KIGALI INDEPENDENT UNIVERSITY ULK

SCHOOL OF ECONOMICS AND BUSINESS STUDIES

DEPARTMENT OF ACCOUNTING /EV

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IMPACT OF SMALL AND MEDIUM ENTERPRISES TO THE POVERTY REDUCTION IN RWANDA

A CASE STUDY OF SELECTED SMALL AND MEDIUM ENTERPRISES FROM NYARUGENGE DISTICT

Period: 2020-2023

A Proposal submitted to the school of economics and Business studies in partial fulfillment of the Academic requirements for the award of Bachelor's Degree in Accounting.

By

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Kigali, September 2024

DECLARATION

I **BYUKUSENGE Pélagie** hereby declare that to the best of my knowledge, this dissertation titled "**impact of selected SMES to the poverty reduction in Rwanda. a case study: selected SMES in Rugenge sector Nyarugenge district, period: 2020-2023**", is my original work and that it has never been presented anywhere else for any other academic qualifications at any University or institutions of higher learning.

Date…...../…../…..

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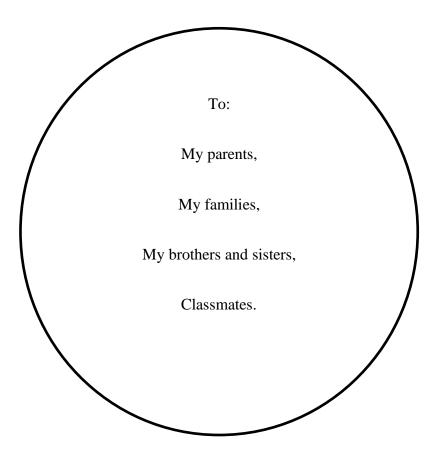Students signature…………………………

APPROVAL

I, **Mr DDUMBA Arafat Yasser** hereby certify that this dissertation "impact of selected SMES to the poverty reduction in Rwanda. a case study: selected SMES in Rugenge sector Nyarugenge district, period: 2020-2023",is under my guidance supervision.

Mr DDUMBA Arafat Yasser

Signature ………………

Date:……………/……./2024

DEDICATION

To:

My parents,

My families,

My brothers and sisters,

Classmates.

ACKNOWLEDGEMENTS

The success and completion of this project would not have been possible without the help, direction, encouragement and prayers of a number of people.

First and foremost, I would like to thank God Almighty for providing with this unique opportunity, clear direction and success in my project work.

I want to thank in a special way my supervisor **Mr DDUMBA Arafat Yasser** for his tireless effort he committed to critically read through this research and guiding me to the completion of this research.

Furthermore I would like to thank all the administrative staff of KIGALI INDEPENDENT UNIVERSITY for giving me permission to do this project. I am also pleased to convey all lecturers for their contribution towards the success of the courses,

Finally, I would like to convey my special thanks to members and employees of selected SMES in Rugenge sector Nyarugenge district, for their warmth and hospitality, and for providing me with all required information patiently.

May the Almighty God bless you.

BYUKUSENGE Pélagie

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ABSTRACT

The aim of this study is to analyze the impact of selected SMES to the poverty reduction in Rwanda. a case study: selected SMES in Rugenge sector Nyarugenge district, period: 2020-2023. The objective of the study is to analyze the effectiveness of different activities offered by selected small and medium enterprises, to find out how selected small and medium enterprises impact on poverty reduction of its members. This study composed by four different chapters, chapter one is general introduction this study, chapter two is the literature review which includes some key terms and other related literature written to the topic under study that constitute the variables of this study, chapter three is research methodology, it point out the, research design of the study, population of the study, sample size, techniques of data collections and methods of data analysis, chapter four is presentation, analysis and interpretation of data collection, verify the first and second hypothesis of this study. Finally, the research end with the overall conclusion which summarizes the research as well as the researcher's suggestions, references and appendices. The sample size of this study id 50 from members of selected small and medium enterprises, in this stydu researcher used techniques of data collected which are documentations questionnaires and interview , researchers also used method of data analysis which are analytical method, statistical methods, and synthetical methods. With data collected from the field Table 4.4. present the information on Activities of selected SMES in Nyarugenge district, mean of respondent is 4.320 and he expected value or Std. Deviation of respondents is .4712. with data collected from the field researcher confirmed that respondent participated in different activities such as manufacturing, art services, ICT services and merchandising and means also that small and medium enterprises reduce poverty and reduction for its members. With the data collected from the field and after analysis researcher confirmed that SMES helped on poverty reduction in Rwanda, also researcher confirmed that all objective of this study were achieved and the hypothesis were verified and confirmed. Based on the finding the researcher would suggest that the SMES could establish the followings issues that help to increase development and poverty reduction for its members: trained employees in related to loan management, increase capital, increase product and marketing of new product in order to attract more customers

CHAPTER I: GENERAL INTRODUCTION

1.0. Introduction

This general introduction is about the impact of small and medium enterprises to the poverty reduction in Rwanda. It point out the background of the study, objective of the study, problem statement, hypothesis, scope of the study and will end by organization of the study.

1.1. Background of the study

The world is making their final assessment of the UN Millennium Development, which global leaders agreed upon in the features. The small and medium enterprises revolution has driven global development in a good way. SMES help the world in achieving future sustainable development goals as the world moves faster and faster towards a society, this also supported by a research done on small businesses in the United States by Dr Charles in June 2006, which indicated that U.S. small business numbered 23 million in 2003, and also produces about half of the nations (Lee, 2020).

In Africa, the decisions in the areas of investment, marketing and operation of the financial institution appear to be critical to the financial services. The key issue for all concerned is to recognize that the development decisions made by them do have wider economic consequences for Africa, in East Africa, only few companies have the ability to cover the costs by themselves, From the statistics kept by the travel fair organizers, only few East African companies have been participating due to a number of reasons, SMEs visions into reality in East Africa, to start delivering results that improve the quality services, small and micro-enterprises offer several benefits when well nurtured. For the generation of revenue and creation of employment to be a sustainable thing for SMEs, the government should aim at supporting their formation, and growth. Here are the impacts it has on the Kenyan economy, (Thomas.2021).

In Rwanda, small and medium enterprises (SMEs)account for 98 percent of private companies, making them drivers of economic growth and job creation.The Rwandan Small and medium Enterprise(SMEs) policy is designed to complement a set of existing policies/strategies that aim to increase the performance of small and medium enterprises, , support targeted value-added clusters, strengthen the financial sector, grow the tax base and facilitate investment finance to generate industrial growth. Small and medium enterprises in a country has the greater role in its

economic growth and development as the contribution in providing services and improvement of infrastructure. Financial institutions if efficient well managed, contribute in improving socio economic life of people through promoting business and create new product. Thus SMES need to be efficient so as achieving their goals. Sector and business'' cluster development'' is widely regarded as one of the most effective ways of encouraging and supporting inter-firm collaboration institutional development and industry wide growth. Such collaboration can optimize SMEs structures and facilitates utilization of knowledge and expertise and access to the latest technologies, equipment and financial products and services. There have been several recent policies developed by the GoR that focus on cluster development for value-addition sector to increase Rwanda's international competitiveness' create more opportunities, expand the supply of skilled people and technology, expand the local supplier, increase efficiency and productivity and foster innovation.

1.2. Problem statement

Deficient capital invested in the small businesses, lack of managing skills and lack of markets affects the growth of small businesses. The main challenge surrounding capital was inability to borrow funds Small and medium enterprises in a country has the greater role in its economic growth and development as the contribution in providing services and improvement of infrastructure. Financial institutions if efficient well managed, contribute in improving socio-economic life of people through provision of employment opportunities. Thus Financial Institutions need to be efficient so as achieving their goals, the world is making their final assessment of the UN Millennium Development, which global leaders agreed upon in the features. SMEs help the world in achieving future sustainable development goals as the world moves faster and faster towards a digital society (Anderson, 2022).

In Africa, the decisions in the areas of investment, marketing and operation of the financial institution appear to be critical to the financial services. The key issue for all concerned is to recognize that the development decisions made by them do have wider economic consequences for Africa Most SMEs in the country lack the capacity in terms of qualified personnel to manage their activities. As a result, they are unable to publish the same quality of financial information as those big firms and as such are not able to provide audited financial statement, which is one of the essential requirements in accessing credit from the financial institution. This is buttressed by the statement that privately held firms do not publish the same quantity or quality of financial

information that publicly held firms are required to produce. As a result, information on their financial condition, earnings, and earnings prospect may be incomplete or inaccurate. Faced with this type of uncertainty, a lender may deny credit, sometimes to the firms that are credit worthy but unable to report their results. Another issue has to do with the inadequate capital base of most SMEs in the country to meet the collateral requirement by the banks before credit is given out, (Frederic, 2020).

