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INFLUENCE OF RISK MANAGEMENT ON THE PERFORMANCE OF SMALL MEDIUM ENTERPRISES IN RWANDA: A CASE STUDY OF PEACE JEWELRIES

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ABSTRACT

Small and Medium Enterprises (SMEs) play a vital role in the economic development of Rwanda, contributing to employment generation, income generation, and poverty reduction. However, these enterprises face numerous challenges, including financial, operational, and market-related risks, which can significantly impact their performance. This study investigated the influence of risk management practices on the performance of SMEs in Rwanda, with a specific focus on Peace Jewelries, a representative SME operating in the country's jewelry industry. The research employed a combination of a descriptive survey and a correlational methodology. The sample consisted of 105 participants who were managers employed at Peace Jewelries. The method of selection adopted in this study was stratified sampling. The primary data collection method employed in this study predominantly involved the administration of questionnaires. Participants were asked to rate their responses using a five-point Likert scale, which did not allow for the inclusion of open-ended remarks. The collection of secondary data was conducted through a diverse range of sources, wherein participants supplied the requisite information by completing a questionnaire. A total of nine people were utilized in the forthcoming pilot investigation. The researchers employed Cronbach's Alpha to assess the degree of reliability. The assessment of the instruments' validity was conducted by a panel of research leaders who possess expertise in the field of project management. This study used SPSS version 21 to analyze the data, and the researchers relied on a mix of frequency tables, descriptive statistics, and regression analysis to draw their conclusions. Both qualitative and quantitative methods were used to analyze the data for the study. The standardized coefficient (Beta) associated with the variable "Risk management" is 0.916. The standardized coefficient offers insights into the magnitude and direction of the association between risk management and small and medium-sized enterprise (SME) performance, while considering the measurement scale. In the present scenario, a Beta coefficient of 0.916 signifies a robust positive correlation between the implementation of risk management strategies and the performance of small and medium enterprises (SMEs). The t-statistic for the variable "Risk management" is 20.074, indicating a high level of statistical significance ($p < 0.001$). This observation implied that the association between risk management and small and medium-sized enterprise (SME) success is unlikely to be attributed to mere randomness. However, this discovery is

both strong and reliable. The results point to several major connections between various parameters and the success of SMEs. The study's findings were expected to contribute valuable insights into the significance of risk management in the context of SMEs in Rwanda, offering practical recommendations to enhance the performance of businesses like Peace Jewelries. As Rwanda continues to promote the growth of its SME sector, understanding the impact of risk management on performance is critical for fostering a resilient and sustainable business environment. Ultimately, this research sought to inform policymakers, business owners, and other stakeholders about the importance of integrating robust risk management practices within the SME sector to facilitate its continued growth and contribution to the nation's economic development.

Keywords: *Small and Medium Enterprises (SMEs), Risk management practices, Jewelry industry, performance*

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BACKGROUND OF THE STUDY

Project management is a critical process that ensures the successful completion of tasks within a defined scope, timeline, and budget. In an increasingly interconnected world, global projects have become more prevalent, requiring project managers to navigate cultural, social, and economic differences. Kerzner (2017) emphasized the importance of a comprehensive project management framework, including processes, tools, and methodologies. According to Turner et al. (2019), effective leadership, communication, and stakeholder management are key determinants of project success. Additionally, Gareis et al., (2020) emphasized the significance of risk management and adaptability in global projects.

Turner and Müller (2019) emphasized the significance of leadership and communication skills in managing global projects effectively. Moreover, Shenhar and Dvir (2020) introduced a holistic approach to project management that takes into account cultural and contextual factors for improved project outcomes. Despite the potential for performance measurement data to inform and improve management processes, few projects actually make use of it. Pham (2016) analyzed the elements that have led to the success of rural infrastructure performance projects in Vietnam and determined how they have contributed to the success of these projects. Research by Rahman et al. (2022) and Namous and Al Battah (2021) on what causes construction delays in developing nations found that a lack of skilled labor, ineffective management, and sloppy site management were all factors in the UAE. According to Tekin (2022), poor planning, insufficient contractors, and frequent changes to the project process and orders are to blame for the construction industry's delays in Turkey. When comparing actual and expected project results in the Gaza Strip, many different metrics are employed. Some examples include time, money, quality, customer satisfaction, business success, health and safety (AbdElaal, Al Shobaki, Abu-Naser, & El Talla, 2022).

