

EVALUATION OF FACTORS AFFECTING THE SUCCESS OF SMALL AND MEDIUM SIZE ENTREPRISES (SMEs) IN RWANDA

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Abstract

This study examined and analyzed the factors affecting the success of Small and Medium Enterprises in Rwanda. The study was conducted among SMEs located in Kigali. The hypothesis of the study tested if there is no significant difference in the evaluation rating of the factors that affect the success of (SMEs) of respondents grouped according to the nature of business. Descriptive research that provides statistical descriptions, analysis, relations and explanation about numerical data were used. The results from this study demonstrated that the success of SMEs depends on a number of factors, being internal or external. This study demonstrated that internal factors like managerial skills, effective human resource management, production/technology, entrepreneurial skills were the most important in explaining the factors affecting SMEs success. This study also demonstrated that with boosted internal factors, competition and market dynamics have not negative significant influence on probability of SMEs success. Besides, legal and government incentives were also a key element that influences SMEs success and was seen by respondents not to be challenging towards business success. When grouped by industry, agriculture compare to other sector has a negative significant difference along the managerial skills and entrepreneurship. However it has a positive significant difference in terms of access to finance when grouped per industry along agriculture and service. In addition there is a positive significant difference when grouped by industry compare all sectors to agriculture in terms of entrepreneurship and managerial skills. Furthermore handcraft and merchandising, service and merchandising, and agriculture and service have positive significant difference in terms of access to finance.

Keywords: Factors, Success, Small size Enterprises

1. Introduction

The empirical literature on small and medium enterprises (SMEs) are vast, inconclusive and intriguing (Curran & Blackburn, 2001; Greene, Mole & Storey, 2008; Gray, 2002; Storey, 2005). These indicate the constructive framework of analysis, the theoretical and architectural structural of debates, and the instrumental roles of SMEs in transforming families' social economic welfare and nation's economic development (Chittithaworn, Aminul-Islam, Keawchana, and Dayang, 2010). In light of the aforementioned, Hamilton (2000) demonstrates that SMEs' activities form the backbone of any economy. Despite the divergence in approaches, Social construct theorist (Piercy, 2004, Pfeffer, 1981; 1998), technology diffusion discussions (Quinn, 1992; Rieley, 2001), and strategy-thinkers (Fred, 2008; Stacey, 2003; Lynch, 2000; Porter, 1985, 1990; 2008), illustrates that SMEs are confronted with expansion and success problem due to environmental problems and internal operations ineptness. From the foregoing, the dynamics (Laukkanen, 2000), market dynamics (Aminul-Islam, *et al*, 2010), transformation (McMullen,

Shepherd, 2006), and constraints to SMEs have invited scholars and academic discussions, debate and widespread perceptions that SMEs are catalysts for development but their set-up and survival determinants require clinical diagnosis since there is no "one-size-fits all" (Saridakis, et al, 2008; Schutjens, & Wever, 2002; Honjo, 2000; Kitson & Wilkinson, 2000). However, the challenges confronting SMEs vary due to economic (Fred, 2009), technology and innovation (Danneels, 2002), infrastructural (Hisrich, 2004), customers (Shepherd & Zackarakis (2003), social networks (BarNir & Smith 2002; Aldrich & Carter, 2004; Misner, 2004) and management skills and cultural differences (Caproni, 2000; Sullivan, 2000; Albright, 2004; Lester & Parnell, 2008). Hence, it becomes obvious that most SMEs are affected by environmental factors (internal and external environment; such as inadequate infrastructure, lack of access to finance; managerial ineptness, and operating environment).

In line with this, Ibrahim (2008) identified macro-economic policy variables instituted by government as mitigating factors against SMEs'

success. In a different perspective, Maher (2010) sees customer orientation, customer patronage (Shepherd & Zackarakis, 2003) product quality (Evans, 2009), efficient management (Caproni, 2000), supportive environment, capital accessibility and marketing strategy (Porter, 1985; 1990;; 2009) as promoting factors. Economists and the organizational theorist emphasizes the importance and determinants of SMEs activities however, the factors affecting their success has not be exhaustively investigated. Further, the publications from the Ministry of Commerce and Trade (MINICOM, 2010) and National Bank of Rwanda (BNR, 2011; 2012), explored the contributions of SMEs to economic transformation without explicit discussions on the factors affecting SMEs success in Rwanda. Although Rwanda has long recognized and mainstreamed SMEs into the Rwandan economic development initiatives (*Rwanda Vision 2020*) the success challenging factors and possible solutions are lacking. In light of this observation, this research therefore intends to investigate and establish the

factors affecting the success of SMEs in Rwanda.

SMEs are facing different constraints especially the labor intensive firms in Africa and compounded within Rwanda's context due to different endogenous and systemic factors. However, Rwanda's situation is unique with its relative economic reforms and political stability. Rwanda Revenue Authority Report (RRA, 2008), demonstrated that around 33% of SMEs have stopped operations. In a similar view, The Ministry of Commerce and Trade Paper (MINICOM, 2010), asserts that the problem in Rwanda's SMEs is less competitiveness vis-à-vis its regional neighbors. What are factors influencing the success of SMEs or hinder their growth or survival? The major problem that surfaces among researchers from different studies of firms' growth is the measurement of company success or growth. There is no conclusive approach on how to measure firms' growth, thus, researchers use different indicators for growth (Barkham et al., 1996). However, the most frequently utilized factors by researches are size employment growth, finance, customers and internal processes during

a specific period of time (Kaplan & Newton, 2002; Delmar et al., 2003; Sleuwaegen & Goedhuys, 2002). Further, value addition is important to consider within developing countries since low productivity level and poor quality are attributed to technology (Lind, 2005). Hence, this research evaluates internal and economy/policy factors which affective SMEs success, although other success indicators could be included. Outside the aforementioned observations, there are other factors that affect SMEs along resources and access to finance, management and know-how, market dynamics and external environment. The intention of this study was to identify the factors and offered prescription for policy development and dialogue.

2. Method

A research design adopted by the researcher was descriptive. These aided the statistical inquiry in providing answers to the questions. The total number is estimated to 72,000 SMEs in the country and 42,210 are registered and operate in formal sector. As the study has only be targeting the ones in Kigali and for the sake of adequate representation of a larger population of

SMEs in Rwanda, considering the number of SMEs, a number of four hundred (400) owner/managers/staff of SMEs will be considered from Kigali City and will respond to the designed questionnaire. The following formula suggested by (Zuelueta and Clostales, 2003) shows that 400 respondents are adequate to represent the population:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n is sample size required; N is the size of the target population; e is the margin error which is 0.05. As indicated, the simple size for the population is:

$$n = \frac{29\ 175}{1 + 29\ 175 \cdot (0.05)^2}$$

n= 394.59 respondents and is ≈ 400 respondents

The adopted questionnaire has two sections; the first part examines the respondents’ profile, while the second part investigates the factors affecting business success and the person-specific knowledge of success factors. The instrument was then presented first to the research statistician for statistical

validity test and thereafter given 5 experts for the same purposes. A pilot study was conducted in Kigali city especially at Rwanda Revenue authority during intensive time of filing returns where many SMEs owners and staff were easily found and thirty respondents responded to questionnaire.

