EFFECT OF COVID-19 ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN RWANDA.

CASE STUDY: GASABO DISTRICT

PERIOD 2019-2023

BY:

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Thesis submitted in Partial fulfillment of the academic requirements for the award of Master's degree of Business Administration

KIGALI INDEPENDENT UNIVERSITY / ULK

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DECLARATION

I declare that this research project is my original work and has not been submitted for examination in any other university of higher learning.

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Date: ..../........../2023

APPROVAL

This is to certify that this work entitled **Effect of Covid-19 on Performance of Small and Medium Enterprises:** a case study of Gasabo District (2019-2023) carry out by **KASONGO KIZITO Kevin** under my guidance and supervision.

SUPERVISER: Prof. Dr. KADHAFI Isaie

Signature: ....

Date: ..../......../2023

DEDICATION

This research project is dedicated to my parents, family members, colleagues and my relatives for their constant support and encouragement throughout my studies. I cannot forget all persons that have helped me for their wisdom and inspiration which has been my pillar in search for knowledge.

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First and foremost, I thank the Almighty God for his plentiful blessings, assistance and protection during my studies at ULK.

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LIST OF ABBREVIATIONS, ACRONYMS AND SYMBOLS

%   : Percentage

AFR   : Access to finance Rwanda

AMIR   : Association of Microfinance Rwanda

CARES   : Coronavirus Aid, Relief, and Economic Security

CEO   : Chief Executive Officer

COVID-19   : Corona virus disease 2019

ERF   : The Economic Recovery Fund

MFIs   : Microfinance Institutions

MSEs   : Micro and Small Enterprises

MSME'S   : Micro small and medium sized enterprises

NBR   : National Bank of RWANDA

NGOs   : Non-Governmental Organization

OECD   : Organization for Economic co-operation and Development

RDB   : Rwanda Development Board

SACCOS   : Savings and Credit Cooperative Societies

SME   : Small and Medium Enterprises

ULK   : Université libre de Kigali

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ABSTRACT

The present study is on the effect of covid-19 on the performance of small and medium enterprises (2019-2023). The general objective of this study was to investigate on the Effect of Covid-19 on performance of Small and Medium Enterprises in Rwanda special in Gasabo district. The three specific objective was to establish the effect of covid-19 on SMEs sales/activities on its financial performance, to assess the financial performance of SMES before and post the COVID-19 pandemic and the third one was to establish the relationship among covid-19 and the performance of small and medium enterprises. Descriptive research design was adopted for this study using quantitative methods of data collection. The study used a sample of 35 SMEs selected using purposive and universal sampling techniques. The study used primary and secondary data was collected by questionnaires. In order to achieve objectives, data were collected from selected respondents to generalize the results of the study. After analysis the study found that the pandemic presented significant hurdles for SMEs in Rwanda, including disruptions in supply chains, reduced consumer spending, and restrictions on physical operations. Many businesses faced financial strain and struggled to maintain their pre-pandemic levels of revenue and employment. The study conclude that the COVID-19 pandemic had a profound and multifaceted impact on the performance of Small and Medium-sized Enterprises (SMEs) in Rwanda. The main recommendation was made to strengthen digitalization, access to finance, skill development, collaborative networks, government support, risk management, market diversification, health and safety measures, data analytics, customer engagement, these researcher recommendations aim to support SMEs in Rwanda in navigating the challenges posed by the COVID-19 pandemic and building resilience for the future.

Key words: *Covid-19, Economic impact, Resilience, government policies, SMEs.*

CHAPTER 1: GENERAN INTRODUCTION

1. Background of Study

In the history of the world in 2019, infectious disease called Covid-19 appeased in our world and this has affected several factorssuch as economy, financial, banks, commerce, tourism, businesses, and this affected too much business. Given that Small and Medium Enterprises (SME's) generate 80 percent of employer it's important to understand the toll the novel coronavirus is taking on SME's in order to ensure that policy measures are appropriately designed to meet their needs. Bogoch et al. (2020) report indicated a clustering pneumonia of unknown etiology in Wuhan, china: potential for international spread via commercial air travel. It is adjudged as to be one of the worst pandemics in human history with a staggering number of mor e than 1.4 million infections in 177 countries and more than 85 000 deaths globally as at 9th April, 2020.

The quick and successive spread of this virus called Covid-19 pandemic all over the world has meted huge and unprecedented and began extending virally to the whole world with attendant contraction in the global economy. This virus was discovered in Nigeria in February 2020. It spread to some cities namely: lago, ogun and FCT. The continual spread of the pandemic led to partial lock down of these cities in the whole country in March 2020.

Being among those who have been affected by this disease or virus physically and financially, it pushed me to do this research for my master's degree. However, gauging the impact of Covid-19 on SME's is particularly challenging because these enterprises are plentiful in number but small in size. The spread of the virus has made itimpossible to physically survey the SME's one way to circumvent this challenge is to conduct online surveys. Right after the outbreak of covid19 in China, a few online surveys (Zhu, Liu and Wei 2020) were conducted to measure the impact of the novel coronavirus Chinese firms, online surveys possess a key advantage in quickly gathering data.

However, these surveys are subject to two selection problem (Wang et al, 2020). The first is that the representativeness of the sample is largely unknown and sometimes skewed.

The second selection problem with online survey is that they tend to appeal to certain sectors. To better measure the short-term and mid-term impact of cocid-19 on SME's the enterprise survey for innovation and entrepreneurship in china (ES, EC) team, led by packing university, conducted two rounds of follow-up phone interviews in February and May 2020 with previously sampled SME's in seven provinces, which are largely representative at the provincial level and the major industrial level for china as a whole.

The phone interview asked entrepreneurs about the operational status, major challenges, and business outlook of their businesses as well as their feelings about covid-19. The rapid telephone interviews, in combination with the baseline survey, provide us with rich andtimely information to study the impact of covid-19 on SME's.

SME's were struggling with many challenges, such as disruption in logistics, restrictions on labor mobility, and declines in market order. The major challenges vanned by industry.

Export firms suffered more than others due to decline in external demand and a lack of key pasts that kept them afloat SME's in the residential service sector were hit particularly hard because of stinking demand agricultural enterprises reported more problems with logistical disruptions. After reining in covid19, authorities largely eased lockdown restrictions in April.

As a result, most SME's had reopened by the tome of our second round of surveys in May. While the supply-side challenges faded away, lack of demand emerged as the dominant challenge. Many SME's, particularly export firms, and ran at partial capacity, primarily due to inadequate demand.

Around 18 percent of SME's closed for good between the two waves of surveys in February and May. Covid19 has unfortunately spread to almost all countries worldwide. Many countries have adopted lockdown policies similar to China's, shutting down millions of SME's. The

governments in these countries desperately want to know what impact Covid19is having on SME's as these businesses struggle with reopening.

The impact of the pandemic on the business operations, supply chains, as well as the household income and expenditure of MSME's was greatly affected by the outbreak of coronavirus pandemic(Covid-19) which severely affected the global and Rwandan economy at large. It delved deeper into the coping strategies these enterprises adapted to mitigate the effects of this disruption among MSMEs in Rwanda. Z. Nakabuye and W. Nyandema (2020): These academics studied "The Impact of COVID-19 on SMEs in Uganda." I'm not sure when it was released exactly, but it was done in 2020, so it may have happened at the same time.

To control and contain the pandemic; Some of the actions proposed by the Rwanda Economic Update to protect and improve human capital in Rwanda include accelerating deployment of COVID-19 vaccines to contain the pandemic, combating the poverty impact of the pandemic by expanding coverage of social safety nets, improving targeting accuracy to make social safety nets more cost-effective, and expanding social insurance to the informal sector, and reducing learning losses through optimization of remote education due to the COVID19 disruptions, improving skills and strengthening accountability in education. Rwanda implemented a range of containment measuresincluding border closure, suspension of domestic travel, cancellation of public gatherings institutions teleworking and closure of schools, places of worship, and non-essential businesses.

These measures worked well for Rwanda to contain the pandemic, as of 21st December 2020, Rwanda reported 7402 cases of Covid19 infection. However, these measures negatively affected the livelihoods of many Rwandans, especially those who earn their living on daily basis.

Furthermore, the measures also considerably affected the microfinance sector which serves the

majority of the Micro, Small, and Medium Enterprises (MSME and SMEs). The target population was the Rwandan microfinance sector that consists of 460 institutions, of which three are microfinance banks, 19 limited liability companies, 416 umurenge SACCOs, and 22 non-Umurenge SACCOs.

The microfinance sector serves nearly four million Micro, Medium, and small entrepreneurs (MSMEs and SMEs) in Rwanda (AMIR). The article adopted an exploratory methodology with comprehensively reviewing the available literature, including policy documents, research papers and reports in the relevant field.

Combination of quantitative and qualitative methods was used to analyze data, while questionnaires and interviews were used to collect data. Further, to add empirical evidence, the study collected data from 110 MSMEs registered in Kigali province by administering an online questionnaire.

The data were analyzed through descriptive statistics. The results indicated that most of the participating enterprises had been severely affected and they were facing several issues such as financial, supply chain disruption, decrease in demand, reduction in sales and profit,among others. The study estimated a large increase in the failure rate of MSMEs under Covid19 of nearly 9 percentage points, absent government support.

Accommodation and food services, art, entertainment and recreation, education, and other services are among the most affected sectors. The jobs at risk due to covid-19 related Micro small and medium enterprises (MSMEs) business failures and employments, we estimated only moderate effects on the financial sector: the share of non-performing loans on banks assets and resulting in a 0.75 percentage point decline in the common equity Tier-1 capital ratio. The results had important implications for the severity of the Covid-19 recession, the design of policies, and

the policies and the speed of the recovery. SMEs in the US have been impacted by the pandemic, according to Megan MacDonald and David Sigel man's research article.

"The Impact of COVID-19 on Small Business Outcomes and Expectations" (2020).

1.1. Problem statement

The COVID-19 epidemic, Like in many other nations, outbreak in Rwanda has severely affected the business climate, especially for Small and Medium Enterprises (SMEs). These SMEs have had many difficulties as a result of the epidemic, despite the fact that they are essential to the nation's economic development and job creation. There are many infectious diseases in the history of the world, but the Covid-19 has proven to be highly infectious, viral and contagious. The effect of this infection on human life is highly unprecedented. The world was under a traumatic moment caused by the Covid-19 pandemic. To control and contain the epidemic; Rwanda implemented a range of containment measures including border closure, suspension of domestic travel, cancellation of public gatherings, institutions teleworking, and closure of schools, places of worship and non-essential businesses. These measures worked well for Rwanda to contain the pandemic, as of 30 May 2020, Rwanda reported 370 cases of COVID-19 infection. However, these measures have negatively affected the livelihoods of many Rwandans, especially those who earn their living on daily basis. Furthermore, the measures also considerably affected the Microfinance sector which serves the majority of the Micro, Small and Medium enterprises (MSME and SMEs).

Rwanda was in the middle of an economic boom prior to the Covid19 pandemic with a real economic growth of 9.4 percent in 2019, driven mostly by large public investments for implementation of the National Strategy of Transformation. With the advent of Covid19, international flows of goods and services were seriously disputed with significant spill over to the global economy.

The need for an affordable refinancing/funding facility has been one of the main challenges from Microfinance Institutions (MFIs) for over a decade in Rwanda. This had been amplified by the 2020 COVID-19 lockdown, where clients of the MFIs were withdrawing their savings to sustain their livelihoods and meeting fixed costs of their business with no revenue inflow. This also led to clients, who are mostly MSME clients not meeting their loan repayment obligations to the MFIs (some was taking advantage of the situation too). Withdrawal of savings and non-payment of loan repayments has put a huge stress on the liquidity positions of the Microfinance Sector and on the morale of the Management and staff of the sector. 95% of the microfinance banks and Limited liability Microfinance institutions reported emergency need for liquidity in the next three months.

In the publication of UNDP, 2020, it was reported that many businesses and countries in the world are facing severe financial and economic crises resulting from the prevalence of covid-19 pandemic.

As proclaimed by Albert Einstein: "Amid every crisis lies great opportunity" for managers, the pandemic covid-19 crisis creates an opportunity to foster transiliency and thus better cope with the next pandemic (Craighead et al., 2020).

1.2. Objective of the study

This study has two objectives, which are general objectives and specific objectives.

1.2.1. General objective

The main objective is to investigate on the Effect of Covid-19 on performance of Small and Medium Enterprises in Rwanda.

1.2.2. Specific objective

1. To determine how covid-19 effects the financial performance of on SMEs

2. To assess the financial performance of SMESs before and after the COVID-19 pandemic

3. To analyse the relationship among covid-19 and the performance of small and medium enterprises

1.3. Research questions

i. To what extend are the main challenges faced by SMEs in Rwanda as a result of the covid-19 crisis, and how have they adapted their business strategies to cope with these challenges?

ii. To what extend covid-19 impact the performance of SMEs before and after the pandemic?