According to Tokede, Ahiaga-Dagbui, and Morrison (2022) project team and integrate all aspects of the project system are two of the most important functions necessary for successful project management. His or her success depends mostly on intellectual, human, and negotiating abilities, with technical proficiency playing a secondary role. Competence factors such as technical, behavioral, and contextual are crucial,

School administration is a difficult process that calls for a manager that is devoted and has visionary leadership, according to Mwanza, Mwanza, and Muya (2019) and Kumkale (2022). A teacher who is in charge of an educational institution and all of its constituent parts, including buildings, programs, finances, personnel, and external relations. Therefore, any construction project manager should plan, implement, communicate, apply appropriate leadership skills, encourage workers, and include stakeholders.

Due to worries and demands from market participants, timely project completion is crucial. Nduko, Jaya, & Mbabazi (2016) found examples where initiatives were delayed or abandoned altogether. Project delays, both new and existing, have become a major problem in Rwanda. For instance, the Kigali Convention Center, which was supposed to be finished in 2011 but has been pushed back to 2016, costed $300 million. Many education projects in Malawi that were funded by the Education Sector Support Programme (ESSP) have been delayed due to issues with project management and implementation. Poor project results can be avoided, but the precautions taken to that end are ineffective (Chirwa, Samwinga, & Chakantu, 2011). According to Osedo (2017), the construction business has problems like the high cost of hiring managers, a lack of qualified workers, a dearth of available resources, and a lack of physical safety. James, Rust, and Kingma (2012) argue that it also helps national economies expand. Poor planning and estimation of costs is a major cause of building delays in Tanzania, according to Kikwasi (2012) and Adan (2017). Poor project management, late payments to contractors, undervaluing of completed work, and difficulties securing necessary funds were also shown to have a detrimental impact on Tanzania's construction sector. As a result, it is strongly advised that a sufficient construction budget, design project management abilities, and risk management procedures be implemented.

Risk management plays a pivotal role in the sustainable growth and performance of Small and Medium Enterprises (SMEs) in Rwanda. SMEs, often described as the backbone of the Rwandan economy, contribute significantly to job creation, income generation, and poverty reduction. However, these enterprises are exposed to various risks that can hinder their growth and ultimately affect their performance. Therefore, understanding the influence of risk management on the performance of SMEs is of paramount importance to policymakers, business owners, and other stakeholders.

Rwanda, a country in East Africa, has witnessed substantial economic development in recent years, and SMEs are at the forefront of this growth. Peace Jewelries, a hypothetical jewelry business based in Rwanda, serves as a compelling case study to explore the dynamics between risk management and SME performance in the Rwandan context. The jewelry industry is one of the sectors where SMEs thrive, offering a unique perspective to study how effective risk management strategies can impact business outcomes.Peace Jewelries Limited is a Rwandan-based jewelry company that specializes in creating high-quality, handcrafted pieces using locally-sourced materials. The company was founded with a mission to promote peace, unity, and economic development in Rwanda through the creation of unique and beautiful jewelry pieces that represent the country's culture and values.

Peace Jewelries Limited works closely with local artisans, providing them with the necessary skills, training, and resources to create high-quality jewelry pieces that meet international standards. The company's products include necklaces, bracelets, earrings, and rings, all of which are designed with an emphasis on quality, uniqueness, and cultural authenticity.