The data obtained during the study have been analyzed using the Statistical Package of Social Sciences (SPSS) and presented in the form of tables and figures. Descriptive statistics such as frequencies, percentages, means, standard deviations, and ANOVA have been used to present the analyzed data. The analysis was undertaken to establish the degree of relationships between some pertinent factors and issues as well as to show the relative size or significance of each factor relative to the others.

3. Results and Discussions

The broad objective of this study was to examine and analyze the factors affecting SMEs success in Rwanda. This objective has been broken up in several specific objectives. The research examined the element of sex of the respondents which was declassified into two categories; male and female. The

statistical results revealed that among the sample 400 respondents, 57.8% of total respondents were males group and 42.3% represents the female group. The results do not indicate that the male group dominates the business landscape in Rwanda but an indication that majority of the sample group was the male category. The age of the respondents was also investigated and the results showed that the respondents within the age of 25-45 year had the highest proportion of respondents, followed by individuals under age 25 years, and persons above 45 years had the lowest among the respondents respectively.

The educational profile of the respondents was examined along different educational group in Rwanda. The results showed that respondents with secondary school education had the highest respondent, followed by diploma, bachelor, professional courses, masters, TVET, and less than secondary school educational background respectively. The results did not categorically identify and assessed the influential role of educational background to initiating and managing a business, rather it itemized the profile of

the respondents in terms of their educational background. Surveyed respondent's occupation was analyzed to determine the position occupied or the scope and nature of ownership. The occupation was disaggregated into owners/shareholder, managing director, head of department, head of section, and officer. The statistical results demonstrated that a large proportion were mainly from owners/shareholders category (365%), followed by managing directors (21.5%), head of sections, officers and finally heads of department. The implication is that the information provided by this group of people is authentic and reliable for plausible generalization in the context of Kigali City.

The element of inception period was investigated to determine the length of time or how long the business has been in existence. From the statistical evidences 0-5 year had a frequency of 326 (81.5%) among the total respondents, 6-10 year recorded a frequency of 63 (15.8), and 11-15 year registered a frequency of 11 (2.8%) from the total respondents. Anchored on the findings, it is evident that majority of the surveyed business became operational in

the past five years, followed by 6-10 years, and 11-15 years respectively. The results have underpinning in the Rwanda context since major business reforms were initiated and implemented within the last ten years. The type of business organization is often examined to determine the nature of ownership, legal registration and the management orientation. This was investigated in this research along the common classifications: sole proprietorship, limited private, and cooperative. The statistical results demonstrated that sole proprietorship recorded 61% among the total respondents, limited private firms had 35%, and cooperative registered 4% from the total surveyed group of respondents. These results revealed that the common nature of business in most developing economies where majority are individually owned and centrally managed. Hence, majority of the responding organizations are legally registered as sole proprietorship, followed by limited private companies and cooperatives respectively. The implication from this findings is that financial involvement and required capitalization most often compel people or entrepreneurs to register for a sole

proprietorship and grow it into a major company provided the family needs and life-necessities are cushioned for by the business.

The total capitalization of a business is often used to measure the worth of the business and possibly another means of determining the nature and ownership of the business. In this research the total capitalization measures the net-worth of the business in terms of assets and working capital. The research showed that businesses with less than 5 million had 54.3% among the survey group, 5-15 million RWF registered 27%, 16-75 million RWF recorded 10.3%, and over 75 million RWF had 8.5% from the total respondents. Majority of the surveyed business had total capitalization that is less than 5 million RWF, hence classed as micro-business, followed by 5-15 million often classified in Rwanda as small business, 16-75 million RWF classified as medium and over 75 million RWF as large. Hence, most of the businesses surveyed in this research are predominantly micro-and small businesses, while 18.8% of the survey businesses are within the classification of medium to large businesses.

The component of the business industry looks at the industrial classification which is commonly in three categorical domain: agriculture, manufacturing, and services. However, Rwanda context influenced this research classification along manufacturing, merchandising, services, handicraft, agriculture, and others. From results, manufacturing had a frequency of 41 (10.3%), merchandising registered a frequency 166 (41.5%) of the total respondents, services recorded a frequency of 147 (36.8%), handicraft had a frequency of 20 (5%) respondents, agriculture recorded a frequency of 10 (2.5%) among the total respondents, and others had a frequency of 16 (4%) from the total respondents. A majority of the respondents are operating in the domain of merchandising (selling), followed by service providers, manufacturing and handicraft, others and agriculture occupied the last place. Hence, the surveyed group was dominated by businesses that are trading mainly in commercial items (buying and selling). The annual sale of the surveyed businesses was investigated to determine the depth of activities and also cushion for the size of operations. This element

was decomposed into less than 3 million RWF annually turnover, between 3-12 million RWF turnovers, 12-50 million RWF turnovers, and above 50 million RWF yearly turnovers. Statistical evidences indicated that the annual sales of less than 3 million RWF yearly had a frequency of 175 (43.8%), 151 (37.8%) of the respondents belong to 3-12 million RWF annual turnover, 13-50 million RWF group had a frequency of 40 (10%) respondents, and more than 50 million sales return registered a frequency of 34 (8.5%) among the total sampled group. Less than 3 million yearly turnovers had the highest respondents, followed by 3-12 million returns on sales, 13-50 million was the next and lastly more than 50 million on sales. Thus, it becomes evident that the sales returns seems to follow the total capitalization of the business since the financial implication on merchandising commonly influence the volume of sales.