Business financing problems occur when there is a lack of cash flow or when the business has taken. No business without financial capital, this entire problem is discouraging the implementations of several businesses because many sectors lack the funds for starting the business that's why the researchers propose this research for looking the intervention of SMES on poverty reduction in Rwanda. The private sector in general SMEs particularly are experiencing challenges connected with poor planning, lack of credit facilities, poor management and allocation of resources, and lack of market penetration strategies They cited their own existing staff and client training programs as possible best-practice, but felt larger initiatives must be taken to improve the lending environment overall (Ministry of Trade and Industry, the other constraints to SMEs, they felt that their own staffs were not well trained in risk and loan assessment, relying too much on personal connections and collateral as primary assessment, tools. They also felt their clients were not well enough educated on the concept of lending. They were concerned with a perceived 'default' culture in Rwanda, meaning that many loans are not repaid under commercial and government lending schemes,(Sloman, 2021)

Thus the socio economic welfare of small and medium enterprise's members are improved which reduce poverty among SMES's member's, the researcher wants to understand well the contribution of SMES to the poverty reduction in Rwanda. From this point of view, the researcher will formulate two questions that will guide the present study as following; Access to finance remains a major challenge for most MSMEs in Rwanda for a number of reasons, including: high collateral and documentation requirements, unsuitable financial products, risk aversion from financial institutions and lengthy procedures Access to capital. One of the biggest challenges for SMEs is accessing capital, cash flow management cash flow management is crucial for SMEs, competition, talent management, regulatory compliance, digital transformation, marketing and customer acquisition, managing growth, other major issues for small and medium sized enterprises (SMEs) is getting the money they need to run and grow their businesses. This challenge often

arises because traditional banks and lenders might be hesitant to lend money to smaller businesses (Appol, 2020).

1.3. Research objectives

The present study subdivided into general and specific objectives

1.3.1. General objective

The objective of this study is to assess the impact of Small and medium enterprises to the poverty reduction in Rwanda.

1.3.2. Specific objectives

1. To analyze the effectiveness of different activities offered by selected small and medium enterprises
2. To find out how selected small and medium enterprises impact on poverty reduction of its members?

1.4. Research questions

i.Does selected small and medium enterprises provide services effectively?

ii.Does selected small and medium enterprises contribute to the poverty reduction in Rwanda?

1.5. Research hypotheses

A hypothesis is a proposition which can be put to test to determine its validity. It may seem contrary to or in accord with common sense. It may prove to be correct or incorrect. In any event however, it leads to an empirical test. Whatever the outcome, the hypothesis is a question put in such a way that an answer of some kind can be appearing, (GRAWITZ, 2009).
Hence, our research problem leads us to formulate the following hypothesis:

i. Selected small and medium enterprises provide services is effective.

ii. Selected small and medium enterprises contribute to the poverty reduction in Rwanda.

1.6. Scope of the study

Scope of the study is a general limitation that the study covers. This research refers to the parameters within which the study operate in, identifies the boundaries of the study, time frame

and other issues to which the researcher focus, this study consider selected small and medium enterprises from Nyarugenge district as case study, the study cover the period between 2020-2023. This research limit in space, in time and in domain.

1.6.1. Time scope

This study take into consideration the period of 2020-2023. Year 2023 is taken into consideration because of availability.

1.6.2 Domain scope

This study is in the field of enterprises by looking on the selected small and medium enterprises to the poverty reduction in Rwanda, data obtained from this study representative of selected small and medium enterprises from Nyarugenge District.

1.6.3. Geographical scope

The research limited in selected small and medium enterprises, Located in Nyarugenge District Kigali City

1.7. Significance of the study

The research is significant to many classes of people and organizations in different ways. This research proposal is importance to the researchers, to the selected small and medium enterprises, to the school and to the country.

1.7.1. Personal interest

This study act as an opportunity to the researcher to practice knowledge acquired theoretically from studies related to undertaking research project, gaining skills and knowledge in this matter of research and award the bachelor's degree in Accounting.

1.7.2. Scientific and academic interest

This study fundamentally carried out for academic purposes as well as partial requirements for the acquisition of bachelor's degree and contains also a scientific value in the fact that it serve as reference to the next researchers and reads that eventually would have interest in this area of the study.

1.7.3. Social interest

The choice motivate by importance and relevance of topic to the impact of SMES to the poverty reduction and sure ways reaching to the sustainable development of Rwanda.

1.8. Organization of the study

This study composed by four different chapters, chapter one is general introduction this study ,

➢ **Chapter two** is the literature review which includes some key terms and other related literature written to the topic under study that constitute the variables of this study;

➢ **Chapter three** is research methodology, it point out the, research design of the study, population of the study, sample size, techniques of data collections and methods of data analysis.

➢ **Chapter four is** presentation, analysis and interpretation of data collection, verify the first and second hypothesis of this study.

Finally, the research end with the overall conclusion which summarizes the research as well as the researcher's suggestions, references and appendices.

CHAPTER II: LITERATURE REVIEW

2.0.Introduction

This chapter of literature review provide a description of key concepts, are view of existing issues that have been explored and studied by different authors about the topic, it is basically related to the views extracted from books, internet, and the dissertation and tables written on the SMEs sector, social economics development in Rwanda.

2.1. Conceptual review

This is the part where a researcher provide explanations to the words that appear in the topic of the research

2.1.1.Small and medium enterprises

According to John Ackah (2019) the definition of micro, small and medium-sized enterprises is updated to take account of economic developments. The definition of enterprises according to staff headcount and turnover or balance-sheet total is essential for identifying business able to benefit from European Union (EU) programmers or policies specially designed for small and medium sized enterprises (SMEs)

Micro, small and medium-sized enterprises are defined according to their staff headcount and turnover annual balance-sheet total. A medium-sized enterprise is defined as an enterprise which employs fewer than 250 persons and whose annual turnover doesn't exceed 50 million Euros or whose annual balance sheet total doesn't exceed 43 million Euros. A small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and annual balance sheet total doesn't exceed 10 million Euros. A microenterprise is defined as an enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and annual balance sheet total (Frederic S. Lee, 2018).

Unfortunately, there is no single agreed definition of SMEs. In fact, enterprise considered to be small in one sector of business such as manufacturing, may be considerably different in size from one in, say, the road haulage business. In (1971:69).the Boston committee, set up to investigate the small enterprise sector, attempted to resolve this problem by establishing both an economic and statistical definition of small and medium enterprise, indicated that, enterprise was deemed to

be small and medium if it satisfied each of the following three economic conditions: It should have a small market share and thus be unable to influence its business environment; It should be managed by its owners and not involve a formalized management structure; It should not be a part of a large business organization and can thus make its own business decisions. These conditions will vary from industry to industry (Elliot,2018).

2.1.3. Development

A multitude of meanings is attached to the idea of development; the term is complex, contested, ambiguous, and elusive. However, in the simplest terms, development can be defined as bringing about social change that allows people to achieve their human potential. An important point to emphasise is that development is a political term: it has a range of meanings that depend on the context in which the term is used, and it may also be used to reflect and to justify a variety of different agendas held by different people or organizations. The idea of development articulated by the World Bank, for instance, is very different from that promoted by Greenpeace activists. This point has important implications for the task of understanding sustainable development, because much of the confusion about the meaning of the term 'sustainable development' arises because people hold very different ideas about the meaning of 'development' .Development is not simply about the interactions between human groups; it also involves the natural environment. So, from another point of view, development is about the conversion of natural resources into cultural resources. This conversion has taken place throughout the history of human societies, although the process has generally increased in pace and complexity with time (Kawakwa, 2019).

2.1.4. Poverty reduction

Poverty alleviation aims to improve the quality of life for those people currently living in poverty. Another term that is often used is poverty reduction, reduction in poverty means to lift up the people from level of poverty and promotion in their economic conditions. Poverty has many factors including ill health, low income, hunger, limited education and other basic needs(Barder, 2020.

2.2. Theoretical review

In this section researcher present the theoretical review related to small and medium enterprises

2.2.1.Institutional theory

An institutional theory is a capable path for exploring the borders between businesses or society that have been shaped SMEs in various ways to sustainable growth (Fauzi & Sheng, 2020). Explaining that sustainable pursuits is not primarily a voluntary act, as the performance of firms are featured with several challenges, including government rules and marketplace pressures. Therefore, institutional theory focuses on factors that are externally or internally central within the firm and sustainable innovation. From the institutional theory of sustainable growth for small and medium-sized enterprises, opportunities with normative, coerciveness and mimetic drivers to influence small and medium-sized enterprises to shape environmental, social or economic decision-making and to legitimise the vision of sustainable business practise (Shibin et al., 2020; Caldera, Desha & Dawes, 2019). Sustainable business practise 'is an aspiration for an increasing proportion of small and medium-sized enterprises around the world, promising profitability, resilience and positive social and environmental impacts' (Caldera et al., 2019)

2.2.2.Resource based view theory

The starting point of resource based vies theory was date back to the era of (Penrose, 2019) who suggested that resource possessed, deployed and used effectively would give more results than other industrial structure employed. Wernerfelt (2017) viewed firm from the viewpoint of critical resource, coined "resource base view". Prahalad and Hamel (2010) highlighted the term "core competency" and the focus attention was on a range of critical resource, calling it the firm capability and it was referred to as competitive advantage (Barney 2019). Other scholar described it as distinctive competency, while the strategic aspect in resources and competency usage (Papp & Luftman, 2018). The resource based view theory an extension of the theory of the growth of the firm. This theory described the sustainable competitive advantage of the firm resource performance of the firm (Wernerfelt, 2020)

The resource based view theory had identified opportunities based on uniqueness of resource that would lead to competitive advantages.Considering the management viewpoint, the research improved comprehension of context of the study and approaches that focus on sustainable franchising development (Samsudin et al., 2018). Besides business owners on their growth path, a resource-based view is indeed important to consider. The assessment of all resources allows the enterprises to achieve their business objectives efficiently. Selecting an appropriate growth strategy enables managers to achieve growth adversity or minimise changes in direction

and growth difficulties. Resource based view theory, maintaining that the dynamic capabilities theory has asserted that managerial writers required a framework necessary to explain the ways enterprise‟s culture of openness and innovation develops into timely, rapidly or attributes flexibility in dynamic marketplaces (Kiiru, 2019).