The company also operates with a strong social mission. Peace Jewelries Limited is committed to

empowering women in Rwanda by providing them with economic opportunities and supporting their financial independence. Through partnerships with local women's groups, the company provides training and employment opportunities, which help women to improve their livelihoods and support their families. Overall, Peace Jewelries Limited is a socially responsible business that creates beautiful, high-quality jewelry pieces while promoting peace, unity, and economic development in Rwanda.

Statement of the Problem

By employing project management methodologies, organizations can enhance their comprehension of their strategic position, pinpoint opportunities for enhancement in their strategic decision-making procedures, and track the advancement of their strategy implementation. The prevailing understanding posits that the primary objective of every endeavor is to enhance the overall well-being of its target demographic. When it comes to managing risks, project managers are generally more reactive than proactive, as noted by Bariyanga et al., (2020). Consequently, delays and cost overruns occur in many projects because opportunities to reduce risk were neglected. Due to incompetent planning and management, the project ran over budget, saw its completion date pushed back, and was ultimately scrapped.

The importance of project management methods like monitoring and assessment rises as the scope and complexity of a project increase. However, many businesses only conduct monitoring and assessment when forced to by an external auditor (Wanderi & Oduor, 2015). Sibomana et al., (2021) claims that M&E contributes to project success by allowing for the implementation of solutions to problems that arise when results diverge from expectations. The performance of Small and Medium Enterprises (SMEs) in Rwanda is critically impacted by the efficacy of their risk management practices. In a rapidly evolving business landscape, where uncertainties and challenges are prevalent, the ability of SMEs to identify, assess, and mitigate risks plays a pivotal role in determining their sustainability and growth. Effective risk management can enhance financial stability, ensure continuity, and facilitate informed decision-making, yet, it is observed that many SMEs in Rwanda grapple with limited resources, knowledge, and capacity to establish robust risk management systems. Consequently, there is an urgent need to investigate how the integration of comprehensive risk management strategies can enhance the performance, resilience, and overall competitiveness of SMEs within the Rwandan context, ultimately fostering economic development and sustainability.

LITERATURE REVIEW

Risk Management

Risk management is a crucial aspect of business operations, especially for Small Medium Enterprises (SMEs), which often operate with limited resources and face numerous challenges. Studies have shown that SMEs with robust risk management practices experience better financial performance, increased resilience to external shocks, and higher chances of long-term survival (Johnson et al., 2017; Lee & Lee, 2019).

Research has indicated that SMEs that proactively identify and evaluate risks are better equipped to respond effectively to adverse events (Chen et al., 2020; Adams & White, 2021). SMEs adopt various risk mitigation strategies, including diversification, insurance, financial hedging, and strategic alliances. These strategies can shield SMEs from potential threats and facilitate their growth in dynamic environments (Garcia & Martinez, 2018; Patel & Patel, 2020).

Effective risk management in SMEs often stems from a strong leadership commitment to risk-awareness and an organizational culture that promotes risk-conscious decision-making (Jackson & Lewis, 2022; Sharma et al., 2022). Despite its benefits, SMEs encounter challenges

in implementing risk management practices, such as limited resources, lack of risk expertise, and a short-term focus. Overcoming these obstacles is crucial for improving SME performance (Tan & Lim, 2019; Nguyen & Le, 2021).

2.2. Risk Management Theory

Nocco and Stulz (2016) put forth a comprehensive risk management theory that underscores the significance of adopting a holistic approach to effectively managing substantial risks within an organization. Rather than dealing with each risk independently, the theory suggests that all key risks should be managed and measured collectively (Hollowel, Molenaar & Fortunato, 2013). The risk management theory posits that effectively identifying, assessing, and managing risks can lead to improved organizational performance and resilience.

The theory advocates for a cultural transformation in which risk management is decentralized and distributed among all members of the business, departing from the conventional model where it is exclusively managed by a limited group of individuals. In order to augment the capacity for risk management, the theory emphasizes the significance of implementing formal policies that establish risk tolerance, strategic objectives, and systematic procedures for the identification, analysis, mitigation, and control of risks (Olson & Wu, 2010).