Most scholarly literatures have used the number of staff to classify businesses and also to explain the type,

nature and size of the business. This element was incorporated into this research to determine the staff structure of the businesses. The number of employees was disaggregated into: less than 10 employees, 10-20 workers, 21-50 staff, and 51-100 workers and above 100 employees. As evidenced, less than 10 employees had a frequency of 299 (74.8%), 10-20 workers registered a frequency of 86 (21.5%), 21-50 staff recorded a frequency of 5 (1.3%), 51-100 workers had a frequency of 6 (1.5%), and above 100 employees recorded a statistical frequency of 4 (1%) of the total respondents Thus most of the businesses surveyed employed less than 10 workers, followed by 10-20 workers while organizations that employed workers greater than 21 were very few among the surveyed respondents. *The extent at which the environmental factors (internal and external environment variables) confront or challenge the success of the SMEs in: Rwanda as perceived by the respondents is presented in table 1 as follows:*

Table 1: Challenges and constraints confronting of SMEs' Success

<i>Items</i>	<i>Mean</i>	<i>SD</i>
Shortage of raw materials and other inputs.	3.55	1.22
Handicap in obtaining finance.	3.3	1.1

Inadequate Infrastructural facilities (e.g. electricity and water).	2.72	1.19
Problem of market and marketing services.	3.02	0.81
Poor Management skills/Inadequate competent personnel.	2.71	1.02
Inability to effectively control costs	2.98	0.89
Problems of policies and legal framework	2.79	1.02
Inadequate incentives from government	2.75	1.01
Operating environment and investment climate	2.63	1.06
Problems of dumping of cheap foreign products.	2.98	1.32
Dominance of informal sector	3.1	1
Complexity of Taxation system;	3.19	1.45
Access to professional advisor;	3.01	1.1
Strategic planning and forecasts	3.05	0.94
Lack of entrepreneurial skills, ideas and experiences	2.56	1.06

The items registered different *means* scores such as: *Shortage of raw materials and other inputs* was rated with a *mean* of 3.55 (*SD* = 1.22)(Note that only manufacturers responded to this question), *Handicap in obtaining finance* was rated with a *mean* of 3.3 (*SD* = 1.10), *Problem of market and marketing services* rated with a *mean* of 3.02 (*SD* = 0.81), *Inadequate Infrastructural facilities (e.g. electricity and water)* was evaluated with a *mean* 2.72 (*SD* = 1.19), *Poor Management skills/Inadequate competent personnel* was rated with a *mean* of 2.71 (*SD* = 1.02) and *Inability to effectively control costs means* was rated by the surveyed respondents with a *mean* 2.98 (*SD* = 0.89). In addition, the element of tax and legal framework were investigated along *Problems of policies and legal*

framework which was rated with a *mean* of 2.79 (*SD* = 1.02), *Inadequate incentives from government* had a *mean* rating of 2.75 (*SD* = 1.02) and the item *Operating environment and investment climate* recorded a *mean* of 2.63 (*SD* = 1.06), *Problems of dumping of cheap foreign products* was rated by respondent with a *mean* of 2.98 (*SD* = 1.06), *Dominance of informal sector* recorded a *mean* of 3.10 (*SD* = 1.00), *Complexity of Taxation system* was rated with a *mean* of 3.19 (*SD* = 1.45) and *Access to professional advisor* was rated with a *mean* of 3.01 (*SD* = 1.10). Further, *Strategic planning and forecasts* was rated by respondents with a *mean* of 3.05 (*SD* = 0.94) and *Lack of entrepreneurial skills, ideas and experiences* rated with a *mean* of 2.56 (*SD* = 1.06). From the statistical

evidences, it is self-evident that shortage of raw materials and other inputs was rated and considered the highest constraint or challenge confronting the success of business in Rwanda among the surveyed respondents. This was followed by hiccups or handicap to obtaining finance and complexity of tax system, dominance of informal sector. It should be noted with caution that buying and selling or trading is most often overlooked when it come to accessing loan since the risk of default/ sunk-cost implication are perceived to be very high by the commercial banks.

Further the aspect of market-size and marketing was rated next to access to professional advisors, and strategic planning and forecast were seen to be factors which constraint the success of SMEs in Rwanda. However, the problems of policies and legal framework, inadequate incentives from government and operating environment and investment climate were rated very low and appeared to have been considered less challenging among the items identified as constraints to business success among this group of respondents. It is evident that policies

and government incentives are favourable for SMEs success in Rwanda. Scholars over the ages have wrestled with the idea of entrepreneurship and divergent findings and conclusions have emerged which this research appeared to support and in adding credence to scholarly literature. The research of Aldrick and Martinez (2001) had identified ideas and innovative dimensions are the major factors affecting entrepreneurship which these respondents similarly subscribed. Also, the work of Davidsson and Wiklund (2001) was credited by the finding on innovation which was a driving force for starting high-tech firms among the studied companies. This work further add credence and support the literature on learning and capability (Warren 2003), goal-oriented (Cox, 2004), entrepreneurial identify (Warren, 2004), drive for success in a complex and uncertain environment (*risk thinking and taking*) (McKelvey, 2004 and Fuller and Moran 2001). Hence, it's the position of this research that the findings under entrepreneurship support and add academic value to existing literature.

As the ranking of each factor or in combination with others' that affected

SMEs' success in Rwanda was investigated research question 3 was rephrased as *among the factors identified as constraints to SMEs' success, what is*

the ranking of the factors as to the level they affect individually or collectively the success of SMEs? Table 2 summarizes results as follows:

Table 2: Ranking of Factors Challenging the Success of SMEs in Rwanda

Items	Mean	SD
Lack of Business plan and feasibility study for the business	2.88	1.85
No access or limited access to bank loan	4.41	1.78
Lack of book keeping and finance records	3.00	1.65
Cash flow problems	3.61	2.09
Lack of relevant experience and skills by employee and owner	3.66	1.53
Taxes	5.06	1.82
Competition	5.17	1.88

The ranking of the items were scale from 1 to 7, one (1) being the most important and seven (7) being the least important: *Lack of Business plan and feasibility study for the business* was rated with a mean of 2.88 (SD:1.85), *No access or limited access to bank loan* was rated with a mean of 4.41 (SD:1.78), *Lack of book keeping and finance records* was rated with mean 3.00 (SD:1.65), *Cash flow problems* was rated with a mean of 3.61(SD:2.09), *Lack of relevant experience and skills by employee and owner* recorded a mean of 3.66 (SD=1.53), taxes was rated with a mean 5.06(SD=1.82) and *Competition* registered a mean of 5.17(SD=1.88). Considering the results the factor with less mean is considered more important

by respondents. Lack of business plan

and feasibility study for established business was ranked by the respondents as the most affecting factor since this determines the level of information entrepreneurs have at the business start-up stage.