1.4. Hypothesis of the study

A hypothesis is defined as a statement of association between variables; it may prove to be correct or incorrect. It is a provisional answer to the research question. A hypothesis is a tentative proposition which is subject verification subsequent investigation. It is a prediction regarding the possible outcome of the study in terms of the variables being investigated Martyn Shuttle worth (2018).

These provisional responses were confirmed at the end of this study. From the above views, the researcher has formulated the following research assumptions.

i. COVID-19 pandemic has a significant impact on the financial performance of small and medium enterprises in Rwanda.

ii. COVID-19 affect the business Operations of SME's in Rwanda.

1.5. Scope of study

In this research the effect of covid-19 on performance of Small and Medium Enterprises in Rwanda/Gasabo district, shall be studied in detail within Rwandan context especially SME's operating in Kigali policies of other developed and developing nations shall also be studied to lesser degree for purposes of companion. The study was carried out between September 2019 and 2023.

1.5.1. Scope in time

Looking at the time scope, the research carried out to cover a period of one years to be ranged between 2019 up to 2023. This timeframe is chosen based on the availability of data to be used for the purpose of this research.

1.5.2. Scope in domain

The research is limited to locate in domain of finance whereby the researchers have been influenced by some courses studied like financial analysis and advanced analysis.

1.5.3. Scope in space

The study was intended to discover the impacts of covid-19 on small and medium enterprises of GASABO District. The reason of choosing this area is resulted on the fact that a friend ours working was helped us to get data easily and this area was near our residence which has made our research easy to be done.

1.6. Significance of study

The outcomes of the study are of great important in many ways. It is important to a number of prospective users including the personal interest, academic and scientific interest and social interest.

1.6.1. Personal interest

This study helped improving skills and experience mainly, those theoretical of the effect of covid-19 on small and medium enterprises of GASABO District. It helped theresearchers to gain considerable skills in conducting similar researches.

1.6.2. Academic and Scientific interest

The research was provided a research report available to the library of Kigali Independent University ULK and also this research act as references to other future researchers who wish to carryout similar research in their study area.

1.6.3. Social interest

The society gain more knowledge on effect of covid-19 on small and medium enterprises of GASABO District. Through suggestions and recommendations, the research was inspired the government of Rwanda or their concerned actors where to put in place a perfect policy to support small and medium enterprises (SME's).

1.7. Methodology

Our research was done by the method of questionnaires and documentary based on the object of the study to the loan of the heads or C.E.O of small and medium businesses.

1.8. Structure of the dissertation

This study begins with eleven pages which are: Title page, declaration, approval, dedication, and acknowledgements, List of abbreviations, table of contents, list of tables, and list of figures, abstract.

The study is divide into five chapters:

Chapter one dealt with the definition of the key words and the gives all general introductions

The second chapter presents the related literature review of the study

The third chapter present the research methodology used in this research that will be clearly shown in the next chapter.

The fourth chapter present the research findings present the data analysis and the interpretation of the results which obtained by using the research methodology.

The fifth chapter that is the summary, conclusion and recommendation where all the data finds will be shown clearly and used.

CHAPTER 2: LITERATURE REVIEW

The chapter contains the conceptual framework and operationalization of this research. The literature review examines how various studies have analyzed the concept of internal control system and the determination of other successes of failure on how effective the process should.

The covid-19 pandemic has had a profound and far-reaching impact on business worldwide, with small and medium enterprises (SMEs) being particularly vulnerable to its effects. The Covid-19 pandemic has highlighted the vulnerabilities and strengths of SMEs worldwide. It emphasized the need for businesses to be agile, adaptable, and technologically equipped to navigate through such unprecedented challenges. Government support, access to finance, and fostering a digital-ready ecosystem have been crucial in mitigating the adverse effects of the pandemic on SMEs and aiding their recovery. Below are some key aspects of the pandemic's impact on businesses, with a specific focus on SMEs:

Disruptions to supply chains: The pandemic led to disruptions in global supply chains, affecting SMEs that heavily relied on imports and exports. Restrictions on transportation and border closures made it challenging for SMEs to source raw materials and deliver finished products to customers.

Decreased demand and revenue loss: With lockdowns and social distancing measures in place, consumer demand for non-essential goods and services declined significantly. SMEs, especially those in the retail, hospitality, and tourism sectors, experienced substantial revenue loss, leading to financial strain and cash flow challenges.

Business closures and bankruptcies: Many SMEs, especially those with limited financial reserves, were forced to close permanently due to prolonged lockdowns and reduced customer demand. This led to a surge in business bankruptcies and job losses.

Adoption of remote work: SMEs that could adapt to remote work arrangements were better positioned to continue operations during lockdowns. However, not all SMEs had the

technological infrastructure or resources to enable remote work, leading to further disparities in performance.

Digital transformation and E-commerce: The pandemic accelerated the shift towards digital channels. SMEs that embraced e-commerce and digital marketing strategies were better able to reach customers and generate revenue during the crisis.

Access to Finance and Government Support: SMEs faced challenges in accessing credit and loans during the pandemic. Governments around the world implemented various support measures, such as financial aid packages and loan moratoriums, to assist struggling businesses.

Employee retention and layoffs: SMEs faced difficult decisions regarding employee retention. Some businesses had to lay off or furlough employees to reduce costs, while others struggled to retain talent during the economic uncertainty.

Health and Safety Measures: SMEs had to implement health and safety protocols to protect employees and customers. These measures included providing personal protective equipment, enforcing social distancing, and sanitizing workspaces.

Uncertainty and Volatility: The unpredictable nature of the pandemic created uncertainty for SMEs, making it challenging to plan and strategize for the future.

Innovation and Adaptation: Despite the challenges, many SMEs demonstrated resilience and adaptability. Some diversified their offerings, restructured their business models, or entered new markets to survive the crisis.

2.1. Definition of Key concepts

The definition of keys concepts is essentially by providing the necessary mean of various words because one word can be defined differently by researchers and can have different meaning according to domain of research.

2.1.1. Employee

Employee is a person who is hired to provide services to a company on a regular basis in exchange for compensation and who does not provide these services as part of an independent business (Paul, 2013)

Employee is the person who serve in an organization and from the service given, paid will get in return (Muhl, 2002)

2.1.2. Organization

An organization of persons, arranged in predetermined patterns of relationships, in order to accomplish stated objectives. Redding, W.C. (1964)

Organization is a part of an economic system, it responds to be market place, competition and fluctuating resources. The survival of the organization depends upon its ability to adapt to the demands of this external system (Ruge, 2012)

2.1.3. Small and medium enterprises (SMEs)

The concept of small and medium enterprises has been widely discussed and defined by various authors and organizations over the years. I can provide with a few notable sources:

David Storey, 1994, in his book "*understand the small business sector*"; provided an early definition of SMEs. He defined them based on criteria such as the number of employees, turnover, and balance sheet total. His work has influenced subsequent research and policy discussion on SMEs.

European commission, 2003, the European commission, in its *recommendation 2003/361/EC,* provided a common definition of SMEs for use in the European Union. It defines SMEs based on criteria such as staff headcount, turnover, and balance sheet total. This definition is widely used in the EU and has influenced similar definitions in other regions.

Small Business Administration (SBA) year*: ongoing (U.S. government agency)* Definition: In the United States, the Small Business Administration (SBA) provides size standards for various industries to determine eligibility for SBA programs and loans. These standards vary by industry but are generally based on either the number of employees or average annual receipts.

International Finance Corporation (IFC) year: ongoing (a member of the World Bank Group) Definition: The IFC provides a global definition of SMEs that takes into account factors such as employment size, annual sales, and ownership structure. This definition is used for international comparisons and investment purposes.

2.1.4. Performance

Depending on the context, the word "performance" can signify many things. Here are a few typical explanations:

Performance is "a particular result obtained in management, economics, marketing, etc. that prints features of competitiveness, efficiency, and effectiveness of the organization and its procedural and structural components," according to certain authors (Verboncu, Zalman, 2005).

Execution or performance of a duty or action: The quality of someone or something's performance in this context relates to how successfully they carry out a particular duty or task. A computer's ability to process tasks or the performance of an athlete in a competition are two examples.

The performance or creation of a work of theater, music, or art: The act of presenting or creating an artistic creation, such as a theatrical performance or a musical performance, is sometimes referred to as performance.

Achieving a goal or objective: Performance can show how successfully a person, item, or

situation has accomplished a certain goal or target. For instance, a company's performance as measured by its financial outcomes.

Business performance is the result of a firm's policies and operations in monetary terms. It is the profitability of institution measured in the statement of comprehensive income. This is essentially a listing of income and expenses during a period of time (usually a year)

2.1.5. Effect

"An effect is a change that is caused in a person or thing by another person or thing" is how the word effect (NOUN) is defined (Collins Cobuild Dictionary, 1990, p. 451). In other words, an effect is a noun that refers to a result, a result, a consequence, or an influence.

2.2. Conceptual review

Since the COVID-19 pandemic started in late 2019, the effect of the disease on Small and Medium-sized Enterprises (SMEs) has drawn major attention. The difficulties and possibilities brought on by the pandemic are examined in this conceptual review, which dives into the many ways that COVID-19 has impacted the performance of SMEs.

Impact on finances:

Revenue Decline: Because of lockdowns, lower consumer spending, and interrupted supply chains, many SMEs saw a considerable decline in revenue.

Cash Flow Issues: As firms battled to pay for operational costs and repay debts, cash flow problems grew increasingly severe.

Operational Difficulties:

Transition to Remote Work: SMEs had to swiftly adjust to remote work, which presented managerial and technology issues. Global supply networks, on which many SMEs rely, were badly affected, leading to delays and higher expenses. Safety precautions the use of COVID-19 safety measures had an impact on production and demanded additional expenditures.

Finance Available:

Reduced Access to funding: As banks tightened their lending rules, SMEs had a harder time getting loans and other forms of funding.

Government Support: To assist struggling SMEs, several governments have established relief initiatives and financial assistance.

Electronic transformation

Accelerated digitalization: During lockdowns, SMEs that used digital technologies and e-commerce found chances for expansion.

E-commerce Expansion: For SMEs to reach clients, online sales and digital marketing become essential.

Purchase Behavior

Demand Shift: Online shopping, contactless payments, and in-home services are now more popular among consumers.

Trend adaptation: SMEs have to change their product lines to meet evolving consumer demands.

Resilience of the supply chain:

Reconsidering their reliance on a single supplier, SMEs tried to diversify their sources of supply.

Local Sourcing: To reduce the risks associated with the global supply chain, local sourcing has become popular.

The health of employees

Mental health: The epidemic made it clear how crucial it is to take care of employee wellbeing and mental health.

Flexible Work Arrangements: To address health issues, several SMEs established flexible work arrangements.

Regulatory Adjustments:

SMEs had to comply with a variety of rules that were constantly changing and affecting safety procedures and company operations.

Tax relief: To lessen the financial load on SMEs, several governments offered tax relief.

Inventiveness and Adaptation

Product and Service Innovation: During the epidemic, some SMEs modified their offerings to supply necessary goods and services.

Changes in Business Models: New business models have evolved, including subscription services and curbside collection.

Continuity of Resilience:

Planning for Business Continuity: SMEs understood the necessity for strong continuity strategies to be ready for upcoming interruptions.

Risk management: Prioritizing improved risk management procedures.

2.2.1. SME's across the world and in Rwanda

Toward the end of 2019, an infectious and viral disease code named: covid-19 became prevalence. The emergence of this novel virus was not evidentially traceable, but was adjudged to have emanated from a clustering pneumonia of unknown aetiology in Wuhan city, a district in china. This unidentifiable virus spread virally to other part of the globe without frontier. The medical experts claimed that covid-19 affects the entire respiratory system of the body by collapsing the lungs first which leads to shortness of breath and eventual collapse of all functional organs of the body. Number of SME's worldwide 2000-2021 were estimated to be approximately 332.99 million SMEs worldwide in 2021, slightly fewer than in 2019 when there were 328.5 million, which was also an estimated peak for the number of SMEs in the provided period published by statista research department June 7, 2023. Small and medium enterprises are responsible for 90% of the world's businesses, and more than 50% of employment worldwide. Formal SMEs also create 7 out of 10 jobs. SMEs contribute around 40% of the national income (GDP) in emerging companies too.

SME's are often characterized by informality, flat (horizontal) as opposed to hierarchical internal structures and open fluid communications between the owners and employees (Rothwell and Dodgson, 1991).

Small and medium enterprises is the backbone of Rwanda's economic journey.

According to the Rwandan ministry of trade and industry (2010), 98% of businesses are considered SMEs, contributing 41% of all private sector jobs in the nation. To support and speed up the growth of the private sector, Rwanda's government has created a supportive and enabling environment for these SMEs to thrive. The statistic show that there's an estimation of 72 000 SMEs in the country 25000 are registered only 24% pay tax on a regular basis. In addition to expanding the export sector, SMEs also represent a potential source of tax revenue, thus reducing Rwanda's dependence on foreign assistance.