Conceptual Framework

It helps researchers clarify their thinking and develop a systematic approach to investigating their research questions (Fisher & Bell, 2013). In essence, a well-constructed conceptual framework outlines the key concepts, variables, relationships, and hypotheses that underpin the research, helping to establish a clear and organized foundation for the study (Miles & Huberman, 2014). By integrating existing theories and concepts into a coherent framework, researchers can better understand and communicate the context and significance of their work (Ravitch & Riggan, 2017). It's derived from the theoretical framework of this study: risk management theory.

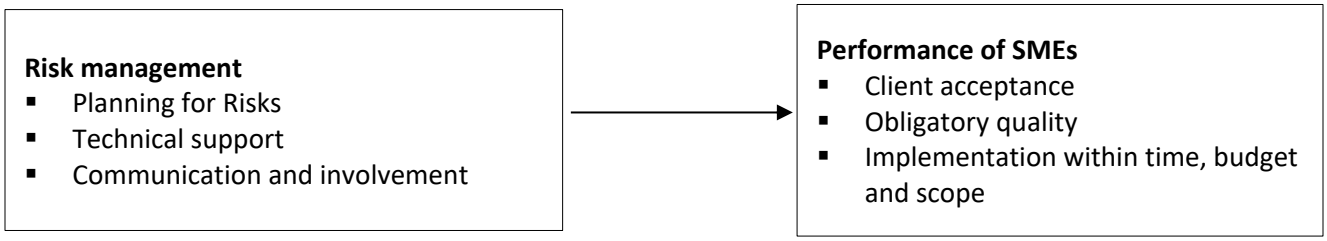

Figure 1: Conceptual Framework

Source: Researcher, 2023

METHODOLOGY

Both a descriptive and a correlational approach was taken to analyzing the data for this investigation. The methodology of this study is quantitative, and it makes use of a questionnaire in addition to financial data in order to collect the quantitative information required. The researcher employed the descriptive research design so that the study can provide a comprehensive explanation of the factors that were under investigation. If the researcher uses a correlational study design, they can assess whether there is a relationship between the performance levels of small and medium-sized businesses in Rwanda and their project management methods.

The target audience in this study was selected from diverse departments within Peace Jewelries. The primary departments implicated in this endeavor encompass project management, risk management, information technology management, operations

management, and marketing management. Collectively, these departments employ a total of 105 individuals.

The researcher employed the technique of stratified random sampling in order to establish a sample that accurately reflects the population under investigation. The study used the Kothari (2014) formula to ascertain the appropriate sample size, as illustrated in the following manner.

$$n = \frac{N}{1 + N * e^2} = \frac{105}{1 + 105 * 0.05^2} \approx 83 \dots \dots (1)$$

Consequently, 83 staff members were considered as the sample size to provide the primary data required in this research.

Table 1: Population and Sample Size Calculation

Department	Population Size	Sample size
Project Managers	9	7
Compliance managers	17	13
Risk managers	15	12
IT managers,	13	10
Operations managers	21	17
Marketing managers	19	15
Engineers	11	9
Total	105	83

Source: Peace Jewelries HR, Department (2023)

Surveys were used by the expert to obtain the essential data. In an ideal world, a research instrument would encompass all of the many tools used to collect data (Sekaran & Bougie, 2013). A Likert scale with five points was used for the statements on the surveys. Section one of each questionnaire asked questions concerning demographic data. The questions in sections two through four proceeded according to the order of the study goals that was presented earlier. The study measured the data using both nominal and ordinal scales. The qualitative characteristics of the nominal were included, such as age and gender. The values for the 5-point Likert type will be given for computation, and an ordinal scale will be used to assess the order in which the values were presented.