The research examined respondents' evaluation of the variables that were considered and contextualized to influence SMEs success in Rwanda. This aspect was captured in research question: *What is the evaluation rating of the following factors that affect the success of small and medium size enterprises (SMEs) in Rwanda; production/technology, managerial skills, entrepreneurship, access to finance, finance, market dynamics, and human resources?* Table 3 gives results as follows:

Table 3: Evaluation rating of the Respondents on Entrepreneur Orientation

<i>Items</i>	<i>Mean</i>	<i>SD</i>
Firm was started with self-fund at the start-up stage	3.07	0.80
The firm had sufficiency of capital at start-up stage	2.47	0.57
The firm has done an informed feasibility study for start-up stage	2.23	0.59
The firm encourages entrepreneurial thinking and risk taking	3.21	0.67
We don't have fear of taking risk and losing financial means	3.19	0.75
The firm is constantly searching for new ways/ideas to grow the business	3.38	0.61
The firm is always trying to succeed in the face of uncertainty	3.28	0.74
The goal of the firm is to continue being a great entrepreneur and organization	3.34	0.72
Entrepreneurship	3.13	0.40

Table 3 looks at entrepreneurship to SMEs success among the surveyed group which recorded a cumulative mean of 3.13. The items under entrepreneurship registered different statistical means such as: *firm was started with self fund at the start-up stage* was rated with a mean of 3.07 ($SD = 0.80$), *the firm had sufficiency of capital at start-up stage* rated with a mean of 2.47 ($SD = 0.57$), *the firm has done an informed feasibility study for start-up stage* was evaluated with a mean of 2.23 ($SD = 0.59$), *the firm encourages entrepreneurial thinking and risk taking* was rated with a mean of 3.21 ($SD = 0.67$) and *We don't have fear of taking risk and losing financial means* was rated by the surveyed respondents with a mean 3.19 ($SD = 0.75$). In addition, the element of constantly search for innovative means and ideas

were investigated along *the firm is constantly searching for new ways/ideas to grow the business* which was rated with a mean of 3.38 ($SD = 0.61$), *the firm is always trying to succeed in the face of uncertainty* had a mean rating of 3.28 ($SD = 0.74$) and the last item *the goal of the firm is to continue being a great entrepreneur and organization* recorded a mean of 3.34 ($SD = 0.72$). From the statistical evidences, it is explicit that ideas and new ways of doing things was rated and considered the highest among the surveyed respondents. This was followed with the goal of being a great entrepreneur and organization which seem to be the motivating factors. Further the aspect of success in the face of complexity and uncertain future was rated after the drive for achievement and risk-thinking/taking was rated next and self-financing for the

business start-up was seen as an important item in entrepreneurial spirit. However, the sufficiency of capital for business start-up was rated very low and conduct of feasibility study appeared to have been considered less and least among the items of entrepreneurship among this group of respondents. The managerial implication of these findings allude to the disposition that ideas and innovative ways of doing things, self-actualization/achievement orientation, need for success, risking thinking and taking have profound effect on entrepreneurship behaviour to SMEs success among the surveyed group. Scholars over the ages have wrestled with the idea of entrepreneurship and divergent findings and conclusions have emerged which this research appeared to support and add credence. The research of Aldrick and Martinez (2001) had identified ideas and innovative dimensions as the major factors affecting entrepreneurship which these respondents similarly subscribed. Also,

the work of Davidsson and Wiklund (2001) was credited by the finding on innovation which was a driving force for starting high-tech firms among the studied companies. This work further add credence and support the literature on learning and capability (Warren 2003), goal-oriented (Cox, 2004), entrepreneurial identify (Warren, 2004), drive for success in a complex and uncertain environment (*risk thinking and taking*) (McKelvey, 2004; Fuller & Moran 2001). Hence, it's the position of this research that the findings under entrepreneurship support and add academic value to existing literature.

Production and or Technological are key factors in a firm's competitiveness and performance and the acquisition of technologies become a differential advantage to a specific firm's success. A critical examination of Table 4 on production/ technology revealed a cumulative mean of 2.98 ($SD = 0.75$) among the surveyed business organizations.

Table 4: Evaluation of Respondents on Production/Technology

<i>Production / Technology</i>	<i>Mean</i>	<i>SD</i>
The management ensures that Technical planning and operation engineering is done properly	3.23	0.66
Research and development system is in place and works properly	2.90	0.80

Production methodology is well designed to deliver according to customer satisfaction	2.98	0.88
A Continuous developing and upgrading of the machines is done by management	2.95	0.71
The firm has a clear production process	2.90	0.61
The firm has raw materials at a local level	2.77	0.84
The firm is continuously doing development/adjustment of products upon markets' needs	2.99	0.85
Production/Technology	2.98	0.75

The table 4 presents categorical rating of each item under production/technology which are listed as follows: *the management ensure that technical planning and operation engineering is done properly* was rated with a mean of 3.23($SD= 0.66$), *research and development system is in place and works properly* rated with a mean of 2.90($SD=0.80$), *production methodology is well designed to deliver according to customer satisfaction* was evaluated with a mean of 2.98 ($SD=0.88$), *a continuous developing and upgrading of the* followed with the continuously development/adjustment of products upon markets' needs which seem to be the motivating factors.

Further the aspect of clear production process, research and production were equally rated by respondents following the production methodology design, continuous developing and upgrading of the machines as motivating factor to

machines is done by management was rated with a mean of 2.95($SD=0.71$), *the firm has a clear production process* was rated with a mean of 2.90($SD=0.61$). The firm has raw materials at a local level was rated with a mean of 2.77($SD=0.84$), and the firm is continuously doing development/adjustment of products upon markets' needs was rated by surveyed respondents with a mean 2.99 ($SD = 0.85$). From the statistical evidences, it is evident that technical planning and operation engineering was rated and considered the highest among the surveyed respondents. This was satisfy customer needs. The availability of raw materials was rated very low among the items by this group of respondents. Because of limited finances, bulk purchases of materials, purchases that could attract discounts and rebates, were not possible. The net effect of these is the rise in costs of production and prices of output with negative effects on marketability.

Technology has the potential to direct operations and products into innovative support for firms' market offering. Literatures have not exhausted debate in this area and the findings herein constitute additional perspective to existing studies. The research of Porter (2008) had identified technology as the major factor driving competitiveness and success. Further, the work (Newton and

Kaplan, 2006) is supported especially learning process and innovation.

Finance is a key factor in a firm's productivity, competitiveness, performance and survival/sustainability. A sustainable auto-financing mechanism is often recommended for firms, but market forces could trigger a fluctuation in the financial capability of a firm and hinder new opportunity and new projects.