2.2.3.Stakeholders Theory

The stakeholder theory was propounded by R. E. Freeman which has absorbed much focusing on business ethics (Freeman, 2019). The stakeholder theory that refocuses the power of decision-making and the benefits of labour, from those stockholders to 'any group or individual who may or may be affected by the achievement of an organization' (Freeman, Harrison & Wicks, 2007; Freeman, 1984; Freudenreich, Lüdeke-Freund & Schaltegger, 2020). The stakeholder theory indicates concerns about maximising the value added of stakeholder wealth that outperforms competitors (Rosyadi et al., 2020). The stakeholder theory explained that companies must take into account the demands of the remaining shareholders, stressing that they must not only focus their full attention on shareholders. A growing network should be recognised as a vital part of the company, as business will never operate on its own. Therefore, sustainable manufacturing needs to practice a culture which incorporates environment, social and economic systems into its functional corporate practices (Hami, Yamin, Shafie, Muhamad & Ebrahim, 2018). In other words, the enterprise is supposed to accommodate suppliers, consumers, customers and employee being their influential stakeholders with respect to the environment, economic and social structures (Hami et al., 2018). The latest business theories that would require shareholder opinions and exemplify long-term sustainability and short-term value creation from the point of view of shareholders believe that business continues to exist not only for the benefit of shareholders, but also for the benefit of members such as suppliers, customers, employees and, to a certain extent, for economic progress((Shim, 2019).

2.3.Review on effectiveness and activities of small and medium enterprises

Poverty reduction refers to all the methods, ways or techniques adopted by government, non-

governmental organizations or wealthy individuals to reduce or eradicate poverty, Poverty is a complex problem.

There are many aspects to it, and it has many causes. The most widely used poverty definition focuses on economic poverty. This definition measures poverty by the amount of money a person earns and establishes poverty rates for communities and countries based on income inequality and financially drawn poverty lines. In this way, poverty becomes relative. The poverty threshold for a family of four in the United States is an income just over $26,000 a year. For a family of four living in absolute poverty in a low-income country, that amount of money is more than 36 times what they are forced to survive on each year. Many families living in the world's poorest countries must meet their basic needs with an income of less than $2.15 a day. Nearly 10 percent of the world's population live in this type of extreme poverty. Understanding poverty strictly as economic inequality and measuring it with relative poverty thresholds makes it difficult to view poverty as more than unemployment, poor living standards, and a low income. But poverty encompasses more than this. A proper definition of poverty must address the many different types of poverty and acknowledge that poverty is hunger and lack of shelter, illiteracy and not having access to school, being sick and unable to see a doctor, fearing for the future, living one day at a time and feeling completely powerless and trapped by things beyond one's control. Poverty alleviation aims to improve the quality of life for those people currently living in poverty. Another term that is often used is poverty reduction. Unemployment or little to no access to livelihoods without money from employment, individuals and communities suffer poverty as a direct causation. Concentration of land ownership equates to unequal distribution of resources. Overpopulation can tax limited resources and cause environmental degradation (Boston committee, 2019).

2.4. Small and Medium Enterprises

For Sean sweney (2014) small and medium of manufacturing enterprises are increasingly becoming important actors in the struggle for development throughout Africa .the development has taken place fairy recently in many African countries. SMEs can play a much bigger role in developing national economies, alleviating poverty, participating in the global economies and partnering with larger corporations. They do, however, need to be promoted. Such support requires commitments by and between governments, business and civil society. Like bigger companies, SMEs require a favorable institutional structure. Most are overlooked by policy-makers and legislators, who tend to target larger corporation. SMEs often miss out on tax incentives or business subsidies. They suffer more thin big companies from the large burden and cost of government as few SMEs possess the necessary financial or human resources to deal with this, (Malcom,2019).

2.4.1.Activities and sector involved of small and medium enterprises

SMEs, are authorities in their field who can provide expertise to fill knowledge gaps on a project or within a company. Although many professionals today undergo cross-training in several areas, SMEs are in great demand because of their deep understanding of their chosen field. In order to be successful, SMEs focus on creating new products or services; hence, they are capable of adapting faster to the changing requirements of the market. SMEs play a vital role in shaping a country's economy. They can be considered an attractive and huge innovative system, the SMES produce contains the different domain such as agriculture, ICT, commercial, health, and nutrition. Example were hair and beauty salons, medical centres, bars, cafes and restaurants((Khanka, 2021).

2.4.2. Small and Medium scale enterprises in developed countries

In most of advanced countries, the number of small and medium scale enterprises is now increasing as their share of employment reversing and down trend in the sector prior to the late 1960's.small and medium scale were a vital part of all European Union economics, accounting for 65% Euro turnover. They dominate many services sectors, particularly hotels, retailing and wholesaling and are important in construction (Collin Borrow 1997:74).in the USA, it is estimated that SMEs now generate 60% of GDP. These firms are important providers of employment. They generate 66% of employment across the European Union. In Italy the proportion is 79% Nasser (19994).in France, it is 63% and in UK, they generate only 61,5% of employment, but the figure is gradually increasing and things are changing, (Sloman, 2015).

2.4.3. Small and Medium Enterprises in Developing countries

It has hard to earn a living in much of developing countries. Formal unemployment rate are high and grasp of majority of the poor. For example, in developing countries like South Africa, almost 40% of those who remain jobless; such figures are translated into poverty. Marley Carr (2016).most jobs in developing world outside agriculture are created not by large firms or public, but SMEs including the vast number of informal sector enterprises operating outside the office economy. In India, The SMEs occupied the special place in industrial sector. As manpower is abundant but capital is relatively insufficient. SMEs tend to be labor intensive this is the same situation in Rwanda where manpower is sufficient but capital is limited, the development of this sector in our country can reduce the rate of poverty by creating many jobs to the population(Khanka(2021).

The carried on SMEs in Ghana and Malawi revealed the dynamic role of SMEs in developing countries as engines through which the growth objectives of the developing countries can be achieved (Parker al, 1994).The sector employs about 15.5% and 14.5% of labor force in large scale enterprises 5% in Ghana and in Malawi, (Thomas, M, 2020).

2.4.4. The contribution of small and Medium Enterprise in community

According to European Commission (2022), SMEs play a significant role in development of the community and this can be divided in to three categories namely; Economic roles; Social roles; Political roles

2.4.4.1. Economic roles

The contribution of SMEs in economic development varies from economy to economy depending upon its materiel resources, industrial climate, and the responsiveness of the political system to the entrepreneurial function .SMEs contribute more in favorable opportunity condition than in the economies with relatively lees favorable opportunity condition (Leland, 2021). The following are some of the economic roles played by SMEs in Rwanda. They account for over one -half of paid employment. Crediting jobs at relatively low cost, Development a poor of skilled and semi-skilled workers. Increasing mobility for the improved development of natural resource participation. Providing a vehicle for introducing a more equitable income distribution .Improving forward and backward between economically social and geographically diverse sectors of economic and adaptability and flexibility to market changes.

2.4.4.2.Social roles

Create social solidarity in community, increasing a people chance to realize highest set potential

And individual self-worth, social empowering/ increase social role. Crime reduction and Create an enterprise culture. (Khanka, 2021).

2.4.4.3.Political roles

Affords people to role participation in the national economy and therefore activity in debate about resources allocation.

.Creation awareness of government role in general development opens up people critique abilities on what the government is doing right. Trades association leads to solidarity groupings. Creates peace and tranquility. Khanka, (2019).

2.5. Review on poverty reduction

Poverty reduction, poverty relief, or poverty alleviation is a set of measures, both economic and humanitarian, that are intended to permanently lift people out of poverty. Poverty has been historically accepted in some parts of the world as inevitable as non-industrialized economies produced very little, while populations grew almost as fast, making wealth scarce. Geoffrey Parker wrote that. Poverty reduction is the process by which a nation improves the economic, political, and social well-being of its people. The term has been used frequently by economists, politicians, and others in the 20th and 21st centuries. The concept, however, has been inexistence in the West for centuries. Modernization, Westernization, and especially Industrialization are other terms people have used while discussing economic development. Economic development has a direct relationship with the environment and environmental issues, (Easterbrook,2019).