This is not accidental in its vision 2020 development plan. The Rwandan government said growth would be achieved if all stakeholders-development partners, private sector and government-played their part in strengthening SMEs. We understood that SMEs both formal and informal would play a crucial role in lowering Rwanda's trade imbalance and generating off-farm employment (Clara AKAMAZI SMECO-2019).

2.2.2. Impact of covid-19 on Small businesses

The coronavirus pandemic engendered a global crisis that unlike most other crisis in the world history entails both supply and demand shocks worldwide more than twenty million people have been infected as of August 2020 and due to lockdown measures around 300million full-time employees have becomes unemployed or have had a reduction in work hours and pay (international labor organization 2020; world health organization, 2020).

The impact of Covid-19 on Small and Medium Enterprises (SMEs) has been significant and

multifaceted, affecting various aspects of their operations and overall viability. Here are some key impacts of the pandemic on SMEs: Financial challenges, Business closures, Supply chain disruptions, Digital transformation, Remote work and workforce management, Access to finance, Consumer behavior changes, Health and safety measures, Government support and policies, Innovation and adaptation, Uncertainty and planning, Sector variations, Long-term effects.

2.2.3. The consequences of the corona virus disease

The consequences of the coronavirus disease (COVID-19) outbreak are unprecedented and felt around the world. The coronavirus disease (COVID-19) have been wide-ranging and have impacted various aspects of society. Here are some of the notable consequences: Health impact, Economic impact, Education disruption, and mental health impact, Social impacts, Disparities and Inequalities, Healthcare system strain, Long-Term health consequences.

In addition to the threat to public health, the economic and social disruption threatens the long-term livelihoods and wellbeing of millions. The pandemic is heavily affecting labor markets, economies and enterprises, including global supply chains, leading to widespread business disruptions.

2.2.4. Covid-19 and SMEs in Rwanda: Government Policies and Support.

Covid-19 has had a significant impact on Small and Medium Enterprises (SMEs) in Rwanda, leading the government to implement various policies and support measures to mitigate the challenges faced by these businesses. Rwanda government policies and support initiatives for SMEs in Rwanda during the pandemic are:

Economic Recovery Fund (ERF): In order to help SMEs impacted by the epidemic, the Rwandan government established the Economic Recovery Fund. The fund sought to help companies sustain their operations, keep their staff, and deal with cash flow problems.

Suspension of Tax Payments: In response to the economic disruptions caused by Covid-19, the government temporarily suspended tax payments for specific periods. This measure aimed to ease the financial burden on SMEs and improve their liquidity.

Interest Rate Caps on Loans: The government set interest rate caps on loans extended to SMEs during the pandemic. This measure aimed to make credit more affordable and accessible to support business continuity and investment.

Business Loan Guarantees: To encourage banks and financial institutions to lend to SMEs, the government provided loan guarantees, reducing the risk for lenders. This initiative aimed to ensure SMEs had access to capital for their operations and recovery.

Support for Digital Transformation: The government encouraged SMEs to embrace digital technologies and e-commerce platforms to adapt to the changing business landscape during the pandemic. Support and resources were provided to help businesses transition to digital operations.

Capacity Building and Training: The government organized training programs and workshops to equip SME owners and employees with skills and knowledge needed to navigate the challenges posed by the pandemic successfully.

Export Promotion and Market Access: The government explored opportunities to promote exports from SMEs and enhance market access to regional and international markets. This initiative aimed to diversify revenue sources and reduce reliance on domestic demand.

Support for Health and Safety Compliance: The government provided guidance and support to SMEs on implementing health and safety protocols to protect employees and customers during the pandemic. This measure aimed to ensure a safe work environment.

Business Support Centers: The government established business support centers to offer advisory services, mentorship, and guidance to SMEs on various aspects of business management, including financial planning and marketing strategies.

Collaboration with Development Partners: The government collaborated with development partners, international organizations, and NGOs to pool resources and coordinate efforts in supporting SMEs during the pandemic.

These government policies and support initiatives played a crucial role in helping SMEs in Rwanda weather the challenges brought about by the Covid-19 pandemic. They aimed to provide immediate relief, foster resilience, and promote long-term recovery and growth for SMEs, ensuring their continued contribution to the Rwandan economy. However, the effectiveness and reach of these measures may vary, and continuous monitoring and adaptation may be necessary to address evolving needs.

2.2.5. Challenges Faced by SMEs in Rwanda

SMEs in Rwanda faced various challenges, some of which may have been exacerbated by the pandemic. These challenges include: Access to Finance, Limited Infrastructure, Market Access and Competition:, Regulatory Environment, Skill Shortages, Limited Technology Adoption, Access to Information, Inadequate Entrepreneurial Support, External Shocks, Land Access and Property Rights.

It's important to note that the challenges faced by SMEs can vary depending on the sector, location, and size of the business. The Rwandan government and various organizations have been working to address these challenges by implementing policies, providing financial assistance, and offering capacity-building programs to support the growth and sustainability of SMEs in the country.

2.2.6. Operations of the business in Rwanda during covid-19

During the COVID-19 pandemic, businesses in Rwanda including SMEs, faced significant challenges due to the various restrictions and safety measures implemented to control the spread of the virus. The Rwandan government took swift and proactive actions to contain the pandemic, which had implications for the operations of businesses in the country. Here are some common ways the operations of businesses in Rwanda were affected during COVID-19: Lockdowns and Movement restrictions, Reduced working hours and shifts, Remote work and digital transformation, Suspension of non-Essential services, Health and Safety protocols, Revenue loss and financial strain, Access to finance, Government support, Digital commerce and E-commerce, Adapting business models, Travel and Tourism Impact.

The operations of businesses in Rwanda during COVID-19 required resilience, adaptability, and creativity to navigate the unprecedented challenges brought about by the pandemic. The government's response and support measures played a crucial role in mitigating the impact on businesses and supporting their recovery efforts.

2.2.7. Impact of covid-19 on sales of SMEs in Rwanda

The COVID-19 pandemic had a significant impact on the sales of SMEs in Rwanda, similar to its effects on small businesses worldwide. The pandemic brought about a series of challenges that affected consumer behavior, disrupted supply chains, and led to changes in economic activity. Here are some of the key ways in which COVID-19 impacted the sales of SMEs in Rwanda: Decline in consumer demand, Restrictions on business operations, Supply chain disruptions, Impact on tourism and hospitality, Shift to E-commerce and digital sales, Shift to E-commerce and digital sales, Export market challenges, Financial constraints, Changes in marketing strategies.

The negative impact on sales has been large and wide spread across firms. About 84% of firms on average, across countries, have reported a reduction in sales in the last 30 days before the interview, compared to the same period in the previous year. The cross-country average suggests a reduction in sales of about 49% compared to the same period in the last year, with a standard deviation of 0.25. While the biggest impact of the COVID shock is around the peak of the crisis, the drop in sales is persistently large even 10 weeks later.

The results show that despite almost 90% of business are open after 10 weeks from the peak of the outbreak; the negative impact on sales is still looming large. There are significant differences across countries in the impact of the shock on sales, even when controlling for the sector and size composition of the sample.

Despite these challenges, some SMEs in Rwanda also found new opportunities amid the pandemic, such as producing essential goods or offering delivery services. The government's support measures, including financial aid and business support programs, played a crucial role in helping SMEs cope with the challenges and find ways to sustain their sales during these difficult times.

2.2.8. Impact of covid-19 on employment

The COVID-19 pandemic had a profound impact on employment worldwide, leading to widespread job losses, furloughs, reduced working hours, and significant disruptions to the labor market. The severity of the impact varied across different countries and regions, depending on factors such as the extent of the outbreak, the effectiveness of government responses, the economic structure, and the level of reliance on specific industries. Here's an overview of the general impact on employment globally and specifically in Rwanda:

Impact on Employment Worldwide: Job losses and unemployment, Informal economy, reduced working hours, Self-Employed and gig economy, Disparities in impact.

Impact on Employment in Rwanda: Rwanda, like many other countries, experienced significant employment disruptions during the COVID-19 pandemic. Some specific impacts on employment in Rwanda include: Tourism and Hospitality, Informal Sector, Agriculture and Supply Chains, Export-Dependent Industries, Government Support, Digital Transformation, Impact on Education.

2.2.9. Liquidity and survival (performance)

During the COVID-19 pandemic, liquidity and survival became even more critical considerations for businesses worldwide. The pandemic brought about unprecedented challenges that affected businesses across all sectors, from large corporations to Small and Medium-sized Enterprises (SMEs). Here's how liquidity and survival played a crucial role during the COVID-19 crisis:

1. Liquidity Challenges:

Reduced Revenue: Many businesses experienced a significant decline in revenue due to lockdowns, reduced consumer spending, and disruptions in supply chains. This sudden drop in cash flow put immense pressure on businesses' liquidity.

Cash Flow Disruptions: The pandemic's impact on economic activity caused delays in payments and affected businesses' ability to collect receivables promptly. This further strained liquidity, especially for businesses with high operating expenses and limited cash reserves.

Access to Credit: As the pandemic unfolded, financial institutions became more cautious about extending credit, particularly to businesses in sectors directly impacted by the pandemic. This restricted access to additional funding and further affected liquidity.

2. Survival Challenges:

Temporary Closures and Reduced Operations: Many businesses were forced to close temporarily during lockdowns, while others faced restrictions that limited their operational capacities. These restrictions impacted businesses' ability to generate revenue and threatened their survival.

Supply Chain Disruptions: The pandemic led to disruptions in supply chains, both domestically and internationally. Businesses reliant on imported raw materials or finished goods faced challenges in maintaining production, leading to potential revenue loss and survival risks.

Shift in Consumer Behavior: Changes in consumer behavior and preferences during the pandemic affected businesses that was slow to adapt. Companies that failed to pivot to online sales or offer relevant products and services struggled to survive.

High Fixed Costs: Businesses with high fixed costs, such as rent and loan repayments, faced greater difficulties during periods of revenue decline. These fixed costs became more burdensome when revenue streams dried up due to lockdowns and reduced demand.

2.2.10. Strategies Employed for Liquidity and Survival

Cost Reduction Measures: Many businesses implemented cost-cutting measures, such as reducing non-essential expenses, renegotiating contracts, and downsizing operations to conserve cash.

Government Support: Various governments worldwide introduced financial aid programs, grants, and loan schemes to support businesses during the pandemic. Access to these support measures provided a lifeline for many struggling businesses, improving their liquidity and survival prospects.

Digital Transformation: Companies that swiftly embraced digital transformation, such as online sales and remote work capabilities, were better positioned to adapt to changing market conditions and maintain revenue streams.

Supply Chain Diversification: Some businesses diversified their supply chains to reduce reliance on single sources and minimize the impact of potential future disruptions.

Negotiating with Creditors: Negotiating with creditors and suppliers for extended payment terms or flexible arrangements helped businesses manage cash flow challenges during the crisis.

Focus on Essential Products/Services: Some businesses shifted their focus to essential products or services in high demand during the pandemic, enabling them to generate revenue and survive.

Businesses that successfully managed their liquidity, adapted to changing market dynamics, and received government support had a better chance of surviving the challenges posed by the COVID-19 pandemic. The crisis highlighted the importance of liquidity management and strategic decision-making for businesses to weather unprecedented storms and maintain their long-term viability.

2.2.11. Industry Differences in Response to Crisis Duration

The response to the COVID-19 crisis duration varied significantly across industries, as each sector faced unique challenges and opportunities during the pandemic. The impact and duration of the crisis on businesses depended on factors such as the essential nature of their products/services, their ability to adapt to remote work, and their reliance on physical interactions. Here are some industry differences in response to the COVID-19 crisis duration:

Healthcare and Pharmaceuticals:

Early and Prolonged Response: The healthcare and pharmaceutical industries were at the forefront of responding to the pandemic. They rapidly developed vaccines, treatments, and medical supplies to combat the virus. The crisis duration for these industries extended throughout the pandemic, and their efforts continue to play a critical role in global recovery.

Technology and E-commerce:

Rapid Adaptation: The technology sector and e-commerce businesses quickly adapted to the remote work environment and increased demand for online services. These industries experienced growth during the crisis duration, with some companies reporting record-high revenues and profits.

Travel and Hospitality

Prolonged Crisis Duration: The travel and hospitality industries were among the hardest-hit sectors during the pandemic. Travel restrictions and lockdowns led to widespread cancellations and reduced demand for travel and accommodation services. These industries faced a prolonged crisis duration, and recovery was gradual as vaccination rates improved.

Retail and Consumer Goods:

Mixed Response: Retail businesses faced varying responses based on their product offerings. Essential goods retailers experienced increased demand and adapted to safety measures, while non-essential retailers faced challenges during lockdowns. E-commerce businesses, on the other hand, saw growth during the pandemic.

Manufacturing and Supply Chain:

Disruptions and Adaptations: The manufacturing sector faced supply chain disruptions due to factory closures and transportation restrictions. Some manufacturers adapted by producing essential goods like personal protective equipment (PPE) and medical supplies.

