financial constraints affect the growth of SMEs. SMEs operators experience difficulties in accessing credit for their business. Majority of SMEs operators relied on their personal savings for the initial capital. Personal saving and selling of assets are the main source of initial capital for business owners. Interest rate hinders the entrepreneurs from borrow loans from banks. Collateral requirements hindered finance access through credits. Short loan repayment period affect borrowing rate and hence growth of SMEs

5.3.3. Effect of Access to Market Information on Growth of SMEs

Access to market information significantly and positively correlates to growth of SMEs. Making market information accessible to SMEs operators would increase the growth of SMEs in Rwanda. Vital market information was not easily accessible to the SME owners. Information on new financing agencies is not accessible to entrepreneurs. Information on risks that could occur to enterprises is accessible to entrepreneurs.

5.4. Recommendations

The researcher makes the following recommendations:
    i.   Training of the entrepreneurs should meet the needs of the SMEs growth and should be tailor-made.
    ii. SMEs operators should be trained on marketing and SME management
    iii. Interest rate and collateral requirements by the banks should be made friendly to the SMEs operators to encourage them to borrow loans to advance their businesses
    iv. Loan repayment period should be increased to increase borrowing rate and hence growth of SMEs

5.5. Areas of Further Research

The following areas are recommended for further research:
    i. As the research was confined to Nyange Sector, Musanze District, a study focusing on factors affecting SMEs growth in all the districts in Rwanda should be conducted.
    ii. Research should be conducted to establish the causes of challenges facing small and medium-sized entrepreneurs.

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