Poverty reduction occurs largely as a result of overall economic growth. Food shortages were common before modern agricultural technology and in places that lack them today, such as nitrogen fertilizers, pesticides and irrigation methods. The dawn of the Industrial Revolution led to high economic growth, eliminating mass poverty in what is now considered the developed world. World GDP per person quintupled during the 20th century. In 1820, 75% of humanity lived on less than a dollar a day, while in 2001 only about 20% did. Today, continued economic development is constrained by the lack of economic freedoms. Economic liberalization requires extending property rights to the poor, especially to land. Financial services, notably savings, can be made accessible to the poor through technology, such as mobile banking. Inefficient institutions, corruption, and political instability can also discourage investment. Aid and government support in health, education, and infrastructure helps growth by increasing human and physical capital(Leland, 2021).

Poverty alleviation also involves improving the living conditions of people who are already poor. Aid, particularly in the medical and scientific areas, is essential in providing better lives, such as the Green Revolution and the eradication of smallpox.[12][13] Problems with today's development aid include the high proportion of tied aid, which mandates receiving nations to buy products, often

more expensive, originating only from donor countries.[14] Nevertheless, some believe (Peter Singer in his book The Life You Can Save) that small changes in the ways people in affluent nations live their lives could solve world poverty(Mansell, 2020).

2.5.1. Poverty reduction indicators

under poverty reduction include: area of land holding, geographic accessibility to the nearest market centre, number of children under 15, number of literate members of working age, economic growth, financial support, industrial development, public expenditure, inflation, income levels, output growth, This way of measuring poverty includes the consideration that expenditure on food in households is a constant proportion of total expenditure. The poverty line is fixed by multiplying the value of the basic food products by the reverse of the proportion that food expenditure signifies for total expenditure. Poverty reduction can be attained by stimulating economic growth to increase incomes and expand employment opportunities for the poor; undertaking economic and institutional reforms to enhance efficiency and improve the utilization of resources; prioritizing the basic needs of the poor in national development policies, the strategy seeks to eliminate hunger, food insecurity and malnutrition. One of the key priorities is providing food assistance to vulnerable groups that are severely food insecure, (Leland, 2021).

2.5.2. Development indicators and indices

There are various types of macroeconomic and socio cultural indicators or "metrics" used by economists and geographers to assess the relative economic advancement of a given region or nation. The World Bank's World Development Indicators are compiled annually from officially-recognized international sources and include national, regional and global estimates, (Mansell. 2019)

2.5.2.1, GDP per capita growing development population

GDP per capita is gross domestic product divided by midyear population. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidizes not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources

2.5.2.2.Literacy and education

Literacy and education simply means how well the local people of a certain area have access to education. It is the average number of educated people as compared to other countries in the world. The ratio of educated population to uneducated people. Access to Healthcare. Social security and pensions, Modern transportation. European development economists have argued that the existence of modern transportation networks- such as high-speed rail infrastructure constitutes a significant indicator of a country's economic advancement: this perspective is illustrated notably through the Basic Rail Transportation Infrastructure Index (known as BRTI Index) and related models such as the (Modified) Rail Transportation Infrastructure Index (RTI). (William, 2020).

2.5.2..3. Community competition

One unintended consequence of economic development is the intense competition between communities, states, and nations for new economic development projects in today's globalized world. With the struggle to attract and retain business, competition is further intensified by the use of many variations of economic incentives to the potential business such as: tax incentives, investment capital, donated land, utility rate discounts, and many others places significant attention on the various activities undertaken by economic development organizations to help them compete and sustain vibrant communities, (William, 2021).

Additionally, the use of community profiling tools and database templates to measure community assets versus other communities is also an important aspect of economic development. Job creation, economic output, and increase in taxable basis are the most common measurement tools. When considering measurement, too much emphasis has been placed on economic developers for "not creating jobs." However, the reality is that economic developers do not typically create jobs, but facilitate the process for existing businesses and start-ups to do so. Therefore, the economic developer must make sure that there are sufficient economic development programs in place to assist the businesses achieve their goals. Those types of programs are usually policy-created and can be local.regional, statewide and national in nature, (Mansell. 2019).

2.6.Relationship between SMES and poverty reduction

SMEs play a bigger role in alleviating poverty than MSEs as they reduce not only the percentage of poor people but also the Poverty Gap and Severity Index. Furthermore, of the four control variables, only economic growth has a significant effect on poverty reduction, both direct and

indirect. Entrepreneurship development contributes to poverty reduction when it creates employment through the startup of new entrepreneurship or the expansion of existing ones and they increases social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs and net increases in real, private sector-led growth is the most sustainable way of generating good jobs to reduce poverty. Growth in both public and private sector spending has been linked to reducing poverty at a faster rate, Developing entrepreneurial skill is the key strategy to reduce poverty, create more income and employment opportunities with an objective to develop a good business environment, enhance institutional and human capacities that will accelerate the economic growth, importance of the private sector in fighting poverty, a report from the OECD (2020) suggests that as a contributor to economic growth and employment creation (Pradhan, 2020).

Poverty reduction through growth requires a focus on the indigenous private sector, which in sub-Saharan is composed of a myriad of micro, small and medium enterprises, including–the most numerous the family farm. And it depends on finding ways to help them thrive and grow.Many of these enterprises operate informally, several decades ago, scholars placed the emphasis on the promotion of large scale enterprises as the major providers of jobs in developing countries. This was apparent in the 19th and 20 the centuries when large enterprises were considered to be the engines of economic and technological progress (Klapper, 2022).

This adopted by post colonial governments in Africa through the establishment of gigantic state owned enterprises as well as the nationalization of foreign ones. Although Small and Medium Sized Enterprises (SMEs) have also been advocated during the post-colonial era in Africa, when it came to planning to absorb the surplus labour force, much of the emphasis was on developing the agricultural sector and expanding the public sector. Considerable evidence has been presented over the years to show that small businesses are important in economic stabilization, and that a decline in this sector will have a negative impact on economic growth (Garwe, 2020).

SMEs are more labour intensive than their larger counterparts in support of the important role of SMEs in the economy. It was also argued that SMEs provide employment and help reduce income inequality. In fact, Gebremariam et al. (2023) examined the impact of SMEs in economic growth and poverty alleviation in the USA. Generally the study found that there is a strong relationship between SMEs, economic growth and poverty reduction. The study further shows that an increase in the percentage share of SMEs' employment had a positive impact on economic growth, thereby

reducing poverty. Furthermore, in agriculture-based economies, SMEs provide livelihood opportunities and nurture entrepreneurship. Other advocates of SMEs, such as are of the opinion that SMEs operating in the informal sector can generate surplus income under hostile economic policies such as the denial of access to credit facilities, foreign exchange and tax reduction. Pertaining to SMEs' potential to reduce poverty, (Gebremariam, 2022).

Robins et al. (2019), suggested that small businesses contribute to poverty reduction through job creation and economic growth. also proponents of SMEs, stated that these enterprises have the ability to enrich workers' talents and capabilities. The sector not only provides jobs, but also creates "the prideful sense of being independent. These benefits are directly relevant to any effort to eradicate poverty in developing countries, especially in Africa. Experts on African SMEs have also pointed out that SMEs are a significant component of the solution to Africa's development issues, They maintain that the creation of new, sustainable SMEs is vital to the economic prosperity of Rwanda, and without them the continent risks economic stagnation (Garwe, 2018).

Apart from the inherent benefits of SMEs, there are also other reasons for promoting their development around the world, especially in developed countries. The first reason is the decline of the manufacturing sector in many nations, as reflected in the changing pattern of added value observed in the sector. This has resulted in the dislocation of the labour force from the sector, leading to unemployment and loss of livelihood; especially in those developed countries where the manufacturing sector has been a significant employer. Even within the ESMES sector, there has been a shift in the economic structure towards service related different area of work (UNIDO, 2022).

2.7. Empirical review

The dissertation clearly underscores the need to address SME challenges simultaneously from the following perspectives, the role of SMEs in economic development and poverty reduction, the development of an enabling business environment and policies that will ensure the accomplishment of SME roles; the effective internal management of SMEs to ensure sustainability and poverty reduction through job creation and decent wages; the personal development of SME operators. Finally, the book underscores the need to contextualize the four perspectives identified

above to reflect the African socio-cultural, institutional and economic contexts (Maas & Herrington, 2020).

The following reasons have been advanced to explain the slow progress in the development of SMEs in Sierra Leone. Firstly, there is widespread corruption and the total neglect of the sector. Secondly, SMEs in Sierra Leone lack the necessary foreign and advanced technology needed for viable economic growth. Thirdly, SME owner managers lack the much-needed capital to set up or expand their enterprises (Islamic Development Bank, 2020).