Entertainment and Events:

Prolonged Crisis Duration: The entertainment and events industries, including cinemas, theaters, concerts, and sports events, were significantly impacted by restrictions on gatherings. The crisis duration was prolonged, and these sectors faced challenges in bringing back audiences and implementing safety measures.

Real Estate:

Impact on Commercial and Residential: The real estate industry experienced a mixed response. The commercial real estate sector faced challenges as remote work reduced demand for office spaces. In contrast, the residential market saw shifts in housing preferences, with an increased interest in suburban properties and home renovations.

Energy and Oil:

Reduced Demand: The energy sector, particularly oil and gas, faced reduced demand due to travel restrictions and decreased economic activity. Low oil prices and reduced consumption posed challenges for companies in this industry.

Education:

Shift to Remote Learning: The education sector saw a significant shift to remote learning as schools and universities closed during lockdowns. Educational institutions adapted to digital platforms and e-learning methods.

The response to the COVID-19 crisis duration varied widely across industries, with some experiencing prolonged challenges while others found opportunities for growth and adaptation. The pandemic accelerated digital transformation in many sectors and highlighted the importance of resilience and agility in navigating unprecedented challenges.

2.2.12. Economic Recovery Fund

The Economic Recovery Fund (ERF) was established by the Government of Rwanda to support the recovery of businesses hardest hit by COVID19 so that they can survive, resume operations and safeguard employment, thereby cushioning the economic effects of the pandemic. National Bank of Rwanda (BNR) was appointed as the Fund Manager.

To ensure that funds are used appropriately to achieve the impact expected, the Economic Recovery Fund Technical Steering Committee will govern the fund. It will review the performance of the Fund on a monthly basis and report to the Economic Recovery Fund High Level Steering Committee of Ministers, NBR Governor and CEOs (RDB and PSF).

The technical steering committee is composed of Ministry of Finance and Economic Planning, Ministry of Trade and Industry, Rwanda Development Board, National Bank of Rwanda, Private Sector Federation, Rwanda Bankers Association, Association of Microfinance Institutions of Rwanda and Business Development Fund.

Main objective: support businesses in the sectors hit hardest by the pandemic so they can survive, resume work/production and safeguard employment. To expand domestic production of essential goods during the COVID-19 and post-COVID-19 period (e.g. medical equipment like masks, gloves, sanitizers, disinfectants, and others that may be deemed necessary during this period). Sectors eligible for this support include; All businesses highly impacted by the restrictions put in place to prevent the spread of the virus, and exposed to consumer discretionary spending, and those with global supply chains that have been disrupted. These include but not limited to Tourism, Manufacturing (including Agri-processing), Transport and Logistics and SMEs linked to domestic and global supply chain.

Micro and Small Enterprises (MSEs)/Informal sector: COVID-19 fiscal and monetary responses in place don't reach the informal economy while the strain on incomes resulting from the lockdown and decline in activities/consumption will devastate informal workers(and their families) close to the poverty line. To protect those business/jobs and stimulate consumption of households, the Fund will create a window to support MSEs via MFIs and provide credit guarantee through BDF.

BNR, Minecofin (2020)

In simple words the objectives of the Economic Recovery Fund (ERF) in Rwanda may include: Financial support, Reviving economic activity, Supporting Small and Medium-sized Enterprises (SMEs), Employment and Social Impact, Flexible Loan Terms, Monitoring and Evaluation.

It's important to note that the specifics of the Economic Recovery Fund, including the eligibility criteria, loan amounts, interest rates, and application process, may vary depending on the evolving economic conditions and the BNR's policy decisions.

2.3. Theoretical review

In this point we will discuss about same theories, thus should be carried out according to themes of study. It should reflect the objectives, hypothesis, methods and research question.

OECD (organization for economic co-operation and development) talk about some theories, in which they explain the impact of covid-19 on SMEs.

Here are some general themes and theories that the OECD and other organizations have explored regarding the impact of COVID-19 on SMEs: Vulnerability to economic shocks, Supply chain disruptions, Digital transformation, Access to finance, Workforce management, Government support, Innovation and adaptation, Uneven impact, Resilience and survival strategies, Business networks and partnerships.

2.3.1. Theoretical orientation

The theoretical orientation is grounded in the fields of economics, business management, and public health. It explores the impact of the COVID-19 pandemic on small and medium enterprises (SMEs) in Rwanda, with a focus on how economic, managerial, and healthcare theories intersect to understand the challenges and opportunities these businesses have faced during the pandemic. The research aims to provide insights into how different theoretical

frameworks can help assess and adaptability of small and medium enterprises in the face of a global health crisis.

2.3.1.1. Transmission channels

There are several ways the coronavirus pandemic affects the economy, especially SMEs on both the supply and demand.

2.3.2. Empirical review growth of SMEs

David McClelland (1988) was to restore the hope of the entrepreneurs who open an enterprise and operate for one to two years or less against their expectations. In doing so, McClelland emphasized the importance of finding out the factors that affect the growth of these enterprises so as to assist them in dealing with each one of them. SMEs are broadly definedas the enterprises with fulltime employees that employ 10 to 15 people (Stevenson and St Onge 2005). McClelland required the enterprises to maintain strong and effective technological changes in ensuring the survival of their businesses. The SMEs are important in the economy because they provide jobs to jobless and therefore contributing to raising the GDP of the country.

McClelland does not only emphasize the use monitoring of technological changes to ensure the survival of the SMEs, but requires them to and their employees to ensure that they record the transactions correctly and ensure bookkeeping for effective management of the enterprise.

The growth of small and medium enterprises (SMEs) has been the subject of numerous empirical studies over the years. Here is a brief summary of some of the key finding:

Size and edge of the firm: studies have consistently found that larger and older SMEs tend to grow faster than smaller and younger ones. This is because larger firms have more resources to invest in growth, and older firms have already established a reputation and a customer base.

Industry sector: the sector in which an SME operates has a significant impact on its growth. For example, SMEs in high-tech industries tend to grow faster than those in traditional sectors such as manufacturing or retail.

Access to finance: access to finance is a crucial factor in SME growth. Studies have found that SMEs with better access to financing tend to grow faster than those without. This is because financing allows SMEs to invest in new equipment, technology, and marketing efforts.

Innovation: SMEs that innovate tend to grow faster than those that do not. Innovation can take many forms, such as introducing new products or services, adopting new process or technologies, or expanding into new markets.

Exporting: SMEs that export tend to grow faster than those that do not. Exporting allows SMEs to access new markets and customers, which can lead to increased revenue and profitability.

Management practices: studies have found that SMEs with better management practices tend to grow faster than those with poor management practices. Good management practices include setting clear goals, measuring performance, and engaging with employees.

2.1. Conceptual framework

Conceptual framework interlinks independent variable, dependent variable and intervening variable. In our study independent variable is Covid-19 and have as effect on SME's and as depend variable Small and Medium Enterprises and intervening variable temporary closure of SME's ,limited customer, curfew, and introduction of measure to fight Covid-19 in work environment.

Figure 1: Conceptual framework
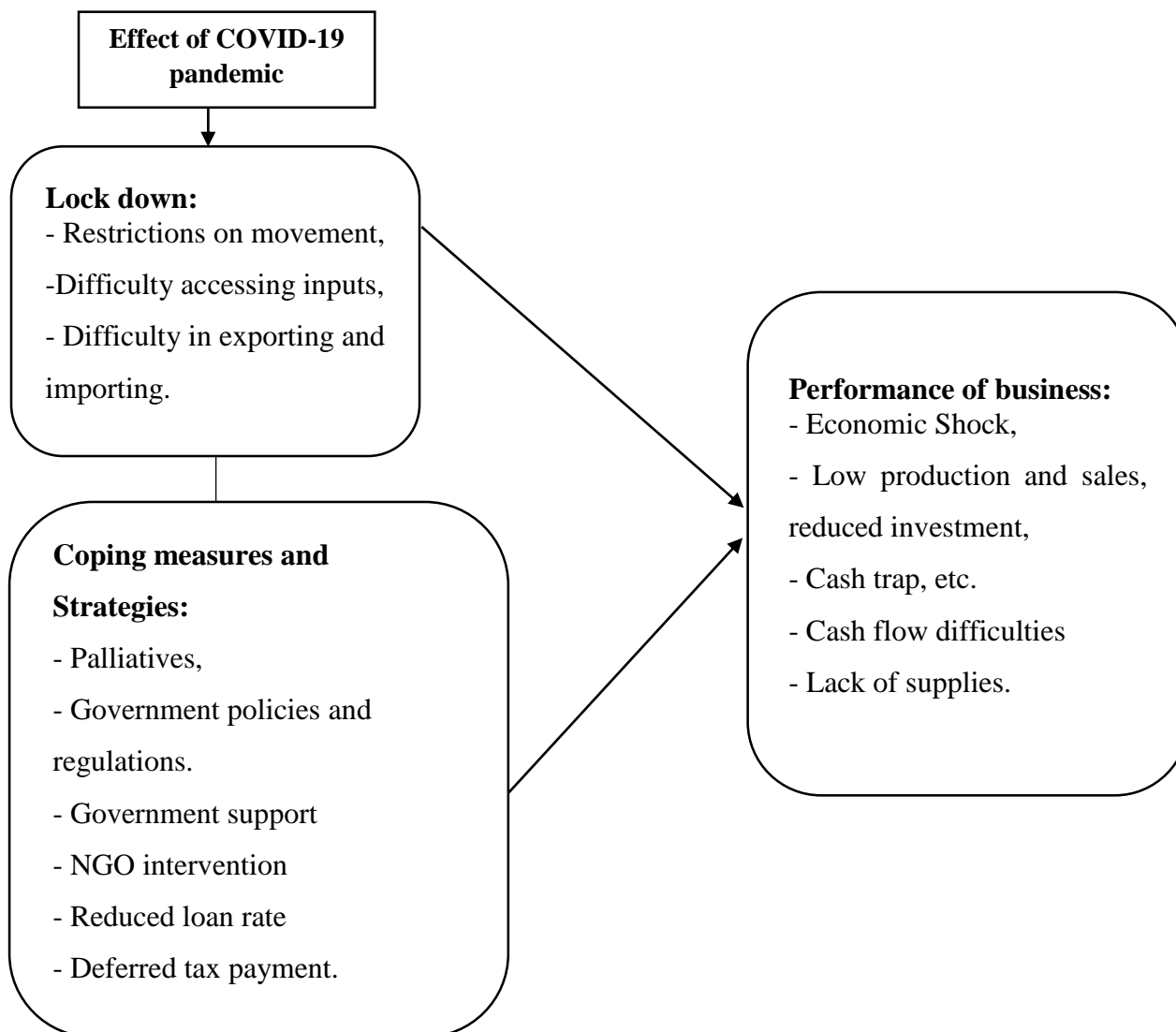
Source: Elaborated by the researcher, Primary data, August 2023

CHAPTER 3: RESEARCH METHODOLOGY

The covid-19 pandemic in 2019 has had a profound impact on global economies, causing disruptions in various sectors, including small and medium-sized enterprises (SMEs). In Rwanda, a country with a growing SMEs sector where SMEs play a crucial role in driving economic growth, generating employment opportunities, and fostering innovation, however the pandemic's sudden outbreak and subsequent restrictions have significantly affected their operations. This research aims to investigate and understand the effect of covid-19 on the performance of SMEs in Rwanda over the period from 2019 to 2023.

3.2. Research design

The study adopted a mixed methods research design, qualitative and quantitative approaches. This approach provided us with a comprehensive understanding of the multifaceted impact of covid-19 on SMEs in Rwanda and descriptive research was used to obtain information on the current state of the phenomena to describe "what exists" with respect to variables or conditions in a situation.

The period of the study focuses on the impact of Covid-19 on SME's between 2019 and 2023. Knowing that the period between 2019 and 2020 was critical for SME's because in this period SME's faced many struggles.

3.3. The population of the study

Population is the number which the researcher wishes to generalize the results on.

According to Cooper and Shindrer, (2006), population is a group of individuals or a body of people or any collection of items under consideration from which samples are taken for measurement. Moreover, any research population must be accurately specified in order to collect the required data for the research problem. For this study the population is composed of

35 C.E.O (chief executive officer) and managers of different SMEs in Gasabo district, We need to emphasize that a well-selected smaller sample can still offer valuable insights if it accurately reflects the diversity of SMEs in the case study area. The reasons for choosing a sample size of 35 SMEs in this research are based on various issues, including, Limited time, budget, participant engagement, and we need to mention that. A sample size of 35 may still offer sufficient statistical power to identify significant differences or correlations among the data, depending on the research methodology and study aims. We are aware that a pilot study with a lower sample size might help researchers hone their procedures and research objectives.

3.4. Sampling

This study used targeted sampling to select 35 SMEs from various sectors in Rwanda especially in Gasabo district in August 2023. Purposive sampling allows for the intentional selection of SMEs based on specific criteria relevant to the research objectives and the period of the study.

Table 1: Duration of operations

Years of Operations	Frequency	Percentage	C.P
Less than 5 years	4	11.4	11.4
5-10	10	28.6	40
10-15	16	45.7	85,7
Above 15	5	14.3	100
Total	**35**	**100**	

Sources: Researcher, August 2023.