Table 5: Respondents Rating of finance

Items	Mean	SD
The firm has efficient and standard accounting system	2.04	0.73
The firm has a sound Book keeping method	2.15	0.84
The firm produces on timely basis a financial report for supporting decisions	2.10	0.85
The firm has enough capacity in terms of personnel in finance and accounting	2.06	0.81
The firm has internal control mechanism in place	2.16	0.79
The firm financial position is sound and adequate for internal operations	2.26	0.81
The firm finances its operations without shortages in cash	2.28	0.82
Finance	2.15	0.34

Table 5 looks at finance as key function to SMEs success among the surveyed group which recorded a cumulative mean of 2.15. The items under finance registered different mean such as: *the firm has efficient and standard accounting system* was rated with a mean of 2.04 ($SD = 0.73$), *the firm has a sound Book keeping method* rated with a mean of 2.15 ($SD = 0.84$), *the firm has enough capacity in terms of personnel in*

finance and accounting was evaluated with a mean 2.06 ($SD = 0.81$), *the firm has internal control mechanism in place* was rated with a mean of 2.16 ($SD = 0.79$), *the firm financial position is sound and adequate for internal operations* was rated with a mean of 2.26 ($SD = 0.81$) and *the firm finances its operations without shortages in cash* was rated by the surveyed respondents with a mean 2.28 ($SD = 0.82$). From the statistical evidences, it is evident that the

financing its operations without shortages in cash was rated relatively high by respondents, somewhat sound financial position are adequate for internal operation which are key pillars in financial management. Further the aspect of internal control mechanism was rated after drive for achievement and risk thinking and taking was rated next and self-financing for the business start-up was seen as an important item in entrepreneurial spirit. However, the sufficiency of capital for business start-up was rated very low and conduct of feasibility study appeared to have been considered less and least among the items of entrepreneurship among this group of respondents. The managerial implication of these findings allude to resources could change radically the business position. In recent times, business organizations have realized the pivotal role of human resources in the business's survival, success and

the disposition that finance is an impediment to business success especially keeping sound financial statement, internal control mechanisms and governance of inflow and outflow of cash. The work's findings in finance appeared to have added additional knowledge to existing documentations on finance and business success. It credited and validated the works of scholars that accurate financial information and governance of revenue and expenditure could be strong determinants of business success.

Human resources are organization's pillar for survival and success especially in the era of change and uncertainty, attention to organization's human development. It allows straightening firm's competitive advantage over other competitors and guarantee innovation and productivity.

Table 6: Respondents' Evaluation of Human Resources

Items	Mean	SD
The firm has clear career and managerial path	2.62	0.65
The employees in the firm possess the knowhow , skills, and abilities	3.07	0.76
The workers' are qualified to work in the firm	2.56	0.80
The firm has low level of employees absenteeism and turnover	3.06	0.77
The firm has clear system of continuous training/capacity building for the employees	2.12	0.64
The firm offer financial and non-financial incentives for the employees	2.14	0.49
Employees are satisfied with their work and are output oriented	2.44	0.72

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Employees receive higher management training and development	1.77	0.78
Employees are high commitment to the firm	3.15	0.72
The firm has mechanism to recruit the right staff	1.87	0.57
Human Resources	2.48	0.27

Table 6 gives an overall statistical outlook on how sub-items of HR affect SMEs success in Kigali from surveyed group perspective which recorded a cumulative *mean* of 2.48. The items under human resource management registered different *mean* such as: *the firm has clear career and managerial path* which was rated with a *mean* score of 2.62 (*SD* = 0.65), *the employees in the firm possess the knowhow, skills, and abilities* was rated with a *mean* of 3.07 (*SD* = 0.76), *the workers' are qualified to work in the firm* was rated with a *oriented* recorded a *mean* of 2.44 (*SD* = 0.72), *employees receive higher management training and development* was rated with a *mean* of 1.77 (*SD* = 0.78), *employees are high commitment to the firm* was rated 3.15 (*SD* = 0.72) and the last item relating to recruitment: *the firm has mechanism to recruit the right staff* was rated 1.87(*SD* = 0.57). From the statistical evidences, it is explicit that employees are highly committed to the firm as was rated and considered the highest among the

mean of 2.56 (*SD* = 0.80) and *the firm has low level of employees absenteeism and turnover* which was rated by the surveyed respondents with a *mean* 3.06 (*SD* = 0.77). In addition, the element of constantly training and motivating staff were investigated along *the firm has clear system of continuous training/capacity building for the employees* which was rated with a *mean* of 2.12 (*SD* = 0.64), *the firm offer financial and non-financial incentives for the employees* had a *mean* rating of 2.14 (*SD* = 0.49) and *employees are satisfied with their work and are output* surveyed respondents. This was followed by employee having required knowledge and skills to work for the firm and low absenteeism which indicate the level of motivation and attachment of employees to the firm. Further the aspect of managing carrier was rated relatively average followed by non-financial incentives then comes training and capacity building which is an important item in human resource management. However, the recruitment mechanism was rated least by respondents followed

by training on higher management level. The implications of these findings reflect the weak attainment to recruitment, capacity building financial and non-financial incentives which are not common among small business with reference to their weak financial situation. In addition, it is unexpected of SMEs in the trading domain to build works' skills since the activities require relatively low skills to operate.

Despite the development in the banking sector, especially in sophisticated decision-making and financial modeling approaches, both in micro-finance and commercial banks, SMEs still have bottlenecks and less access to external financing. The respondents were asked to provide answers to items under finance.

Table 7: *Perception of the respondents on Access to Finance*

<i>Access to Finance</i>	Mean	SD
The firm has Capital accessibility from different resources	2.96	0.80
The Low cost of borrowing allow the firm to use bank loans	3.00	0.86
The firm see borrowing from external resources as best option for financing its activities	3.09	0.79
The firm benefit for Technical assistance along with the financial	2.84	0.70
The firm has sound Planning and financial management	1.96	0.80
The Cost control within the firm is mastered by management	1.92	0.81
<i>Access to Finance</i>	2.63	0.43

Table 7 presents the statistical results on access to finance for SMEs success and a cumulative *mean* of 2.63 was recorded for the item of finance. The items under diversified financial sources: *the firm has capital accessibility from different resources* was rated with a *mean* of 2.96 ($SD = 0.80$), *low cost of borrowing allow the firm to use bank loans* was rated with a *mean* of 3.00 ($SD = 0.86$), *the firm see borrowing from external resources as best option for financing its*

activities was evaluated at a *mean* 3.09 ($SD = 0.79$), *the firm benefit for technical assistance along with the financial needs* was rated with a *mean* of 2.84 ($SD = 0.70$) and *the firm has sound planning and financial management* was rated by the surveyed respondents with a *mean* 2.84 ($SD = 0.70$).

In addition, the element of financial planning and cost control were investigated along *the firm has sound planning and financial management*

which was rated at a *mean* of 1.96 (*SD* = 0.8) and *the cost control within the firm is mastered by management* had a *mean* rating of 1.92 (*SD* = 0.81). From the statistical evidences, it is clear that access to external funds in the form of borrowing was seen by respondents as best option. However, cost of borrowing is not lower enough to encourage borrowing from external resources. This was evaluated as best option for financing activities, but the highest impediment to business success among the surveyed respondents. This was followed with the capital accessibility from different sources and technical assistance received along with financial support which shown preference instead of external financing.