Specifically, micro credit facilities from the banking institutions, NGOs and other agencies are scarce and often discriminate against SME owner and managers. In addition, poor entrepreneurial skills contribute to the slow development of SMEs in the country as a whole (Islamic Development Bank, 2019). Similarly, the absence of an institutional infrastructure for providing training and support to SMEs jeopardizes the sustainability of the SME sector (United Nations, 2020).

The these of role of SMES in poverty reduction in Africa. The main aim of this book is to present a thorough discussion of why and how SMEs can help in the fight against poverty in Africa. Specifically, it will examine the barriers that SMEs face in Africa alongside their management practices. The book will further look at the role of SMEs in development. Another aim of the book is to fill the gap in the existing literature by demonstrating, through case studies, the link between SME management and poverty reduction through employment and income generation, (Wickham, 2020)

2.8.Research gap

In spite of these benefits of SMEs to economic development, there are many opponents who challenge the significance of the role of SMEs in economic development. A number of researchers dispute the argument that SMEs will necessarily play a critical role in economic development and job creation, acknowledgement that SMEs have a significant role to play in poverty eradication, the approach taken by policy makers, development agencies and, dare we say, some experts, leaves much to be desired. In the last few decades, there has been a significant development in SME specific literature which has helped in the understanding of their role in economic and social development. Their challenge is based on the argument that large scale enterprises are better at providing stable and quality jobs, higher incomes and more non-wage benefits than SMEs, resulting in higher standard of living for those they employ, the other researchers has

acknowledged the changing pattern of the productive structure of the world economy. The established trend towards service industries observed in the past has been reinforced in recent years. It has been recognized that the service sector has dominated many economies since as early, in this research the researchers will point out the reason why SMES contribute to poverty reduction of its members (Smith (2023).

2.9. Conceptual framework

Independent variable   **Dependent variable**

Activities of selected SMES in Nyarugenge district

Manufacturing

Music services

Art services

ICT services

Merchandising

Services

Poverty reduction

Assess to good nutrition

Assess to modern equipment

Accessing to education

Access to Health care services

Access insurance of the family

Increase commercial

Intervening Variable

Government policies and regulations

Nature

CHAPTER III. RESEARCH METHODOLOGY

3.0. Introduction

Research methodology includes the planning, structuring and execution of a research, with the emphasis on the actual research process. Research methodology refers to a set of methods and

techniques that are use when studying a particular subject or doing a particular thing of work. (Pinto,2022).

3.1. Study Design

According to Burns and Grove (2003) research design is a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings. In conducting research, there are many strategies that can be used. No research strategy is inherently superior or inferior to any other. What is most important is that a particular research strategy enabled the researcher to answer a particular research question(s) and realize the objectives; (Mark A. Lutz, 2017).

In the same time Saunders et al (2015) argued that research design is a framework that is used by researcher to collect and analyze data. In this research researcher prepared the questionnaires for the members and employee of SMES in order to get the information related to the poverty reduction within adherent small and medium enterprises. In this research the researcher got the information from the field, the respondents get information from the selected small and medium enterprises located in Rugenge sector.

3.2. Study population

Describes target population as a "specific pool of cases that the researcher wants to study "the population is, therefore, not only a number of people, it might be pool of things, documents, towns and others. For this case, the researchers remark that the population size was large enough, our population is 150 members of selected small and medium enterprises and they referrers to the formula proposed by Bouchard. Stipulating that when all population understudies is less to 1,000,000 the estimated error is 10 % corresponding to 50 individuals, (Maricon 2020)

Bailey says that' the population is universal objects over which research is to be carry out '. The ideal practice in research would be to gather information from the entire population, this ensure maximum coverage of the population concern in the research. The population of the study was 150 members of selected small and medium enterprises from different selected small and medium enterprises.

3.3. Sampling

A sample is a set of entities drawn from a population with the aim of estimating characteristic of the population (Lawrence E. 2018) explain that the basic idea of sampling is selecting some of the elements in a population, so that the same conclusions can be drawn about the entire population. This technique is describe by the researcher as select a limited number of individuals whose study allows drawing conclusion (extrapolation, interference) applicable to the entire population (parent population) of which it is taken. A sample is a subset of the total population under study. Before a sample can be selected, the researcher obviously has to decide on how many people are needed to take part of the study; in other words the researcher has to decide on the sample size. This collect sample size depends both on the population and research question (Schindler, 2020).

Grinnell, (2021) defined a sample size as the number or objects in the sample. A sample can further be defined as all people or classes selected to take a part in research study due to the nature of the research without also forgetting time and the size of the major limitations of the study. The researchers selected 38 members of selected small and medium enterprises. In order to find sample size.

The formula below was used to determine the sample size. To find the correcting sample size. Therefore, the researchers applied the following formula:

$$Nc = \frac{N \times n}{n + N}$$

Where N: is the size of the population which is standard as 50,

n : is the sample size for a universe.

nc : is the sample size or sample to determine correct.

Therefore, basing on the above formula, the researcher decided to use 96% as the confidence level Replacing for N and n their values, we obtain:

$$nc = \frac{150 \times 50}{150 + 50}$$

$nc = \frac{7500}{200} = 38$ Persons as a sample size to respond the questionnaire.

In this case, due to limit time and resources at the researcher's disposal, only 38 employees will be presenting the whole population.

The size of the sample collected is 38 respondents from members of selected small and medium enterprises. This result helps the researcher to correct some real information from members of selected small and medium enterprises. Therefore, the sample was constituted by 38 respondents.

3.4.Sources of data collection

In this area researcher present the types of data used such as primary data and secondary data.

3.4.1.Primary data

Primary data is the data that is collected for the first time through personal experiences or evidence, particularly for research. It is also described as raw data or first-hand information. Primary data refers to the first hand data gathered by the researcher himself. Secondary data means data collected by someone else earlier. Primary data is the information originated by the researcher for the purpose of the investigation at hand. Simply, primary data are data that the researcher gather directly from the field.

3.4.2.Secondary data

Secondary data means data collected by someone else earlier. Surveys, observations, experiments, questionnaire, personal interview, etc. Government publications, websites, books, journal articles, internal records etc. Always specific to the researcher's needs. Secondary data includes both raw data and published summaries. For the current study, Secondary data used for the purpose of this study and this data derived from selected small and medium enterprises located in Nyarugenge district.

3.5. Data collection techniques

Research technique is a way which helps to researcher to collect and gather data on its researcher's objectives the techniques, Frederic S. Lee, (2018).In this following section the researcher point out the techniques used in this study.

3.5.1. Documentation technique

Documentary technique is defined as carefully reading, understanding and analysis of any written materials that contain the information about the phenomena. Documentations delivering information core fully studying written documents or visual information from source called documents. These could be text books, news papers, speeches advertisements, pictures and many

others, GRAWITZ (2014). During this research, the researcher used this technique by exploring and reviewing the different documents such as, books, reports, dissertations, newspapers and different electronic references.

3.5.2. Questionnaires technique

Pinto,(2012). defined questionnaire as a set of questions which are asked to get information from a respondent. It is also currently use to mean a set of questions, which are self-administrated. A questionnaire is a set of questions or statements that assesses attitudes, opinions, beliefs, and biographical information. In order to collect data that precisely meets the objectives of the study, both open-ended and closed-ended questions were included in the questionnaire (Kombo and Tromp, 2018).

3.6. Validity and reliability

According to Simon N. (2015)reliability refers to random error in measurement. Reliability indicates the accuracy or precision of the measuring instrument, this was enabled the researchers to address errors or irregularities that would appear during the research exercise. Reliability refers to random error in measurement. Reliability indicates the accuracy or precision of the measuring instrument. This enable the researcher to address errors or irregularities that appear during the research.

3.7. Data processing

The analyze data after editing, coding and tabulation. Normally, data collect from respondents are in a row form, which are easy to interpret and analyze for conclusions. Data processing was used to transform the respondent's views into meaningful test, (Pinto,2020).

Lee, (2018). assert that , the data once edited and coded are put together in some other forms of tables and may also undergo some other forms of statistical analysis, quantitative and qualitative analysis.

3.8.Methods of data analysis

Methods are tools or instruments which use to analyze information and data for the research. A research method is a research with conclusions that apply to solve social problems of immediate concern, the methods used in this study are the following.

3.8.1 Comparative method

A comparative method helps a good analysis of data and provides differences and some similarities of data collected during the research. In this study, this method used to compare data gathered from the respondents. This method helped the researcher to analyze and compare the data collect from the field for the period of the study from 2020 up to 2023.

3.8.2 Analytical method

Specific analytic procedures involved in data analysis are closely related to editing, coding and tabulating. It is through data processing that the frequencies of responses to particular question were done hence easy analysis and interpretation on the collect data, Dolfsma, Wilfred, (2018).The analytical method helped the researcher to study and analyze carefully the data collected from the field.

3.8.3. Statistical method

Statistical method is a set of mathematical method which, from the collection and analysis of real data, can develop probabilistic models allowing predictions. The statistical method offers the opportunity to measure and quantify the results of research, (Mark A. Lutz, 2017).

This method facilitated the researcher in quantifying and numbering the result of the research and presenting information on the tables.