From the above table 1, we indicate small and medium enterprises according to the years of existence, duration or experience, while taking into consideration the pandemic period which start in 2019. it is very clearly shown that most respondents were those who have been in operations for the 10 to 15 years 16 (almost 46%), 5-10 years are 10 (28.6%), above 15 years

having are 5 (14.3%) and less than 5 years are 4 (11.4%). We see that 14.3% of SMEs have been in business for more than 15 years, which is a rather small percentage. This could point to a smaller percentage of established companies in our sample.

Our research objectives were greatly helped by this distribution of SMEs according to their seniority in business. It allowed us to examine the effects of the COVID-19 outbreak on the financial performance of SMEs at different phases of their lives. Additionally, it enables us to investigate the link between the length of operation and the magnitude of COVID-19's influence on SMEs' financial performance. By investigating these factors, we want to provide a thorough knowledge of the pandemic's effects on SMEs and provide insightful information for stakeholders and policymakers to help these crucial economic actors.

3.5. Data Collection Techniques and Tools

The research tools or techniques and instruments more adequate for our research study is the technique of questionnaires and interview because they offer several advantages like: standardization, large-scale data collection, anonymity and confidentiality, wide reach, time and cost efficiency, quantitative data, in-depth information, flexibility, nonverbal cues, personal connection, qualitative data.

The research tools used include questionnaire containing both opens and close ended questions to get quantitative and qualitative data.

A survey questionnaire was developed and distributed to SME owners and managers in August 2023. The questionnaire collected data on financial performance, revenue trends, employment trends and other key quantitative indicators linked to the impact of covid-19.

3.6. Reliability and validity tests

In this research we consider several tests and factors as: face validity, content validity, construct validity, external validity, reliability, sampling methodology, data collection, data analysis, ethical considerations and timeframe.

3.7. Data processing

The survey data has been combines and represented in graphical format which included tables. The graphs indicated the extent of influence of each individual independent variable on the performance of public procurement. Appropriate companions were done with existing data. These data has been analyzed using statistic software to derive descriptive statistics and inferential analysis. Financial ratios revenue trends and employment data was compared before and during the pandemic. Regression analysis may be employed to identify significant factors affecting SMEs performance during covid-19. Qualitative data complemented quantitative results, providing a deeper understanding of the challenges faced by SMEs.

3.8. Methods of data analysis

As known in our study we have 3 specific objectives that gives us several approaches to data analysis: qualitative and quantitative approaches. We have descriptive statistics which could include measures such as mean, median, mode, percentages and standard deviation (range). Inferential statistics uses for instance T- Test, correlation, regression and Chi-square all by using the software SPSS.

Comparative analysis, conduct a comparative analysis to compare the pre-covid-19 (2019) and the post-covid-19 (2020-2023) performance of small and medium enterprises, by using the statistical tests T-test to determine if there were significant differences in key performance indicators. Qualitative data as collected through interview and open-ended survey questions, we

conducted a thematic analysis to identify common themes and patterns in the responses. This has provided a better understanding of businesses during the covid-19 period.

Data visualization by presenting the fended data using appropriate data visualization technique such as chart, maps and graphs.

3.9. Limitations

The limitations we encountered are at the language level (communication) since several people feel more free and flexible to speak in Kinyarwanda. For me, who does not have a good level of Kinyarwanda language, this may seem difficult but I eventually find a solution on this point. Secondly, at the time of data collection, one of our different targets do not have archives of their financial accounts or simply the history of their business at the development level of their business, it was more difficult for us to work and was push us to move towards other people not previously targeted. Thirdly, the study was limited to SMEs in Gasabo district. At the last point may be the reliance on self-reported data from SME owners may introduce response bias.

3.10. Ethical considerations

For us one ethical consideration is ensuring the confidentiality and anonymity of the participating SMEs because they may have some SMEs who have sensitive business information and propriety knowledge that should be protected.

The participants were informed of the objective of the research when receiving the questionnaires and they were asked to answer any question as they wished, without forcing them as informed consent will be obtained from everyone before data collection.

CHAPTER 4: RESEARCH FINDINGS

This chapter four delves into the heart of the study, examining the profound impact of Covid-19 on the performance of Small and Medium Enterprises (SMEs) in Rwanda especially in Gasabo district from 2019 to 2023. Through a comprehensive analysis of data and trends, this chapter aims to shed light on the challenges faced by SMEs during the pandemic years and explore the various strategies employed to navigate this unprecedented disruption. By dissecting the intricate relationship between the pandemic and SME performance, we gain valuable insight into the dynamic landscape of Rwanda's business environment during this critical period.

4.1. Identification of respondents

This section presents the identification of respondents. Data displayed are name, gender, age, education level and experience**.** These data helped in the study to know the characteristics of study participants and ensure that information collected was reliable and accurate for the purpose of the study.

4.1.1. Demographic information of the respondents

The data collected was presented in tables. The percentages show the relationship between the variables.

4.1.2. Gender Respondents

Gender was important to the study as this may influence the perception held on factors of the growth in the SME sector. On gender the following findings were gathered.

Table 2: Gender Respondents

Category	Frequency	Percentage	C.P
Male	20	57.2	57.2
Female	15	42.8	100
Total	**35**	**100**	

Sources: Secondary data, 2023

Figure 2: Gender Respondents
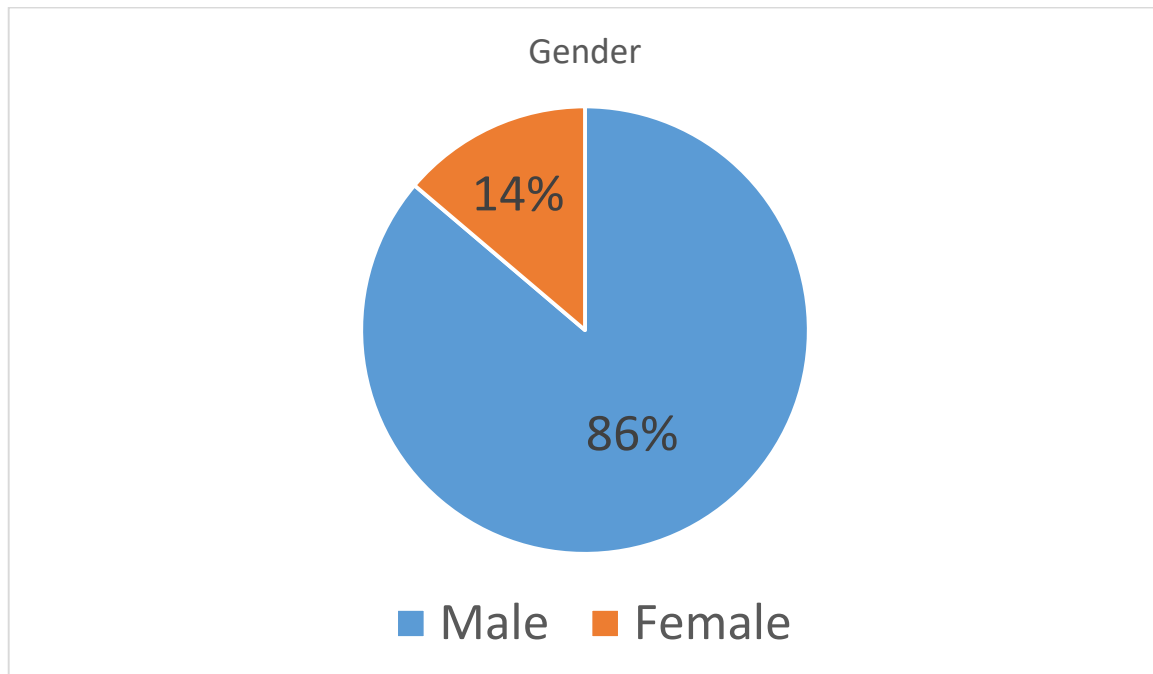
The data reveals that out of a total of 35 participants, the above table and figure shows gender responses male was 20 (57.2%) and female 15 (42.8%) showed that most of the respondents were male which means that most of the SMEs run by men in the area based on our sample study, In light of our study goals, this will enable us to have a connection or additional details regarding the gender of our responders.

4.1.3. Age of Respondents

This was also considered necessary in the research as it was considered to influence the responses on the growth of the SMEs.

On the respondents the responses were as follows:

Table 3: Age of respondents

Age of respondents	Frequency	Percentage	C.P
20-30	10	28.5	28.5
30-40	12	34.2	62.7
40 and Above	13	37.2	100
Total	**35**	**100**	

Sources: Secondary data, 2023

From the table 3, the bulk of respondents, or 34.2% of the entire sample, are between the ages of 30 and 40. People over the age of 40 make up the next-largest demographic, accounting for 37.2% of responses. The age group 20 to 30 has the least proportion of respondents overall (28.5%). These demographic variations in respondent age suggest that the study is well-positioned to capture diverse perspectives on the research objectives. By analyzing the financial performance of SMEs across different age groups, this research can draw more comprehensive conclusions about how COVID-19 affected various segments of the SME sector. This information will be instrumental in achieving the study's objectives, which are to establish the effect of COVID-19 on SMEs' financial performance, assess changes in financial performance before and after the pandemic, and explore the relationship between COVID-19 and SME performance.

4.1.4. Period of time the enterprise has been in operation

This was also considered necessary in the research as it was considered to influence the responses, based on the crucial period of the pandemic covid-19 2019 to 2023.

Table 4: Period of time the enterprise has been in operation

Years of Operations	Frequency	Percentage	C.P
less than 5 years	4	11.4	11.4
5-10	10	28.6	40
10-15	16	45.7	85.7
Above 15	5	14.3	100
Total	**35**	**100**	

Sources: Secondary data, 2023

From the above table 1, we indicate small and medium enterprises according to the years of existence, duration or experience, while taking into consideration the pandemic period which start in 2019. it is very clearly shown that most respondents were those who have been in operations for the 10 to 15 years 16 (almost 46%), 5-10 years are 10 (28.6%), above 15 years having are 5 (14.3%) and less than 5 years are 4 (11.4%). The fewer respondent noted that as the business expands they are fixed with factors that affect the growth which were funding, technology, competition and management.

4.1.5. Terms of Employment

On terms of employment, the findings were as follows;

Table 5: Terms of Employment

Category	Frequency	Percentage	C.P
Permanent	20	57.2	57.2
Contract	15	42.8	100
Attachment	0	0	0
Total	**35**	**100**	

Sources: Secondary data, 2023

In this table 5, on employment 20 (57.2%) were on permanent terms while 15 (42.8%) were on contract and none were on attachment. The majority of respondents were permanent since they had been in the enterprises for a long period of time.

A. **Findings**

The thesis research explores the impact of the covd-19 pandemic on the performance of small and medium enterprises (SMEs) in Rwanda especially in gasabo district. The study delves into the various ways in which the pandemic has influenced the operational and financial aspects of these businesses, shedding light on the challenges and adaptations they have undergone during this unprecedented global crisis.

Table 6: Effect of covid-19 on sales and business activities

Category	Frequency	Percentage	C.P
Significantly Decreased	15	42.8	42.8
Moderately Decreased	15	42.8	85.6
No Change	0	0	85.6
Moderately Increased	3	8.5	94.1
Significantly Increased	2	5.7	100
Total	**35**	**100**	

Sources: Primary data, 2023

The Table 6, shows how covid-19 has affected the sales and business activities, as we see there's no one of our respondents who said no changes in his business (0%), Significantly Decreased they are 15 (42.8%), Moderately Decreased are 15 (42.8%), Moderately Increased are 3 (8.5%), significant increased 2 (5.7%). Will assist us in achieving the first of our study objectives, which is to determine the impact of COVID-19 on the financial performance of SMEs.