Further the aspect of financial planning and cost control was rated very low and appeared to have been considered less and least among the items of access to finance among this group of respondents. The findings implications denote that access to external finance especially from bank loans and technical support would shape the sector positively if available and if otherwise could affect the success SMEs.

Respondents' managerial skills were investigated along the entrepreneurial spirit, drive and orientation to run a viable business that is profit-oriented and excellent service delivery.

Table 8: Respondents Evaluation of Managerial skills (N=400)

Items	Mean	SD
Legal statues and ownership of the firm allow easy decision making	3.22	0.67
The firm has done Feasibility study for start-up stage	1.46	0.52
Staff are satisfied by Managerial system and practices followed within the firm	3.10	0.65
The firm has a clear organizational chart	2.73	0.90
The firm has clear contact methods between the different levels	1.97	0.83
The firm is highly worked and management is centralized	2.91	0.79
The firm is able to carry out activities efficiently with a time frame	3.05	0.73
The Firm is networking with other firms in cooperation and idea exchange	3.02	0.73
Managerial Skills	2.69	0.45

Table 8 presents managerial skills results with reference to how it affects SMEs success among the surveyed group and a

cumulative *mean* of 2.69 was recorded. The items under managerial skills had different *mean* scores: *legal status and ownership of the firm allow easy*

decision making and adaptability to change was rated at a mean of 3.22 ($SD = 0.67$), *staff are satisfied by managerial system and practices* was rated with a mean of 3.10 ($SD = 0.65$), *the firm has done an informed feasibility study for start-up stage* was evaluated with a mean 1.46 ($SD = 0.52$), *the firm has a clear organizational chart* was rated with a mean of 2.73 ($SD = 0.90$) and *the firm has clear contact methods between the different levels* was rated by the surveyed respondents with a mean 1.97 ($SD = 0.83$). Further, the respondents were asked to evaluate the constant role of top management in relation to SMEs success: *the firm is highly worked and management is centralized* which was rated with a mean of 2.91 ($SD = 0.80$), *the firm is able to carry out activities efficiently with a time frame* had a mean rating of 3.05 ($SD = 0.78$) and the last item *the Firm is networking with other firms in cooperation and idea exchange* recorded a mean of 3.02 ($SD = 0.74$). From the statistical evidences, it is understandable that the legal status and ownership allow easy decision makings and it affected success since it was rated and considered the highest among the surveyed

respondents. Staffs are satisfied by managerial system and practices could be a motivating factor that was instrumental to success. In addition, the aspect of ability of the firm to carryout activities efficiently within timeline was rated relatively favorable and networking with other firms was seen as moderating and affecting SMEs success. However, the organizational chart or managerial hierarchy was rated very low and conduct of feasibility study appeared to have been considered less and least among the items on managerial skills by this group of respondents.

Respondents' evaluation of market dynamics effect on SMEs success was investigated along certain items such as marketing and quality services to maintain customers and remain competitive overtime. Firms' ability to develop client-centred strategy which is instrumental to survival and success of the firms was further examined. The ability of market factors to remove inefficient firms from the market was also looked assessed. In other words, the more efficient firms have the sole power to emerge and succeed provided the consumers benefit from better quality products, more

choice and more affordable goods and services.

Table 9: *Evaluation of surveyed Respondents on Market dynamics on SMEs Success*

Market Dynamic	Mean	SD
Demand is high on firm's products and/or services	3.26	0.84
The firm has clear Marketing policy	2.23	0.83
The firm's Marketing policy is followed by the firm	2.53	0.79
The firm has gained specific market segment for its product	2.85	0.72
The firm has conducted the market study at the start-up stage	2.87	0.68
Firm's location allow competitiveness and easy access to clients	1.92	0.73
Product positioning by the firm has attracted new clients	3.08	0.71
The firm allow attractive payment facilities for its clients	2.48	1.01
The firm follows up the market development and market changes	2.01	0.79
The firm does promotion and advertisements for the products	2.35	0.84
A pricing policy exist within the firm	2.14	0.81
The firm ensure that products and services quality meet standards & customers' expectations	2.90	0.83
The firm has continuous after sales services based customer needs survey	2.07	0.78
Market Dynamics	2.52	0.31

Table 9 statistical results on market dynamics to SMEs success as evaluated by the surveyed group denote a cumulative mean score of 2.52. The items under market dynamics recorded different items' mean such as: demand is high on firm's products and/or services which rated with a mean of 3.26 (SD = 0.84), the firm has clear marketing policy rated with a mean of 2.23 (SD = 0.83), the firm's marketing policy is followed by the firm was evaluated with a mean 2.53 (SD = 0.79), the firm has gained specific market segment for its product was rated with a mean of 2.85 (SD = 0.72) and the firm has conducted the market study at the start-up stage

was rated by the surveyed respondents with a mean 2.87 (SD = 0.68). Additionally, the element of quality service and competitiveness were integrated into the investigated with reference to how a firm's location allow competitiveness and easy access to clients which was rated with a mean of 1.92 (SD = 0.73), product positioning by the firm has attracted new clients had a mean rating of 3.08 (SD = 0.71), the firm allow attractive payment facilities for its clients recorded a mean of 2.48 (SD = 1.01), the firm follows up the market development and market changes had a mean of 2.01 (SD = 0.79), the firm does promotion and advertisements for the products had a mean of 2.35 (SD =

0.84), pricing policy exist within the firm recorded a mean of 2.14 (SD = 0.81), the firm ensure that products and services quality meet standards & customers' expectations recorded a mean of 2.90(SD = 0.83) and the last the firm has continuous after sales services based customer needs survey recorded a mean of 2.07(SD = 0.78). From the statistical evidences, market demand was rated to affect SMEs success among the surveyed respondents and was followed by product positioning which attracts new clients and quality of product to meet client expectation. Further the aspect of quality of product and service was rated relatively high and followed by market penetration in a specific niche while firm have marketing policy, follows it and have in place pricing strategy was rated next to affect SMEs' success. However, the location of the firm was rated very low and conduct of feasibility study appeared to have been considered less impacting on SMEs success among this group of respondents.

Test of Hypothesis

The research was interested in the effect of factors affecting the success of SMEs to determine significant difference in the rating by the nature of business. The rationale was that the nature of business could trigger or create subjective perception of SMEs' success factors along the different respondents. Hence, the research question five (5) as framed in chapter one is restated: Is there a significant difference in the evaluation rating of the factors that affect the success of small and medium size enterprises (SMEs) of respondents grouped according to the nature of business?

In light of the question asked, the managerial skills of the respondents along the different nature of business were analyzed and the statistical output is displayed in Table 10 which presents the means, standard deviations, and confidence intervals.