CHAPTER IV. PRESENTATION OF FINDINGS, DATA ANALYSIS AND INTERPRETATION

4.0. Introduction

This chapter is data analysis and interpretation, it present the information collected, contains the analysis of secondary data from the field in related to the impact of small and medium enterprises to the poverty reduction in Rwanda, a case study of selected small and medium enterprises from Nyarugenge District, period: 2020-2023.

4.1. Profile of Nyarugenge district and Business in the district

Nyarugenge is a district in Kigali province, Rwanda, its heart is the city centre of Kigali and contains most of the city's business, such as domestic company, enterprises individual trade,foreign company,search,Visas and permit, entry visa, temporary residents and has a new market that promote and working place for the enterprises.

4.2. Identification of respondents

In this section the researcher present information related to identification of respondents, such as age, educational level, experience of respondents.

4.2.1.Distribution of age of respondents

This section presents the age of respondents, the age of respondents is important in the research because it helped the researcher to analyze information got from the field according to the maturity of respondents.

Table 4.1. Age of respondents

Descriptive Statistics	N	Mean	Std. Deviation
Age of respondents	50	2.780	1.2664
Valid N (listwise)	50		

Source: primary data, 2024

Table 4.1. presents the information on age of respondents, the age affect survey in conducting surveys because it can influence the interviews perception of the respondents performance, for understand questions which has attributes to their lower cognitive performance in this table means was 2.780 and Std. Deviation was 1.2664 this means that the respondents were mature and help researcher to get real information on impact of small and medium enterprises to the poverty reduction in Rwanda.

4.2.2.Marital status of respondents

This section points out the marital status of respondents such as single, married divorced, and widower, the following table presents the marital status of respondents.

Table 4.2. Marital Status

Descriptive Statistics	N	Mean	Std. Deviation
Marital Status	50	1.460	.5425
Valid N (listwise)	50		

Source: primary data, 2024

Table 4.2 presents information on marital status of respondents, mean of respondents 1.460 and Std. deviation is .5425. With data collected from the field after analysis researcher confirmed that the mean is significant.

42.3.Eduaction level of respondents

Level of education in the research is important because it help respondents to understand the questionnaires set by the researcher in replated to the topic. The following table presents the education level of respondents.

Table 4.3. Education Level

	N	Mean	Std. Deviation
Education Level	50	2.420	.5746
Valid N (listwise)	50		

Source: primary data, 2024

Table 4.3.presents education level of respondents, mean of respondents is 2.420, and Std. Deviation of respondents.5746, this means that some of respondents attended primary, and other respondents confirmed secondary, and also the other r respondent confirmed University.

4.3. Effectiveness of small and medium enterprises in Nyarugenge District

This section present the information on effectiveness of small and medium enterprises locaed in Nyarugenge disrict. The following table presents the data related to the activities of selected SMES in Nyarugenge district.

Table 4.4. Activities of selected SMES in Nyarugenge district

	N	Mean	Std. Deviation
Activities of selected SMES in Nyarugenge district, manufacturing, art services, ICT services and merchandising	50	4.320	.4712
Valid N (listwise)	50		

Source: primary data, 2024

Table 4.4. presents the information on Activities of selected SMES in Nyarugenge district, mean of respondent is 4.320 and he expected value or Std. Deviation of respondents is .4712. with data collected from the field researcher confirmed that respondent participated in different activities

such as manufacturing, art services, ICT services and merchandising and means also that small and medium enterprises reduce poverty and reduction for its members.

4.3.1. Training offer by SMES to its employees

Training is the process of learning a skills need to do a particular job, the employees of small and medium enterprises also needs training for improve the level of knowledge, the following tables presents the information on training offered by SMES to its employees.

Table 4.5 Does SMES offer training to its employees

	N	Mean	Std. Deviation
Does SMES offer training to its employees?	50	4.680	.4712
Valid N (listwise)	50		

Source: primary data, 2024

Table 4.5.presents the data on how SMES offer training to its employees, mean of respondents is 4.680 and Std. Deviation of respondents is.4712. this means that SMES offer training to its employees. With data collected from the field and after analysis researcher confirmed that selected SMES located in Nyarugenge district offer training to its employees in management .

4.3.2. SMES has sufficient resources

This section presents the information related on how selected small and medium enterprises have the sufficient material and financial resources available to the owners of SMES to enable the requirements of the activities. The following tables presents the information on SMES has sufficient resources.

Table 4.6. The SMES has sufficient resources

	N	Mean	Std. Deviation
Does your SMES has sufficient resources?	50	4.140	.3505
Valid N (listwise)	50		

Source: primary data, 2024

Table 4.6. presents the information on how SMES located in Nyarugenge district has sufficient resources, mean of respondents is 4.140 and Std. Deviation is .3505. with data collected from the

field after analysis the majority of respondent confirmed strong agree and agreed that SMES located in Nyarugenege district has sufficient resources, and the other confirmed low resources because all small and medium enterprises located in Nyarugenge district have difference capital, share,assets equity and other indicator of resources

4.3.3. Distribution of information re SMES has clear policies for loan management

The following section presents the information on how SMES has clear policies for loan managements means that the SMES must have ethe rules and regulations related on how SMES used loan got from financial institutions

Table 4.7.SMES has clear policies for loan management

	N	Mean	Std. Deviation
Our SMES has clear policies for loan management	50	4.840	.3703
Valid N (listwise)	50		

Source: primary data, 2024

Table 4.7 present the information on how SMES has clear policies for loan management, the mean of respondents is 4.840, and Std. Deviation is .3703. with the data collected from the field research confirmed that the SMES located in Nyarugenge district has clear policies for loan management in order to fight miss management of resources and fail to repay the received from financial institutions.

4.3.4. SME maintains accurate records of all related transactions

This section presents the information on how maintains the records of all related transactions. The following tables presents the data on SME maintains accurate records of all related transactions

Table 4.8. SME maintains accurate records of all related transactions

	N	Mean	Std. Deviation
Our SME maintains accurate records of all related transactions	50	4.800	.4041
Valid N (listwise)	50		

Source: primary data, 2024

Table 4.8. Present the information on how SME maintains accurate records of all related transactions. The mean of respondents is 4.800 and Std. Deviation of respondents is .4041. with data collected from the field and after analysis researcher confirmed that SME located in Nyarugenge district maintains accurate records of all related transactions.

4.3.5. SMES has dedicated team or individual responsible for managing resources

This sections presents the information on how SMES has dedicated team and individual for managing resources. The following tables presents data on how SMES have the team for follow up resources.

Table 4.9. SMES has dedicated team or individual responsible for managing resources.

	N	Mean	Std. Deviation
Our SMES has dedicated team or individual responsible for managing resources.	50	4.540	.5035
Valid N (listwise)	50		

Source: primary data, 2024

Table 4.9. present the information on how the selected SMES has dedicated team or individual responsible for managing resources. Mean of respondents is 4.540 and Std. Deviation of respondents is.5035. with data collected from the field researcher confirmed that the selected SMES located in Nyarugenge District has dedicated team or individual responsible for managing resources.

4.3.6. SME strictly follows the guidelines set by financial institution

This section presents the information on how SME strictly follows the guidelines set by financial institution.

Table 4.10. SME strictly follows the guidelines set by financial institution

	N	Mean	Std. Deviation
Our SME strictly follows the guidelines set by financial institution	50	4.840	.3703
Valid N (listwise)	50		

Source: primary data, 2024

Table 4.10.present the information on how the selected SME located in Nyarugenge District strictly follows the guidelines set by financial institution, mean of respondents is 4.840, and Std. Deviation. Of respondents is 3703. With data collected from the field and after analysis researcher confirmed that the selected SME located in Nyarugenge District strictly follows the guidelines set by financial institution.

4.3.7. SME has a contingency plan for managing repayment during financial difficulties

This section presents the information on how SME has a contingency plan for managing repayment during financial difficulties.

Table 4.11. The SME has a contingency plan for managing repayment during financial difficulties

	N	Mean	Std. Deviation
Our SME has a contingency plan for managing repayment during financial difficulties	50	5.400	5.5915
Valid N (listwise)	50		

Source: primary data, 2024

Table 4.11.present the information on how the selected SME has a contingency plan for managing repayment during financial, mean of respondents is 5.400, and Std. Deviation. Of respondents is 5.5915. With data collected from the field and after analysis researcher confirmed that the selected SME has a contingency plan for managing repayment during financial.

4.3.8. SME regularly assesses the financial health to ensure it can meet loan obligations for its members

This section presents the information how SME regularly assesses the financial health to ensure it can meet loan obligations for its members.

Table 4.12. The SME regularly assesses the financial health to ensure it can meet loan obligations for its members

	N	Mean	Std. Deviation
Our SME regularly assesses the financial health to ensure it can meet loan obligations for its members.	50	4.680	.4712

Valid N (listwise)	50	

Source: Primary data, 2024

Table 4.12.presents the information on how the selected SME regularly assesses the financial health to ensure it can meet loan obligations for its members, mean of respondents is 4.680, and Std. Deviation. Of respondents is .4712. With data collected from the field and after analysis researcher confirmed that the selected SME regularly assesses the financial health to ensure it can meet loan obligations for its members.