Table 7: Shift to online sales or remote work

Response	Frequency	Percentage	C.P
Yes	25	71.4	71.4
No	10	28.6	100
Total	**35**	**100**	

Sources: Secondary data, 2023

Figure 3: Shift to online sales or remote work
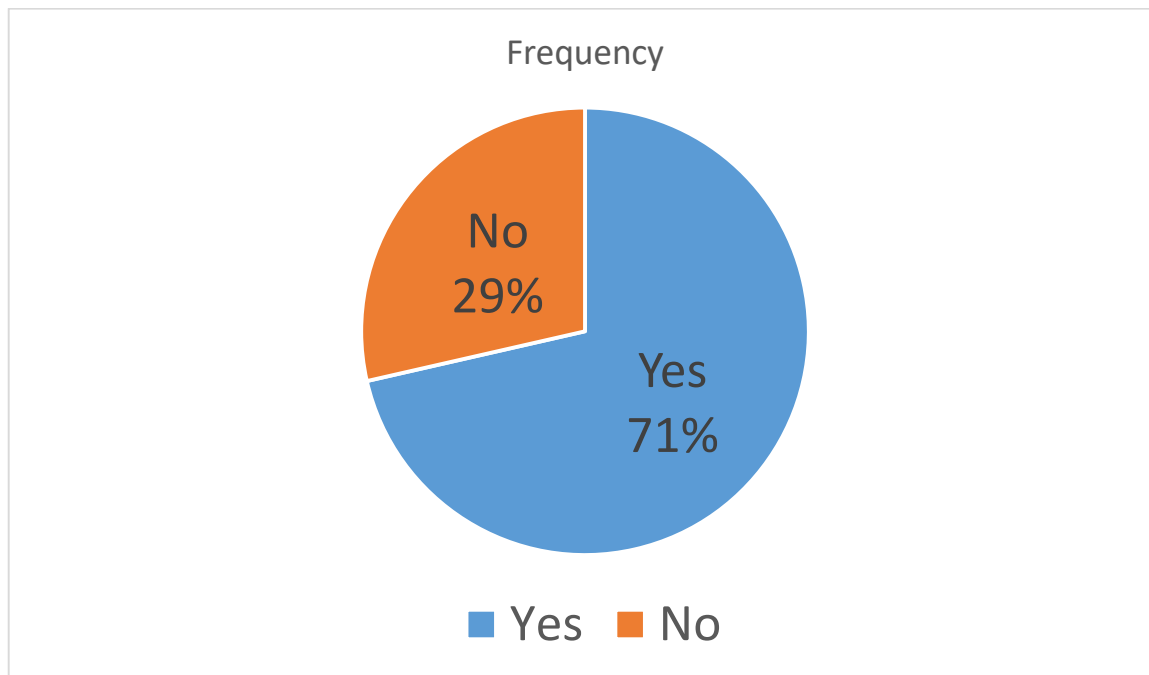
Table 7 and figure 4, show that during covid-19 pandemic 25 SMEs shifted to the online sales that is 71.4% and only 10 didn't shifted to technology who are 28.6% of our sample size. Will assist us in achieving the first, second and third objectives of our study, which is to determine the impact of COVID-19 on the financial performance of SMEs, to assess the financial performance of SMEs before and after the Covid-19 pandemic and the third one is to establish the relationship among Covid-19 and the performance of SMEs.

Table 8: Have taken loans or seek financial assistance to cope with the pandemics impact

Response	Frequency	Percentage	C.P
Yes	15	42.8	42.8
No	20	57.1	100
Total	**35**	**100**	

Sources: Secondary data, 2023

Figure 4: Have taken loans or seek financial assistance to cope with the pandemics impact
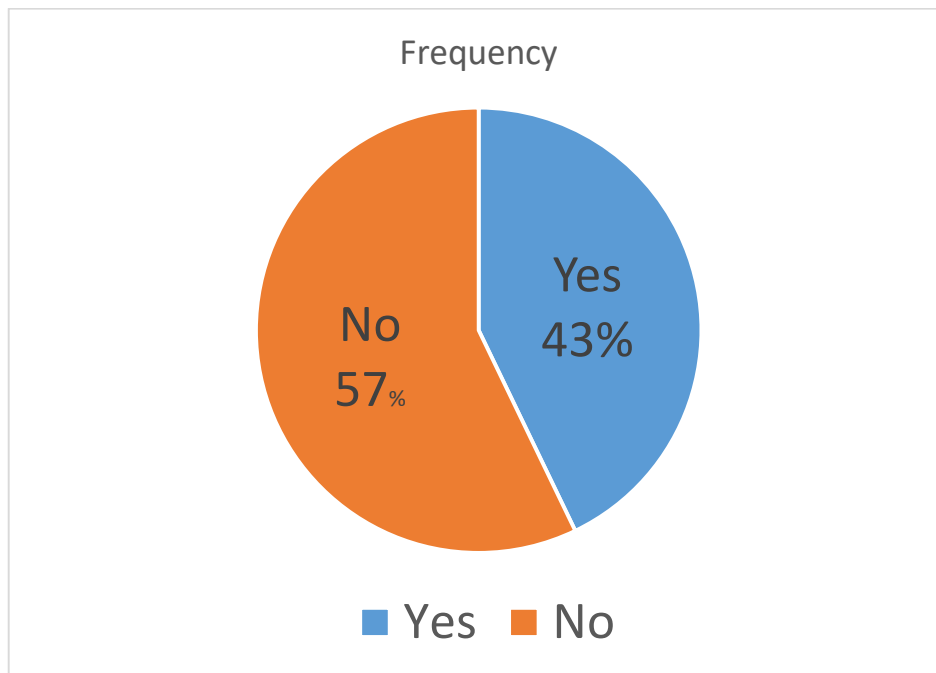
Interpretation of the above table 8 and figure 5, show that it's not all the member of our sample size have taken a loan of seek financial assistance during pandemics period to cope its impact, only 15 SMEs (43%) does and the balance, 20 (57%) did not. Will assist us in achieving the second objective of the study, which is to assess the financial performance of SMEs before and after the Covid-19 pandemic.

Table 9: Strategies implemented to adapt to the challenges posed by the pandemic

Response	Frequency	Percentage	C.P
Diversifying product	15	42.8	42.8
Cutting costs	10	28.5	71.3
Remote work	10	28.5	100
Total	**35**	**100**	

Sources: Secondary data, 2023

Table 9 indicate strategies implemented by SMEs to adapt to challenges posed by the pandemic some chose to diversifying product they are 15 SMEs (42.8%), 10 chose to cutting costs (28.5%) of our sample size and other 10 chose to remote work (28.5%).

Table 10: Optimization to SMEs recovery and future growth post-pandemic

Response	Frequency	Percentage	C.P
Very optimistic	12	34.2	34.2
Optimistic	9	25.7	59.9
Neutral	5	14.3	74.2
Pessimistic	5	14.3	88.5
Very pessimistic	4	11.4	100
Total	**35**	**100**	

Sources: Secondary data, 2023

The above table 10 show how optimistic or pessimistic are SMEs manager about the future growth of their enterprises where 12 (34.2%) was very optimistic, 9 (25.7%) was optimistic, 5 (14.3%) was neutral, 5 (14.3%) was pessimistic, and 4 (11.4%) was very pessimistic.

Table 11. Growth in revenue and profits in the post-pandemic period

Response	Frequency	Percentage	C.P
Yes	30	85.7	85.7
No	5	14.2	100
Total	**35**	**100**	

Sources: Primary data, 2023

Figure 5: Growth in revenue and profits in the post-pandemic period
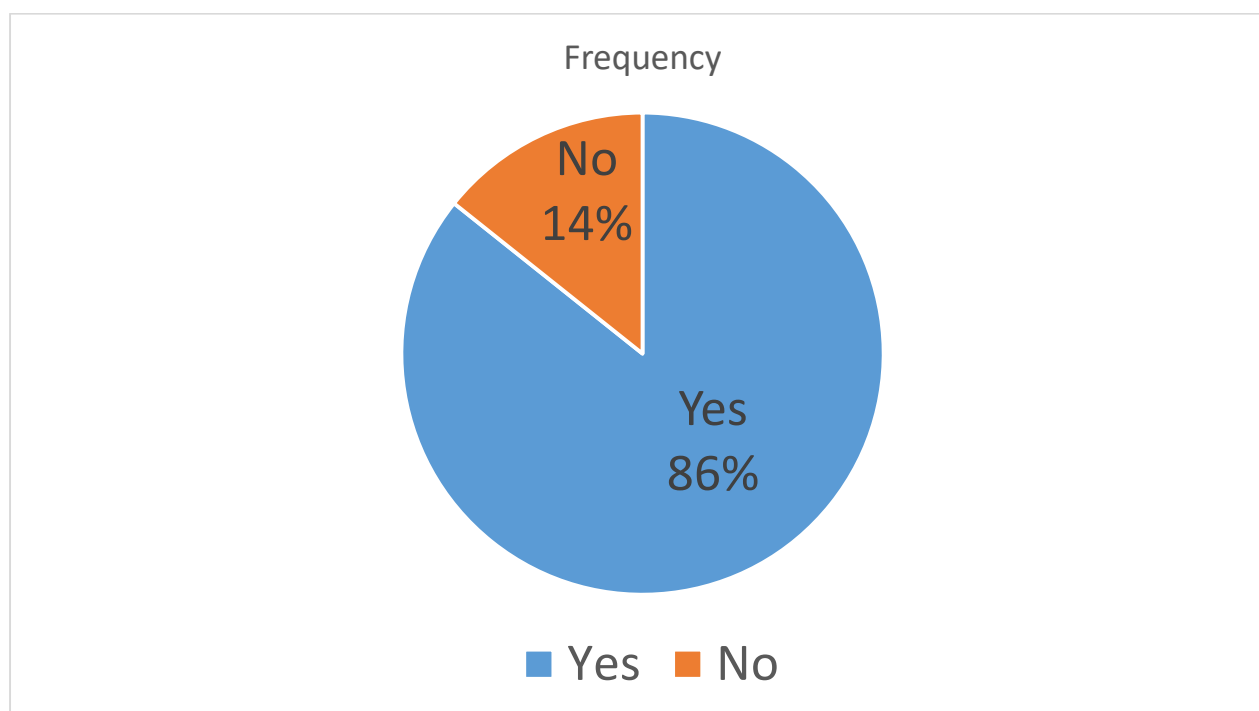
The above table 11 and figure 6 show the number of SMEs who have experienced a growth in revenue in this post-pandemic period where 30 or 86% did and only 5 SMEs in our sample size did not and that represent 14%.

Table 12: Covid-19 impact on the business operations

Response	Frequency	Percentage	Cumulative Percentage
Revenue decline	14	40	40
Supply chain disruption	7	20	60
Reduction consumer demand	11	31.4	91.4
Forced closure	3	8.5	99.9
Others	0	0	100
Total	**35**	**100**	

Sources: Secondary data, 2023

This table 12 above show how business operations was impacted by the covid-19 pandemic, 14 or 40% was impacted on revenue declination, 7 or 20% supply chain disruption, 11 or 31.4% reduction consumer demand, 3 or 8.5% was forced to close and no one gives another impact outside what was proposed by us.

Table 13: Pre-pandemic revenue levels recovered

Response	Frequency	Percentage	C.P
Fully	20	57.1	57.1
Partially	7	20	77.1
Not at all	8	22.9	100
Total	**35**	**100**	

Sources: Secondary data, 2023

The above table show the post-pandemic impact of covid-19 on Small and Medium Enterprises if they have recover to its pre-pandemic revenue levels with scale(fully, partially and not at all), fully are 20 or 57.1%, partially are 7 or 20% and not at all are 8 or 22.9%.

Table 14: Any long-term changes in business strategy due to pandemic

Response	Frequency	Percentage	Cumulative Percentage
Yes	30	85.7	85.7
No	5	14.3	100
Total	35	22.9	

Sources: Secondary data, 2023

Figure 6: Any long-term changes in business strategy due to pandemic

frequency
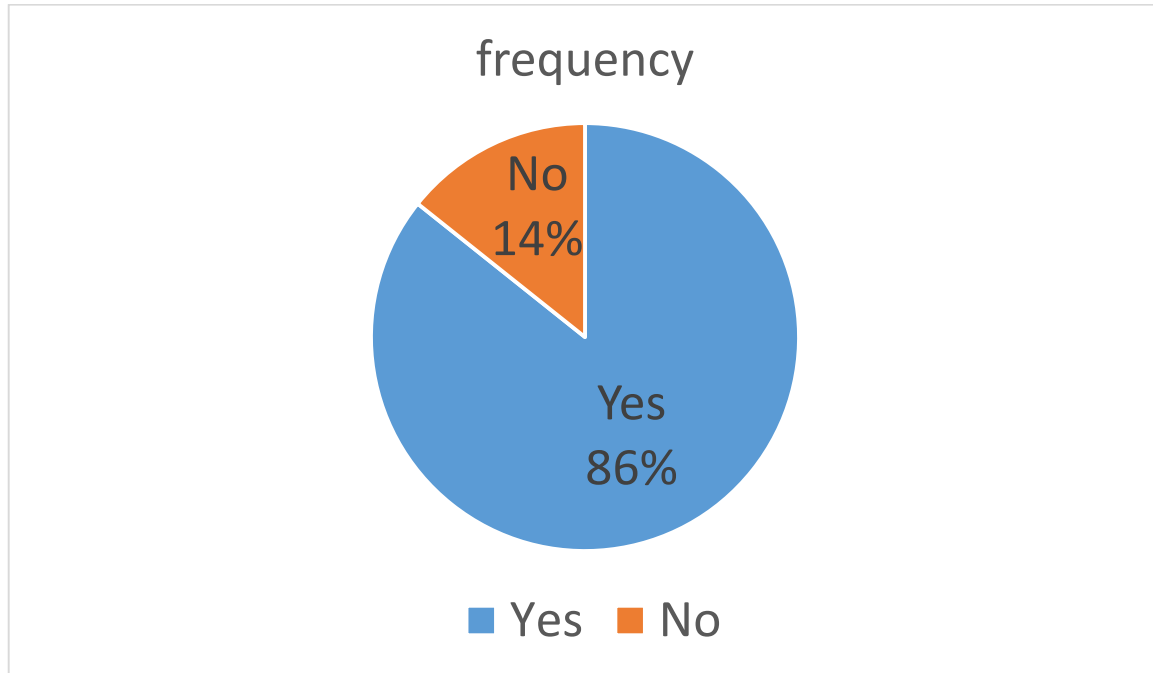
The above figure 7 and table 14 show if there is any long-term changes in your business strategy as a result of the pandemic with scale (Yes or No), we can see SMEs who said yes are 30 or 86% and those who said no are 5 or 14% of our sample study.