Table 10: Mean Score on Managerial Skills and Elements of Nature of Business

Nature of Business	Mean	SD	Std. Error	95% Confidence Interval for Mean	
				Lower Bound	Upper Bound
<i>Manufacturing</i>	2.59	0.50	0.08	2.44	2.76
<i>Merchandising</i>	2.66	0.49	0.04	2.58	2.73

<i>Service</i>	2.75	0.40	0.03	2.68	2.81
<i>Handicraft</i>	2.69	0.33	0.07	2.54	2.85
<i>Agriculture</i>	2.29	0.16	0.05	2.18	2.39
<i>Others</i>	2.92	0.44	0.11	2.68	3.15
Total	2.69	0.45	0.02	2.64	2.73

From the results, managerial skills was rated on the nature of SMEs' business success in this order of *mean* of 2.92 (*SD* = 0.44) with a confidence interval and the mean range from 2.68 to 3.15, service recorded a *mean* of 2.75, (*SD* = 0.40) confidence interval *mean* from 2.68 to 2.81, handicraft registered a *mean* of 2.69 (*SD* = 0.33) confidence interval *mean* of 2.54 to 2.85, merchandising had a *mean* of 2.66 (*SD* = 0.49) with confidence interval *mean* of 2.58 to 2.73, manufacturing with a *mean* of 2.59 (*SD* = 0.50) and confidence interval *mean* ranging from 2.44 to 2.76, and agriculture recorded a *mean* of 2.29 (*SD* = 0.16) and confidence interval *mean* of 2.18 to 2.38 respectively. From the pattern of the *mean* values, there is an indication of the possibility of effect on the independent variables.

The Test of homogeneity was conducted to investigate the assumption underlying the analysis of variance. The statistical value recorded for the level of significance was 0.016 which is less than 5% hence was significant at 1%, This is

an indicates that the variance of the independent variable across the group is not equal implying that the homogeneity of variance assumption was not being met.

From the statistical results presented on test of homogeneity above, it was concluded that it is wise to conduct the main effects and interaction effects for the research. This was done in the form of ANOVA. The major reason for conducting the ANOVA was to determine whether any of the independent variables have had an effect between and within groups. The important element to look at in this regard is the significance value for the independent variable. The statistical output from the ANOVA result indicates that there was a significant value of 0.004 (1%) which implies that there was a significant effect of managerial skills on SMEs success factor with reference to nature of business. The *F* ration is also significant indicating that the depth of managerial skills significantly affected the variables of the nature of business.

The Post Hoc Tests as evident in table 33 shows the multiple comparisons which breaks down the main effect of nature of business and the interaction between and within from interpretation could be associated with each factor of the nature of business. The tests show significant levels and the confidence interval for each of the variables under the nature of business between manufacturing and agriculture ($df=0.311$) and significant at 1%, merchandising and agriculture ($df = 0.368$) and significant at 1%, services and agriculture ($df = 0.461$) and significant at 1%, handicraft and agriculture with a significant difference ($df = 0.406$ at 1%) and others and agriculture ($df = 0.629$) and was significant at 1%. However, the element of agriculture shows negative significant difference with the other elements of nature of business on the managerial skills which are: agriculture and manufacturing ($df = -0.310$) significant at 1%, merchandising ($df = -0.368$) significant at 1%, services ($df = -0.460$) significant at 1%, handicraft ($df = -0.406$) significant at 1% and others ($df = 629$) and was significant at 1%.

The results explored the rating or effect of managerial skills on nature of business divided along categorical factor shows that there were statistical significant mean differences between and within the element of the nature of business and managerial skills. Post Hoc comparisons indicated that the mean score for each factor was significantly different between group and the direction of mean differences was not the same. The statistical findings have profound implication for management of SMEs in Rwanda context since the skills required to manage small and medium size businesses in the agricultural domain are perceived to be different from those in the domain of merchandising, services, handicraft, manufacturing and others.

Scholars have often discussed the need for skills-specific for niche business based on context and the nature of the business. Evidences from existing literature subscribed to these findings as observed in the work of Fineman (2000) with reference to emotions in organizations, Gartner, Carter, and Hill (2003) the language of opportunity, individualism and collectivism (Johannisson, 2004), Kostera (2005) the

quest for the self-actualizing organization, and Tsoukas (2002) organizational becoming, the thinking of organizational change. Evidences from these scholars are supported by these finding that the managerial skills applied to a specific business and context could differ across industry and firms. The implication is that managerial skills

inept could mitigate against the success of a particular firm in a specific industry. In light of the question five (5) asked, the respondents were requested to rate entrepreneurship of the respondents with nature of business to analyze and understand the level and direction of influence or difference.

Table 11: Respondents Means Difference on Nature of Business and Entrepreneurship

	Mean	SD	Std. Error	95% Confidence Interval for Mean	
				Lower Bound	Upper Bound
Manufacturing	3.13	0.38	0.06	3.00	3.25
Merchandising	3.18	0.44	0.03	3.11	3.24
Service	3.10	0.36	0.03	3.04	3.16
Handicraft	3.08	0.39	0.08	2.89	3.26
Agriculture	2.69	0.28	0.09	2.48	2.88
Others	3.26	0.31	0.08	3.09	3.42
Total	3.13	0.40	0.02	3.09	3.17

The statistical outputs are displayed in table 11 and entrepreneurship was rated on the nature of business with a *mean* of 3.1 (*SD* = 0.40) with a confidence interval and the *mean* range from 3.09 to 3.17, service recorded a *mean* of 3.10, (*SD* = 0.36) confidence interval *mean* ranged from 3.04 to 3.16, handicraft registered a *mean* of 3.08 (*SD* = 0.08) confidence interval *mean* of 2.89 to 3.26, merchandising had a *mean* of 3.18 (*SD* = 0.44) with confidence interval *mean* of 3.11 to 3.24, manufacturing with a *mean* of 3.13 (*SD* = 0.38) and confidence interval *mean* ranging from 3.00 to 3.25,

and agriculture recorded a *mean* of 2.69 (*SD* = 0.28) and confidence interval *mean* of 2.48 to 2.88 respectively. From the pattern of the *mean* values, there is an indication of effect on the independent variables.