4.3.9.Partial conclusion

With data collected from the field in related to the effectiveness of small and medium enterprises to the poverty reduction of its members researcher confirmed that selected SMES located in Nyarugenge District effectively done its services which help to increase its resources such as respect date of repayment loan, maintain accurate records of all related transactions. Table 4.8. Present the information on how SME maintains accurate records of all related transactions. The mean of respondents is 4.800 and Std. Deviation of respondents is .4041. with data collected from the field and after analysis researcher confirmed that SME located in Nyarugenge district maintains accurate records of all related transactions. Table 4.10.present the information on how the selected SME located in Nyarugenge District strictly follows the guidelines set by financial institution, mean of respondents is 4.840, and Std. Deviation. Of respondents is 3703. With data collected from the field and after analysis researcher confirmed that the selected SME located in Nyarugenge District strictly follows the guidelines set by financial institution.

4.4. Contribution of selected SMES to the poverty reduction of its members

The following section present the information related on how SMES Contribute to the poverty reduction of its members, such help for increase investment, access to education, access to medical, on food security, and payment of health insurance, the following table present data on how SMES contribute to the poverty reduction of its members.

Table 4.13. The SMES contribute to the poverty reduction of its members

	N	Mean	Std. Deviation
Does SMES contribute to the poverty reduction of its members	50	4.540	.5035
Valid N (listwise)	50		

Source: Primary data, 2024

Table 4.13.presents the information on how the selected SMES contribute to the poverty reduction of its members, mean of respondents is 4.540, and Std. Deviation. Mean of respondents is . .5035.

With data collected from the field and after analysis researcher confirmed that the selected SMES contribute to the poverty reduction of its members.

4.4.1. Respondents view on improve level of education within income from SMES

This section presents the information on increase level of education within income from the activities of small and medium enterprises.

Table 4.14. Have increase level of education within income from SMES

	N	Mean	Std. Deviation
Have you increase level of education within income from your SMES	50	4.620	.4903
Valid N (listwise)	50		

Source: Primary data, 2024

Table 4.14.present the information on how the respondents increase level of education within income from your SMES, mean of respondents is 4.620, and Std. Deviation. Mean of respondents is. .4903. With data collected from the field and after analysis researcher confirmed that the selected respondents increase level of education within income from your SMES.

4.4.2. Contribution of SMES on process of health care services

This section presents the information related on contribution of your SMES on process of health care services,

Table 4.15. Find the contribution of the SMES on process of health care services

	N	Mean	Std. Deviation
Do you find the contribution of your SMES on process of health care services?	50	4.400	.4949
Valid N (listwise)	50		

Source: Primary data, 2024

Table 4.15.present the information on how respondents find the contribution of their SMES on process of health care services, mean of respondents is 4.400, and Std. Deviation. Mean of respondents is. .4949. With data collected from the field and after analysis researcher confirmed that the respondents find the contribution of their SMES on process of health care services.

4.4.3. SMES contribute on process of paying insurance

This section presents the information on how small and medium enterprises contribute on process of paying insurance.

Table 4.16. SMES contribute on process of paying insurance

	N	Mean	Std. Deviation
Your SMES contribute on process of paying insurance?	50	4.360	.4849
Valid N (listwise)	50		

Source: Primary data, 2024

Table 4.16.presents the information on how SMES contribute on process of paying insurance, mean of respondents is 4.360, and Std. Deviation. Mean of respondents is.4849. With data collected from the field and after analysis researcher confirmed that the SMES contribute on process of paying insurance.

4.4.4. Contribution of your SMES on process of food security

The following section presents the information on contribution of small and medium enterprises on process of food security.

Table 4.17. Find the contribution of SMES on process of food security

	N	Mean	Std. Deviation
Do you find the contribution of your SMES on process of food security?	50	4.440	.5014
Valid N (listwise)	50		

Source: Primary data, 2024

Table 4.17present the information on how respondents find the contribution of their SMES on process of food security, mean of respondents is 4.440, and Std. Deviation. Mean of respondents is. .5014. With data collected from the field and after analysis researcher confirmed that the members of small and medium enterprises find the contribution of their SMES on process of food security.

4.4.5. Contribution of your SMES on process of get modern equipment

This section presents the information on contribution of your SMES on process of get modern equipment.

Table 4.18. Find the contribution of your SMES on process of get modern equipment

	N	Mean	Std. Deviation
Do you find the contribution of your SMES on process of get modern equipment?	50	4.220	.4185
Valid N (listwise)	50		

Source: Primary data, 2024

Table 4.18 presents the information on how respondents find the contribution of SMES on process of get modern equipment, mean of respondents is 4.220, and Std. Deviation. Mean of respondents is. .4185. With data collected from the field and after analysis researcher confirmed that the members of small and medium enterprises find the contribution of your SMES on process of get modern equipment.

4.4.6. Contribution of SMES on process of Poverty reduction

This section presents the information on contribution of small and medium enterprises on process of poverty reduction.

Table 4.19. Find the contribution of your SMES on process of Poverty reduction

	N	Mean	Std. Deviation
Do you find the contribution of your SMES on process of Poverty reduction ?	50	4.460	.5035
Valid N (listwise)	50		

Source: Primary data, 2024

Table 4.19 presents the information on how respondents find the contribution of your SMES on process of Poverty reduction, mean of respondents is 4.460, and Std. Deviation. Mean of respondents is. .5035. With data collected from the field and after analysis researcher confirmed

that the members of small and medium enterprises find the contribution of your SMES on process of Poverty reduction.

4.4.7. SMES help its members to increase household income

The section presents the information on how small and medium enterprises help its members to increase household income

Table.4.20. SMES help its members to increase house hold income

	N	Mean	Std. Deviation
SMES help its members to increase house hold income	50	4.360	.4849
Valid N (listwise)	50		

Source: Primary data, 2024

Table 4.20 present the information on how SMES help its members to increase house hold income, mean of respondents is 4.360, and Std. Deviation. Mean of respondents is. .4849. With data collected from the field and after analysis researcher confirmed that SMES help its members to increase house hold income.

4.4.8. SMES help its members to Generate income to the community

This section presents the information on how small and medium enterprises help its members to Generate income to the community.

Table4.21. SMES help its members to Generate income to the community

	N	Mean	Std. Deviation
SMES help its members to Generate income to the community	50	4.200	.4041
Valid N (listwise)	50		

Source: Primary data, 2024

Table 4.21 present the information on how SMES help its members to Generate income to the community, mean of respondents is 4.200, and Std. Deviation. Mean of respondents is. .4041. With data collected from the field and after analysis researcher confirmed that SMES help its members to Generate income to the community.

4.4.1.Partial conclusion

Selected SMES from Nyarugenge district contribute to the poverty reduction of its members such as increase investment, improve ducation and members access school fees, access medical and health insurance, food power of its members, help to getl loan, help to get modern equipment, help to generate income. Table 4.15.present the information on how respondents find the contribution of their SMES on process of health care services, mean of respondents is 4.400, and Std. Deviation. Mean of respondents is. .4949. Table 4.18 present the information on how respondents find the contribution of SMES on process of get modern equipment, mean of respondents is 4.220, and Std. Deviation. Mean of respondents is. .4185. Table 4.19 present the information on how respondents find the contribution of your SMES on process of Poverty reduction, mean of respondents is 4.460, and Std. Deviation. Mean of respondents is. .5035. With data collected from the field and after analysis researcher confirmed that the members of small and medium enterprises find the contribution of your SMES on process of Poverty reduction.

With data collected from the field and after analysis researcher confirmed that the members of small and medium enterprises find the contribution of your SMES on process of get modern equipment.

With data collected from the field and after analysis researcher confirmed that the respondents find the contribution of their SMES on process of health care services. With data collected from the field resercher confimed that Selected SMES from Nyarugenge District contribute to the poverty reduction on its members.

4.5. Relationship between selected SMES to the poverty reduction in Rwanda, selected SMES in Rugenge sector Nyarugenge district

This section present relationship between selected SMES to the poverty reduction, the following table presents correlation analysis between the dependent variables and independent variables.

Table 4.22: Relationship between selected SMES to the poverty reduction

		Selected SMES services	poverty reduction
Selected SMES services	Pearson Correlation	1	.941[**]
	Sig. (2-tailed)		.000
	N	50	50
Poverty reduction	Pearson Correlation	.941[**]	1
	Sig. (2-tailed)	.000	
	N	50	50

**. Correlation is significant at the 0.01 level (2-tailed).

The table 4.22 shown the correlation which is 0.941 is their significance level is in the interval between 0.941≤r<1Correlation is the statistical measure that expresses the extent to which to variables are linearly related it mean they change together at a constant rate, it make, in the statistics the Pearson coefficient is a correlation coefficient that measures linear correlation between two sets of data, in other word correlation is the relationship or connection of the two or more things, or two variable. In this study the correlation were 0.941 because it greater than 0.5 it is in that regard the researcher found significant relationship between the two variables, this means that the correlation is high level correlation between Selected SMES services and Poverty reduction, the researcher to confirm that there is significant relationship between the two variables.