Table 15: Ability to adapt products or services to meet changing customer demands

Response	Frequency	Percentage	C.P
Yes	25	71.5	71.5
No	10	28.5	100
Total	**35**	**100**	

Sources: Secondary data, 2023

Figure 7: Ability to adapt products or services to meet changing customer demands
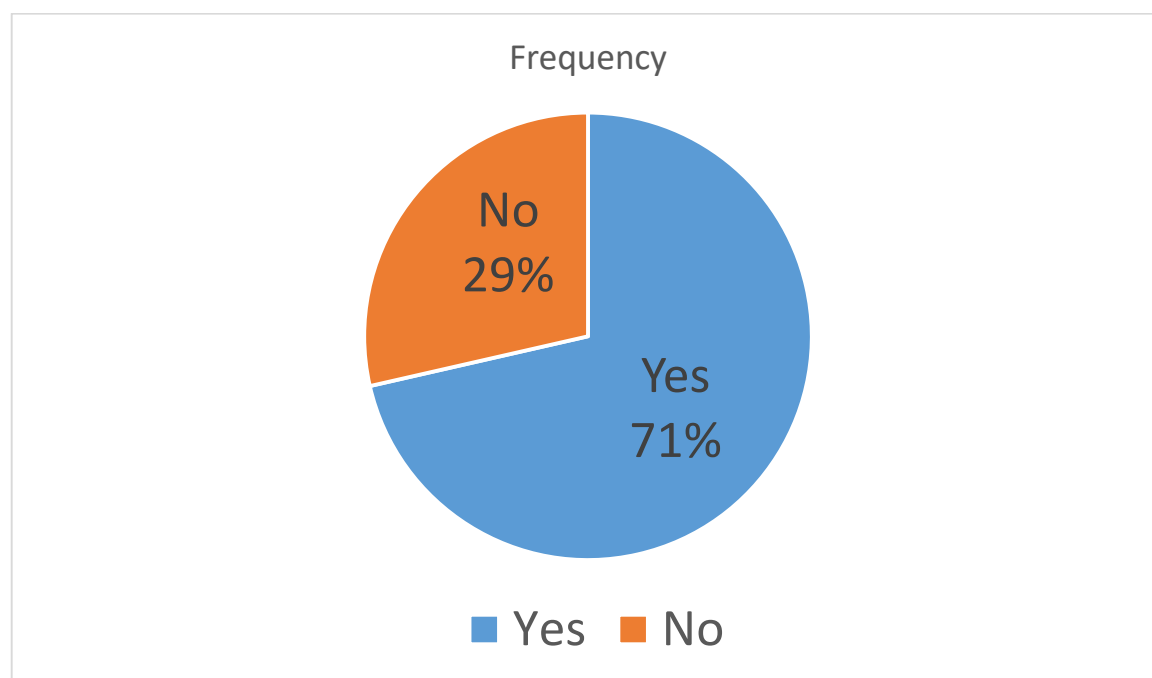
The figure 8 and table 15 show if SMEs were able to adapt their products or services to meet changing customer demands during the pandemic with the scale (Yes or No), 25 or 71% said yes and 10 or 29% said they was not able.

Table 16: Ability to access financial support or government assistance during pandemic

Response	Frequency	Percentage	C.P
Yes	20	57.1	57.1
No	15	42.9	100
Total	**35**	**100**	

Sources: Secondary data, 2023

Figure 8: Ability to access financial support or government assistance during pandemic
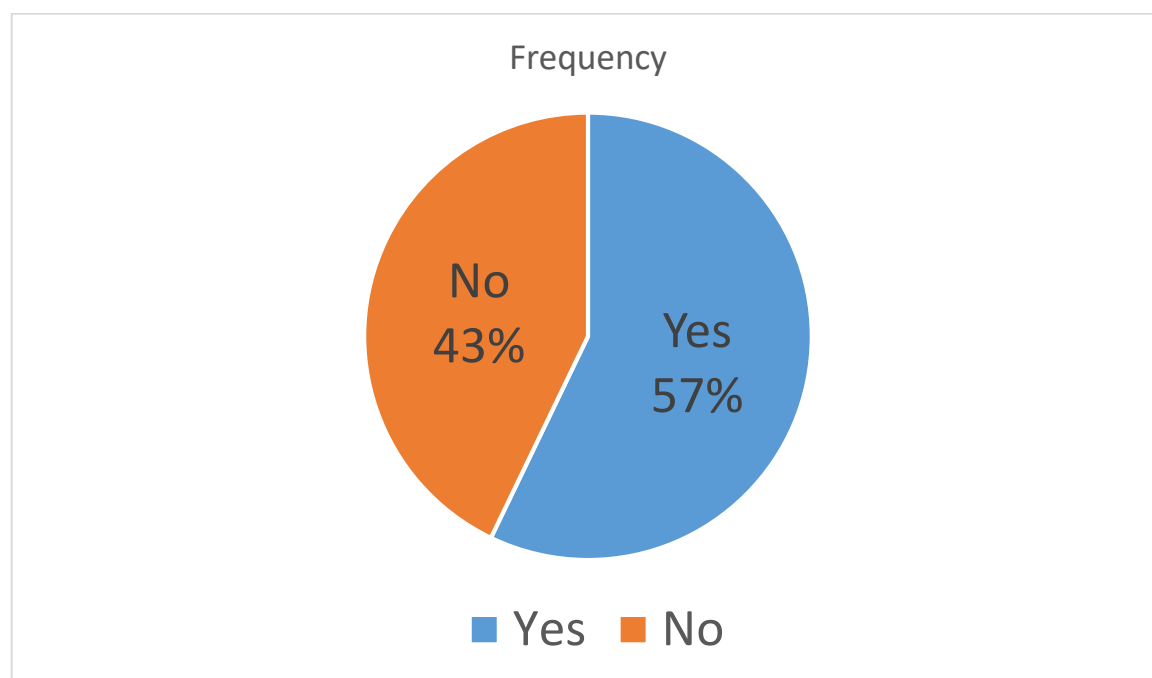
The table 16 and figure 9 show if Small and medium enterprises were able to access financial support or government assistance programs during the pandemic with scale (Yes/No), 20 or 57% ticked Yes and 15 or 43% ticked no.

Table 17: Strategies implemented to recover and rebuild after the pandemic

Response	Frequency	Percentage	Cumulative Percentage
Different strategies implemented	35	100	100
Total	**35**	**100**	**100**

Sources: Secondary data, 2023

Table 17 shows the findings on the small and medium enterprises (SMEs) various implemented strategies to recover and rebuild after the pandemic, here is common strategies (14) collected in our research:

Digital transformation, many SMEs accelerated their digitalization efforts, including establishing online sales channels, adopting e-commerce platforms, and integrating digital tools for remote work and communication.

Cost reduction and efficiency improvement, small and medium enterprises focused on cost-cutting measures, streamlining operations, and optimizing resource allocation to improve overall efficiency. This included renegotiating contracts, reducing unnecessary expenses, and optimizing supply chains.

Diversification, some small and medium enterprises diversified their product or service offerings to adapt to changing market demands and reduce vulnerability to economic shocks. For example, restaurant who have added take away or delivery options.

Remote work and flexible arrangements, embracing remote work arrangements allowed small and medium enterprises to reduce overhead costs, retain and attract talent from broader geographical, while also offering employees more flexibility.

Financial planning and assistance, many sought financial assistance through government relief programs, loan, grants, or investment to bridge gaps in revenue and ensure business continuity.

Supply chain resilience, small and medium enterprises revaluated and strengthened their supply chains to mitigate disruptions and ensure a steady flow of goods and services, building resilient supply chains, including diversifying suppliers and ensuring redundancy, helps small and medium enterprises mitigate disruptions.

Health and safety measures, implementing health and safety protocols in accordance with local guidelines was crucial to ensure both customers and employees of a safe environment.

Marketing and customer engagement, small and medium enterprises invested in creative

marketing strategies to engage with customer's online, using social media, email marketing, and other digital channels.

Customer engagement, engaging with customers through digital marketing, personalized offers, and improved customer service to maintain and grow their customer base.

Employee support and well-being, supporting employee well-being, mental health and up skilling to ensure a motivated and productive workforce.

Sustainable practices, embracing sustainability as part of their business model, which can attract eco-conscious consumers and reduce long-term costs.

Employee training, training and up skilling employees to adapt to new technologies or business models was essential for small and medium enterprises to remain competitive.

Flexible business models, small and medium enterprises explored flexible business models such as subscription services or online marketplaces, to increase revenue streams and adapt to changing consumer needs.

Collaboration and networking, collaborating with other businesses and industry associations helped small and medium enterprises shares resources, knowledge, and support during challenging times.

These strategies allowed small and medium enterprises to not only survive the pandemic but also position themselves for growth and resilience in the post-pandemic era. These strategies may vary depending on the specific customers demand, industry and individual circumstances of each SMEs, but the adaptability and resilience of small and medium enterprises have been essential for their recovery and rebuilding efforts after the pandemic.

4.2. Summary on the presentation of findings

This study aims at finding out the effect of covid-19 on the performance of Small and Medium Enterprises in Rwanda especially in gasabo district (2019 – 2023)

The research findings on the identification of respondents: Table 2 (gender) indicated that the male respondents dominated the study at 20 (57.2%) while female were at 15 (42.8%) implying that the findings were influenced by male respondents. Table 3 (age) the research findings result indicates that 13 (37.2%) of respondents aged 40 years and above, 12 (34.2%) of respondents aged 30-40, and 10 (28.5%) of respondents aged 20-30, the research findings indicate that most of the respondents are aged 40 and above. Table 1 and 4 (duration of operation) the research findings indicates that 16 (almost 46%) of respondents had an experience of 10-15 years, 10 (28.6%) respondent had an experience of 5-10 years, 5 (14.3%) had an experience of 15 years and above, 4 (11.4%) of respondents had an experience of less than 5years. As our study is on the effect of covid-19 we targeted small and medium enterprises according to the pandemic period which start in 2019.

- Partial conclusion about the confirmation of objectives and conceptual frame:
  » This chapter has answered to general and specific objectives,

The general objective being to study the effect of covid-19 on the performance of small and medium enterprises in Rwanda especially in gasabo district. We did a research and found from the information or data collected by answering on question from our three specific objectives we are able to give a global answer on the impact of covid-19 on small and medium enterprises where unfortunately many have fallen into bankruptcy, but still others have remained operational but not with the same standard although with financial support from the government or associations some are no longer able to maintain the same income as before the pandemic on the table 13 shows the post-pandemic impact of covid-19 on Small and Medium Enterprises if

they have recover to its pre-pandemic revenue levels and the table 11 and figure 6 show the number of SMEs who have experienced a growth in revenue in this post-pandemic period where 30 or 86% did and 5 SMEs in our sample size did not and that represent 14%.

For the specific objectives; the findings on our first objective about to establish the effect of covid-19 on SMEs sales.

From the table 6, shows how covid-19 has affected the sales and business activities, as we see there's no one of our respondents who said no changes in his business (0%), Significantly Decreased they are 15 (42.8%), Moderately Decreased are 15 (42.8%), Moderately Increased are 3 (8.5%), significant increased 2 (5.7%).

Table 7 shows that during covid-19 pandemic 25 SMEs shifted to the online sales that is 71.4% and only 10 didn't shifted to technology who are 28.6% of our sample size.

Table 8 and figure 5, show that it's not all the member of our sample size have taken a loan or seek financial assistance during pandemics period to cope its impact, only 15 SMEs (43%) does and the balance, 20 (57%) did not.

The second was to assess the financial performance of SMEs before and post-pandemic where the table 9, 10, 11 and 13 talk about it.

Table 9 indicate strategies implemented by SMEs to adapt to challenges posed by the pandemic some chose to diversifying product they are 15 SMEs (42.8%), 10 chose to cutting costs (28.5%) of our sample size and other 10 chose to remote work (28.5%).

Table 10 show how optimistic or pessimistic are SMEs manager about the future growth of their enterprises where 12 (34.2%) was very optimistic, 9 (25.7%) was optimistic, 5 (14.3%) was neutral, 5 (14.3%) was pessimistic, and 4 (11.4%) was very pessimistic.

Table 11 and figure 6 show the number of SMEs who have experienced a growth in revenue in this post-pandemic period where 30 or 86% did and only 5 SMEs in our sample size did not and

that represent 14%.

Table 13 show the post-pandemic impact of covid-19 on Small and Medium Enterprises if they have recover to its pre-pandemic revenue levels with scale(fully, partially and not at all), fully are 20 or 57.1%, partially are 7 or 20% and not at all are 8 or 22.9%.