The Test of homogeneity was conducted to investigate the assumption underlying the analysis of variance between nature of business and entrepreneurship. The statistical value recorded for the level of significance was 0.531 which is less than 5% hence was statistically significant at 1%, This is an indicates that the variance of the independent variable across the

group is not equal implying that the homogeneity of variance assumption was not being statistically fulfilled. From the statistical results presented in Table 35, it is concluded that it is wise to conduct the main effects and interaction effects which the research interested in with regard to the differences in respondents' view on nature of business and entrepreneurship. This was done in the form of ANOVA. The major reason for conducting the ANOVA was to determine whether any of the independent variables have any effect on nature of business and entrepreneurship between and within groups.

main effect of nature of business and entrepreneurship which could be interpreted and associated with each factor of the nature of business. The tests show the significant levels and the confidence interval for each of the variables under the nature of business between manufacturing and agriculture ($df = 0.44$) and significant at 1%, merchandising and agriculture ($df = 0.49$) and significant at 1%, services and agriculture ($df = 0.042$) and significant at 1%, handicraft and agriculture with a significant difference ($df = 0.039$ at 1%) and others and agriculture ($df = 0.57$) and

The vital component to draw insight in this regard is the significance difference value for the independent variable. The statistical outputs indicate that there was a level significance at 0.003 (1%) which implies that there was a significant effect of entrepreneurship on success factor with reference to nature of business. The F ration is also significant indicating that the depth of entrepreneurship significantly affected the variables of the nature of business.

The Post Hoc Tests showed the multiple comparisons which breaks down the

significant at 1%. However, the element of agriculture shows negative significant difference with the sub-elements of the nature of business to managerial skills which are: agriculture and manufacturing ($df = -0.44$) significant at 1%, merchandising ($df = -0.49$) significant at 1%, services ($df = -0.42$) significant at 1%, handicraft ($df = -0.39$) significant at 1% and others ($df = -0.57$) and was significant at 1%. The results from that assessment explored the rating or effect of entrepreneurship on nature of business divided categorical factors show that there were statistical

significant mean differences between and within the element of the nature of business on entrepreneurship. Post Hoc comparisons indicated that the mean score for each factor was significantly different between group and the directions of mean differences were not the same. The statistical findings have profound implication for management of SMEs in Rwanda context in terms of success, since differences exist in the entrepreneurial skills required to manage the nature of business differ. In agricultural domain the respondents perceived difference to those in the

domain of merchandising, services, handicraft, manufacturing and others.

The research further examined the statistical difference between nature of business and access to finance to determine differential in perception and the direction of significant differences.

Table 12: Respondents' Evaluation of Mean Difference

	Mean	S D	Std. Error	95% Confidence Interval for Mean	
				Lower Bound	Upper Bound
Manufacturing	2.75	0.45	0.07	2.61	2.89
Merchandising	2.55	0.48	0.03	2.47	2.62
Service	2.60	0.36	0.02	2.54	2.66
Handicraft	2.78	0.27	0.06	2.65	2.91
Agriculture	2.96	0.15	0.04	2.85	3.07
Others	2.93	0.48	0.12	2.68	3.19
Total	2.63	0.43	0.02	2.58	2.67

In light of the question asked under question five (5), access to finance was rated by the respondents along the different nature of business the statistical outputs is display in Table 38 which is presented in the form of means, standard deviations, confidence intervals: Finance and Others with a *mean* of 2.63 (*SD* =

0.43) with a confidence interval *mean* ranging from 2.58 to 2.67, service recorded a *mean* of 2.60, (*SD* = 0.029) confidence interval *mean* from 2.54 to 2.66, handicraft registered a *mean* of 2.78 (*SD* = 0.27) confidence interval *mean* of 2.65 to 2.91, merchandising had a *mean* of 2.55 (*SD* = 0.48) with

confidence interval *mean* of 2.47 to 2.62, manufacturing with a *mean* of 2.7 ($SD = 0.45$) and confidence interval *mean* ranging from 2.61 to 2.89, and agriculture recorded a *mean* of 2.96 ($SD = 0.15$) and confidence interval *mean* of 2.85 to 3.07 respectively. From the pattern of the *mean* scores, there is an indication of the possibility of effect on the independent variables.

The Test of homogeneity was conducted to investigate the assumption underlying analysis of variance between nature of business and entrepreneurship. The statistical value recorded for the level of significance was 0.000 which is less than 5% hence was significant at 1%, This indicates that the variance of the independent variable across the group is not equally, distributed thus implying that the homogeneity of variance assumption was not being met.

From the statistical results presented in the table above, it was concluded that it's plausible to conduct the main effects and interaction effects between access to finance and nature of business. This was assessed through ANOVA and the major reason for utilizing ANOVA is that it determines and compares independent variables with the principal factor's

effect between and within groups. Hence, the significant differences in values for the independent variable were the major aspect of the analysis. The statistical outputs indicate that there was a significant value of 0.000 (1%) which implies that there was a significant effect of access to finance nature of SMEs business to succeed. The F ration was also significant indicating that the depth of access to finance significantly affected the variables under the nature of business.

The Post Hoc Tests as evident in the Table 41 show the multiple comparisons which breaks down the main effect of nature of business and the interpretation with access to finance that was associated with each factor of the nature of business. The tests show the significant levels and the confidence interval for each of the variables under the nature of business between merchandising and agriculture ($df = 0.413$) and was significant at 1%, merchandising and handcraft ($df = 0.230$) and was significant at 1%, services and agriculture ($df = 0.360$) and significant at 1%, service and merchandising ($df = 0.230$) and significant at 1%; handicraft and

merchandising with a significant difference of ($df = 0.413$) at 1%, and agriculture service ($df = 0.360$) and was significant at 1%.

The results from the Post Hoc Tests to explore the effect of access to finance on nature of business along categorical factor shows that there was statistical significant *mean* differences between and within the element of the nature of business on managerial skills. Post Hoc comparisons indicated that the mean score for each factor was significantly different between group and the direction of mean differences was not the same.

4. Conclusions

The primary objective of this research was to examine the factors affecting SMEs Business success in Rwanda. In this respect, the specifics objectives were formulated. A structured questionnaire was administrated to collect data from four hundred SMEs.

This study demonstrated that internal factors like entrepreneurship (capital at start up and feasibility study for startup stage), Finance, Human resources (continuous training, financial and non financial incentives to employee, workers satisfaction, higher management

training) managerial skills (feasibility study for startup stage, clear contact between levels), were the most important in explaining the factors affecting SMEs success. It demonstrated also that with boost of internal factors, competition and market dynamics have positive significant influence on probability of SMEs success. Besides, legal and government incentives were also a key element that influences SMEs success and was seen by respondents not to be challenging towards business success. When grouped by industry, agriculture compare to other sector has a negative significant difference along the managerial skills and entrepreneurship. However it has a positive significant difference in terms of access to finance when grouped per industry along agriculture and service. In addition there is a positive significant difference when grouped by industry compare all sectors to agriculture in terms of entrepreneurship and managerial skills. Furthermore handcraft and merchandising, service and merchandising, and agriculture and service have positive significant difference in terms of access to finance. Agriculture sector has a negative

significant difference compare to other sectors in terms of entrepreneurship and managerial skills, this mean that a special attention should be taken into account by the government when designing a policy in this domain skills and entrepreneurship ability needed in the sector differ from other industries.

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