4.6. GENERAL CONCLUSION AND SUGGESTION

4.6.1.Conclusion

The aim of this study is to analyze the impact of selected SMES to the poverty reduction in Rwanda. a case study: selected SMES in Rugenge sector Nyarugenge district, period: 2020-2023. The objective of the study is to analyze the effectiveness of different activities offered by selected small and medium enterprises, to find out how selected small and medium enterprises impact on poverty reduction of its members. This study composed by four different chapters, chapter one is general introduction this study, chapter two is the literature review which includes some key terms and other related literature written to the topic under study that constitute the variables of this study, chapter three is research methodology, it point out the, research design of the study, population of the study, sample size, techniques of data collections and methods of data analysis, chapter four is presentation, analysis and interpretation of data collection, verify the first and second hypothesis of this study. Finally, the research end with the overall conclusion which summarizes the research as well as the researcher's suggestions, references and appendices.

Chapter two is literature review provide a description of key concepts, are view of existing issues that have been explored and studied by different authors about the topic, it is basically related to

the views extracted from books, internet, and the dissertation and tables written on the SMEs sector, social economics development in Rwanda. Chapter three is Research methodology includes the planning, structuring and execution of a research, with the emphasis on the actual research process. Research methodology refers to a set of methods and techniques that are use when studying a particular subject or doing a particular thing of work. Chapter four is data analysis and interpretation, it present the information collected, contains the analysis of secondary data from the field in related to the impact of small and medium enterprises to the poverty reduction in Rwanda, a case study of selected small and medium enterprises from Nyarugenge District, period: 2020-2023. With data collected from the field Table 4.4. present the information on Activities of selected SMES in Nyarugenge district, mean of respondent is 4.320 and he expected value or Std. Deviation of respondents is .4712. with data collected from the field researcher confirmed that respondent participated in different activities such as manufacturing, art services, ICT services and merchandising and means also that small and medium enterprises reduce poverty and reduction for its members.

Table 4.7 present the information on how SMES has clear policies for loan management, the mean of respondents is 4.840, and Std. Deviation is .3703. with the data collected from the field research confirmed that the SMES located in Nyarugenge district has clear policies for loan management in order to fight miss management of resources and fail to repay the received from financial institutions.

Table 4.8. Present the information on how SME maintains accurate records of all related transactions. The mean of respondents is 4.800 and Std. Deviation of respondents is .4041. with data collected from the field and after analysis researcher confirmed that SME located in Nyarugenge district maintains accurate records of all related transactions.
Table 4.10.present the information on how the selected SME located in Nyarugenge District strictly follows the guidelines set by financial institution, mean of respondents is 4.840, and Std. Deviation. Of respondents is 3703. With data collected from the field and after analysis researcher confirmed that the selected SME located in Nyarugenge District strictly follows the guidelines set by financial institution.

Table 4.12.present the information on how the selected SME regularly assesses the financial health to ensure it can meet loan obligations for its members, mean of respondents is 4.680, and Std. Deviation. Of respondents is .4712. With data collected from the field and after analysis researcher

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confirmed that the selected SME regularly assesses the financial health to ensure it can meet loan obligations for its members.

Table 4.13.present the information on how the selected SMES contribute to the poverty reduction of its members, mean of respondents is 4.540, and Std. Deviation. Mean of respondents is . .5035. With data collected from the field and after analysis researcher confirmed that the selected SMES contribute to the poverty reduction of its members.

Table 4.14.present the information on how the respondents increase level of education within income from your SMES, mean of respondents is 4.620, and Std. Deviation. Mean of respondents is. .4903. With data collected from the field and after analysis researcher confirmed that the selected respondents increase level of education within income from your SMES.

Table 4.16.present the information on how SMES contribute on process of paying insurance, mean of respondents is 4.360, and Std. Deviation. Mean of respondents is.4849. With data collected from the field and after analysis researcher confirmed that the SMES contribute on process of paying insurance.

Table 4.17present the information on how respondents find the contribution of their SMES on process of food security, mean of respondents is 4.440, and Std. Deviation. Mean of respondents is. .5014. With data collected from the field and after analysis researcher confirmed that the members of small and medium enterprises find the contribution of their SMES on process of food security.

Table 4.18 present the information on how respondents find the contribution of SMES on process of get modern equipment, mean of respondents is 4.220, and Std. Deviation. Mean of respondents is. .4185. With data collected from the field and after analysis researcher confirmed that the members of small and medium enterprises find the contribution of your SMES on process of get modern equipment.

Table 4.19 present the information on how respondents find the contribution of your SMES on process of Poverty reduction, mean of respondents is 4.460, and Std. Deviation. Mean of respondents is. .5035. With data collected from the field and after analysis researcher confirmed that the members of small and medium enterprises find the contribution of your SMES on process of Poverty reduction.

The table 4.22 shown the correlation which is 0.941 is their significance level is in the interval between $0.941 \leq r < 1$ Correlation is the statistical measure that expresses the extent to which to variables are linearly related it mean they change together at a constant rate, it make, in the statistics the Pearson coefficient is a correlation coefficient that measures linear correlation between two sets of data, in other word correlation is the relationship or connection of the two or more things, or two variable. In this study the correlation were 0.941 because it greater than 0.5 it is in that regard the researcher found significant relationship between the two variables, this means that the correlation is high level correlation between Selected SMES services and Poverty reduction, the researcher to confirm that there is significant relationship between the two variables. Small and medium enterprises were origin of povery reduction for its members depending on dofferent proct and services delivery to its customers. With the data collected from the field and after analysis researcher confirmed that SMES helped on poverty reduction in Rwanda, also researcher confirmed that all objective of this study were achieved and the hypothesis were verified and confirmed.

4.6.2.Recommendation

Based on the finding the researcher would suggest that the SMES could establish the followings issues that help to increase development and poverty reduction for its members: trained employees in related to loan management, increase capital, increase product and marketing of new product in order to attract more customers.

4.6.3.Suggestion of further researchers

1. Challenge faced by SMES on socio economic development of its members

2. The contribution of SMES in socio economic development of its members

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APPENDICES

QUESTIONNAIRES RESERVED TO THE MEMBERS OF SELECTED SMALL AND MEDIUM ENTERPRISES FROM NYARUGENGE DISTRICT

Dear Respondents,

I students at Kigali Independent University ULK, School of Economics and Business Studies, Department of Accounting. This questionnaire is designed to obtain the necessary information about the topic on assessing impact of selected SMES to the poverty reduction in Rwanda. a case study: selected SMES in Rugenge sector Nyarugenge district, period: 2020-2023. I would like to ask you some questions and I will be grateful if you provide the answers requested. I ensure that your responses will be strictly confidential and used only for academic purposes.

Instructions:
- Tick the appropriate box for the following questions

SECTION A: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

1.Gender	Male	
	Female	

2. Age of respondents	Between 18 -25 years ☐ Between 26-32 years ☐ Between 33-40 years ☐ Between 41 and go 50 years ☐ 51years and above ☐
3. Marital Status	Single ☐ Married ☐ Divorced ☐ Widow (er) ☐
4. Education Level	Primary ☐ Secondary level ☐ Bachelor's degree ☐ Master's degree ☐ PhD degree ☐

SECTION B: EFFECTIVENESS OF ACTIVITIES OF SMALL AND MEDIUM ENTERPRISES

The questionnaire is prepared in likert style from with the five (5) point cycles. You are asked to tick(v) or circle the appropriate scale (point) that indicates your opinion in table below. The values are **5=Strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=Strong disagree**

Statement	5	4	3	2	1
1.Activities of selected SMES in Nyarugenge district, manufacturing, art services, ICT services and merchandising					

	5	4	3	2	1
2. Does SMES offer training to its employees?					
3.Does your SMES has sufficient resources?					
4.Our SMES has clear policies for loan management					
5. Our SME maintains accurate records of all related transactions					
6. Our SMES has dedicated team or individual responsible for managing resources.					
7.Our SME strictly follows the guidelines set by financial institution					
8. Our SME has a contingency plan for managing repayment during financial difficulties					
9. Our SME regularly assesses the financial health to ensure it can meet loan obligations for its members.					
Section C. Contribution of Small and medium enterprises in poverty reduction in Rwanda					
Statements	5	4	3	2	1
4.Does SMES contribute to the poverty reduction of its members					
5.Have you increase level of education within income from your SMES					
6. Do you find the contribution of your SMES on process of health care services?					
7. Your SMES contribute on process of paying insurance?					
7. Do you find the contribution of your SMES on process of food security?					
8. Do you find the contribution of your SMES on process of get modern equipment?					
9. Do you find the contribution of your SMES on process of Poverty reduction ?					
10.SMES help its members to increase house hold income					

11.SMES help its members to Generate income to the community					

Thank you for your cooperation

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