The third objective it was to establish the relationship among covid-19 and the performance of small and medium enterprises, the table 12, 14, 15, 16 and 17 gives clarification.

Table 12 shows how business operations was impacted by the covid-19 pandemic, 14 or 40% was impacted on revenue declination, 7 or 20% supply chain disruption, 11 or 31.4% reduction consumer demand, 3 or 8.5% was forced to close and no one gives another impact outside what was proposed by us.

Table 14 and figure 7 show if there is any long-term changes in your business strategy as a result of the pandemic with scale (Yes or No), we can see SMEs who said yes are 30 or 86% and those who said no are 5 or 14% of our sample study.

Table 15 show if SMEs were able to adapt their products or services to meet changing customer demands during the pandemic with the scale (Yes or No), 25 or 71% said yes and 10 or 29% said they was not able.

Table 16 and figure 9 show if small and medium enterprises were able to access financial support or government assistance programs during the pandemic with scale (Yes/No), 20 or 57% ticked Yes and 15 or 43% ticked no.

Table 17 shows the findings on the small and medium enterprises (SMEs) various implemented strategies to recover and rebuild after the pandemic.

CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMANDATIONS

The researcher used the last chapter's summary, findings, and suggestions to discuss the "effect of COVID-19 on the performance of small and medium enterprises in Rwanda" using the Gasabo district area as the study's instance. This chapter includes a summary of the findings related to the study topic and the overall goal of the research project, as well as the researcher's interpretation and conclusions from the data collected. Recommendations were also made in this chapter.

5.1. Summary of findings

This study investigated the analysis effect of covid-19on the performance of small and medium enterprises in Rwanda. A case study of Gasabo district from 2019 to 2023.

The study revealed that covid-19 had a significant impact on the performance of SMEs in Rwanda with some effect due to lockdowns such as economic disruption, financial strain, closure and layoffs, digital transformation, reduced customer demand, disruption in supply chains, and financial constraints. Government support measures such as financial aid and tax relief, including financial support and business training, played a crucial role in helping some SMEs adapt and recover.

The study established technology played a crucial role in mitigating some of these challenges. Many small and medium enterprises adopted digital tools and online platforms to continue their operations during lockdowns and restrictions this shift allowed them to maintain business continuity, expand market reach, enhance efficiency, access financial support, data analysis for decision making. The adoption of technology allowed them to adapt, survive, and even thrive in some cases by improving efficiency, expanding market reach and enhancing their resilience in the face of the pandemic.

In order to achieve these objectives and reach the results of our research, we have used the following techniques to collect data and information: interview, questionnaire, and documentary techniques.

The researcher used the following method to analyze and interpret data: descriptive, analytical, synthetic methods.

Apart from preliminary section the thesis was composed by five chapters:

Chapter one was about introduction of the study, back ground of the study, problem statement, research objectives, research questions, scope and significance of the study. Chapter two: Literature review, in this chapter the researcher presented the related literature that is to mean the ideas of other authors about the similar topic. Chapter three: Methodology, the chapter presented different techniques and methods which were used by the researcher in collecting data and analyzing them while doing this research. Chapter four: Presentation of findings, this chapter presented the results from the findings by verifying the hypotheses in line with the research objectives. And chapter five ended with the general conclusion, suggestions and recommendations.

The information collected in the field revealed that many of the SMEs opted for the use of technology to try to maintain their operation during the pandemic and even after the pandemic because it opened door to other horizons such as partnerships and even kept a fixed clientele, many managed to stay up and even recover after the pandemic but not all the 35 SMEs that represents our sample size targeted.

The table 13 showed the post-pandemic impact of covid-19 on Small and Medium Enterprises if they have recover to its pre-pandemic revenue levels with scale (fully, partially and not at all) and table 14 showed if there is any long-term changes in business strategy as a result of the pandemic with the scale (Yes or No) those data collected, all respondents answered that in order to get information and from the findings above, researchers were able to verify and to confirm the first and second research hypothesis certainly taking into consideration all the questions asked to our targeted SMEs.

5.2. Conclusion

Chapter one was about introduction of the study, back ground of the study, problem statement, research objectives, research questions, scope and significance of the study. Chapter two: Literature review, in this chapter the researcher presented the related literature that is to mean the ideas of other authors about the similar topic. Chapter three: Methodology, the chapter presented different techniques and methods which were used by the researcher in collecting data and analyzing them while doing this research.

Chapter four: Presentation of findings, this chapter presented the results from the findings by verifying the hypotheses in line with the research objectives and chapter five ended with the general conclusion, suggestions and recommendations.

The COVID-19 pandemic had a profound and multifaceted impact on the performance of Small and Medium-sized Enterprises (SMEs) in Rwanda. This research thesis "effect of covid-19 on the performance of SMEs'' has explored various dimensions of this impact, shedding light on both the challenges and opportunities that emerged during these unprecedented times.

The pandemic presented significant hurdles for SMEs in Rwanda, including disruptions in supply chains, reduced consumer spending, and restrictions on physical operations. Many businesses faced financial strain and struggled to maintain their pre-pandemic levels of revenue and employment. Government interventions, such as financial support programs and policy adjustments, played a crucial role in alleviating some of these challenges. We find that businesses were strongly impacted by the lockdown measures. In March and April 2020, 80% percent of firms report being at least temporarily closed. By June2020, the majority of firms report having returned to normal operations, but in January 2021, 38% still find operations interrupted. Over this period, the average firm laid off 25% of its workforce and expects a 26% decline in annual earnings relative to 2019. These findings indicate that firm owners continue to encounter challenges in maintaining business operations in both sales and access to inputs and could benefit from access to credit or relief in the form of tax deferrals.

However, it is important to note that the crisis also catalyzed innovation and adaptation among SMEs. Technology adoption and digitalization emerged as a silver lining, enabling many businesses to pivot and find new ways to operate. This technological transformation allowed SMEs to maintain business continuity, expand their market reach, and enhance their overall efficiency.

Moreover, resilience and adaptability became hallmarks of successful SMEs during this period. Those that embraced flexibility, diversified their revenue streams, and focused on customer-centric strategies were better equipped to weather the storm.

In the long term, the lessons learned from the pandemic underscore the importance of preparedness and the role of technology in building more resilient SMEs. While the challenges were significant, the crisis has accelerated digital transformation and highlighted the potential for SMEs to thrive in a rapidly changing economic landscape.

As Rwanda and the global community continue to recover and rebuild, the experiences of SMEs during the COVID-19 pandemic serve as a valuable case study. By leveraging the insights gained from this research, policymakers, business leaders, and entrepreneurs can work together to strengthen the resilience of SMEs, ensuring they are better equipped to face future challenges and contribute to sustainable economic growth in Rwanda and beyond.

5.3. Recommendations

Based on these conclusions, we make the following recommendations:

It is essential for the government and development partners to review their financial and technical support to SMEs to ensure the continuous availability, affordability and safety. For example, the Ministry of Commerce could advocate for tax reduction and facilitate SMEs access to financing by revising the requirements for it business development fund.

A recommendation could be to:

In order to react to shifting customer behavior and market dynamics during and after the epidemic, SMEs should be encouraged to invest in digital technologies and an online presence.

Facilitate better access to financial resources and grants created especially to aid SMEs affected by the epidemic, assisting them in recovering and expanding.

Facilitate better access to financial resources and grants created especially to aid SMEs affected by the epidemic, assisting them in recovering and expanding.

Offer workshops and training programs to assist SME owners and staff develop new skills and adapt to the shifting business environment.

Encourage SMEs to work together and create networks so they can help one another, pool resources, and look for new business possibilities.

Government Support: Speak out in favor of laws that give tax breaks, lighten the regulatory load, and offer SMEs with specific financial assistance.

Promote the use of risk management techniques in SMEs to help them better prepare for future crises.

Encourage SMEs to investigate new local and international markets in order to lessen their reliance on a single market.

Measures for Employee and Customer Protection as well as Business Continuity: Stress the adoption and rigorous observance of health and safety measures.

Promote the use of data analytics in order to uncover new industry trends and make smart business decisions.

Focus on developing solid client connections and loyalty by providing individualized services and clear communication.

The goal of these researcher suggestions is to assist Rwandan SMEs in overcoming the COVID-19 pandemic's obstacles and fostering future resilience.

Areas for further research

This study did not include all business performance in details but in general and further study is recommended to make a study on analysis on:

1. The contribution of technology on performance of SMEs post-pandemic
2. The impact of government support on performance of SMEs post-pandemic
3. Effect of covid-19 on SMEs long-term performance

Since the Economic Recovery Fund (ERF) was established by the Government of Rwanda to support the recovery of businesses hardest hit by COVID19 so that they can survive, resume operations, and safeguard employment, thereby reducing the economic effects of the pandemic, a more thorough study can be conducted to determine whether it was beneficial to all SMEs in need. The Fund Manager was chosen to be the National Bank of Rwanda.

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David Storey is a well-known researcher in the area of entrepreneurship and small enterprises. He has written *a lot on SMEs, and his research on how COVID-19 affects SMEs' performance may be available.*

Dr. Erik Lehmann is well renowned for his studies on entrepreneurship and SMEs. His writing frequently discusses *the financial effects of numerous issues on small and medium-sized businesses.*

Dr. Siri Terjesen, research spans the fields of entrepreneurship and gender, and it's possible that she has examined the *COVID-19 pandemic's consequences on SMEs from a gender viewpoint*.

Dr. Alan Beckenstein has experience in the administration of startups and small businesses. He may have studied how the COVID-19 epidemic affected SMEs.

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APPENDICES

QUESTIONNAIRE ADDRESSED TO THE RESPONDENTS

I , **Kevin KASONGO KIZITO**, a final year student at ULK, candidate in masters of business administration conducting research on effect of covid-19 on the performance of SMEs in Rwanda case study Gasabo District, for a period of 2019-2023". This questionnaire is intended to get information only for academic purpose and the information given was treated with high level of confidentiality. Please spare your time to answer to these questionnaires to help the researcher to get the needed information towards the completion of this research.

Thank you for your cooperation.

SECTION A.

Socio-demographic characteristics or Identification of respondents (Profile)

Instructions: Please tick as appropriate

1. Name of SME:

2. Type of Business:

3. Location:

4. Number of Employees:

5. Gender

(1) Male	
(2) Female	

6. Age

(1) 20-30	
(2) 30-40	
(3) 40 and above	

7. Duration of operation:

(1) less than 5 years	
(2) 5-10	
(3) 10-15	
(4) above 15	

8. Terms of employment

(1) Permanent	
(2) Contract	
(3) Attachment	

Section B: This section deals with information concerning the objectives of the study

1. How has the COVID-19 pandemic affected your sales and business activities?

(1) Significant decreased	
(2) Moderately decreased	
(3) No change	
(4) Moderately Increased	
(5) Significantly Increased	

2. Did you shift to online sales or remote work during the pandemic? (Yes/No)

(1) Yes	
(2) No	

Explain:

……………………………………………………………………………………

…..

If yes, how has this transition impacted your overall sales and operations?

(1) Positive Impact	
(2) Neutral Impact	
(3) Negative Impact	

3. Have you had to take out loans or seek financial assistance to cope with the pandemic's impact?

(1) Yes	
(2) No	

If yes, how have these loans or financial assistance measures helped your business?

Explain……………………………………………………………………………

……………………………………………………………………………………………

…………………………..

4. What strategies have you implemented to adapt to the challenges posed by the pandemic?

(1) Diversifying product	
(2) Cutting costs	
(3) Remote work	

5. How optimistic are you about your SME's recovery and future growth post-pandemic?

(1) Very optimistic	
(2) Optimistic	
(3) Neutral	
(4) Pessimistic	
(5) Very pessimistic	

6. Did you experience consistent growth in revenue and profits in the post-pandemic period?

(1) Yes	
(2) No	

Explain:

……………………………………………………………………………………

……

7. How did the COVID-19 pandemic impact your business operations?

(1) Revenue decline	
(2) Supply chain disruption	
(3) Reduction consumer demand	
(4) Forced closure	

Others:

……………………………………………………………………………………………………

……

8. Did your business recover to its pre-pandemic revenue levels?

(1) Fully	
(2) Partially	
(3) Not at all	

9. Are there any long-term changes in your business strategy as a result of the

pandemic?

(1) Yes	
(2) No	

Explain:

……………………………………………………………………………………………………

…..

10. Were you able to adapt your products or services to meet changing customer

demands during the pandemic?

(1) Yes	
(2) No	

Explain: ……………………………………………………………………………

11. Were you able to access financial support or government assistance programs during the pandemic?

(1) Yes	
(2) No	

Explain: ……………………………………………………………………………

12. What strategies have you implemented to recover and rebuild after the pandemic?

Explain: ………………………………………………………………………

13. Is there anything else you would like to share about the impact of COVID-19 on your SME's sales, activities, and financial performance of your SME before and after covid-19 pandemic?

Thank you!!