The presented table displays the outcomes pertaining to the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity, two widely employed statistical techniques in the field of factor analysis. The KMO score of 0.489 indicates that the dataset may have limited fit for factor analysis, as higher KMO values, closer to 1, are often indicative of better suitability. Furthermore, the Bartlett's Test of Sphericity was conducted to assess the suitability of the correlation matrix. The test yielded a Chi-Square statistic of 92.379 with 10 degrees of freedom, indicating a statistically significant result ($p < 0.001$). This finding suggests that the correlation matrix is not an identity matrix, providing evidence for the existence of meaningful relationships among the variables in the dataset. In brief, the findings of this study reveal that although the dataset may not be optimal for component analysis according to the Kaiser-Meyer-Olkin (KMO) value, the Bartlett's Test demonstrates the presence of significant associations across variables. Consequently, conducting factor analysis may be a valuable endeavor, albeit one that may present certain difficulties.

Table 2: Factor analysis - KMO and Bart

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.489
Bartlett's Test of Sphericity	Approx. Chi-Square	92.379
	Df	10
	Sig.	.000

Source: Primary data, (2023).

The reliability of a research instrument is determined by its ability to yield consistent results when experiments are replicated. Therefore, it is imperative for a research instrument to exhibit consistency in its outcomes, regardless of the individuals to whom it is delivered. The primary objective of this study is to evaluate the questionnaire's reliability by employing the Cronbach's alpha reliability test. Based on the statistical analysis, a reliability level is considered acceptable when the score is equal to or more than 0.7. A preliminary inquiry was undertaken to evaluate the reliability of questionnaires in measuring both the independent and dependent variables, with a minimum acceptable threshold of 0.7. According to Mugenda and Mugenda (2013), it is suggested that the pilot study should involve a sample size of 9 participants, which is equivalent to 10% of the projected total number of individuals who would be participating in the main study (83 participants).

The present study assessed the construct reliability by employing Cronbach's Alpha coefficient, which evaluates the internal consistency of items on a scale. The reliability of the variables under investigation was considered satisfactory if the Cronbach's Alpha coefficient exceeded the recommended threshold of 0.70, as suggested by Bell (2018). According to Bell (2018), a Cronbach's Alpha coefficient above 0.70 is deemed appropriate for measuring intervals. The findings of the reliability analysis are displayed in Table 3.

Table 3: Reliability of Measurement Scales

Variable	Cronbach's Alpha	Decision
Information technology	.894	Reliable
Risk management	.748	Reliable
Stakeholder involvement	.862	Reliable
Monitoring and evaluation	.838	Reliable
Performance	.788	Reliable

Source: Primary data, (2023).

The initial variable, referred to as "Information technology," exhibited a notable degree of internal consistency, as shown by a Cronbach's Alpha coefficient of .894. This finding suggests that the survey items or questions pertaining to information technology had a high degree of reliability. Likewise, the construct of "Risk management" demonstrated a commendable degree of dependability, as evidenced by a Cronbach's Alpha coefficient of .748. This suggests that the inquiries pertaining to risk management strategies were both consistent and dependable in effectively gathering the desired information. The reliability of "stakeholder involvement" was determined to be high, as evidenced by a Cronbach's Alpha coefficient of .862. These findings indicate that the survey questions pertaining to stakeholder participation in small and medium-sized enterprise (SME) projects demonstrated internal consistency and

reliability. The variable "Monitoring and evaluation" demonstrated a Cronbach's Alpha coefficient of .838, suggesting a substantial level of reliability. This implies that the assessment of monitoring and evaluation methods inside small and medium-sized enterprises (SMEs) exhibited a high level of reliability and consistency. The variable "Performance" exhibited a Cronbach's Alpha coefficient of .788, indicating a satisfactory level of reliability. This finding suggests that the questions pertaining to the performance of small and medium-sized enterprises (SMEs) exhibited internal consistency. The study's variables, including information technology, risk management, stakeholder involvement, monitoring and evaluation, and performance, were shown to be accurately measured based on the Cronbach's Alpha values.

Once the data has been gathered from the field through the utilization of a questionnaire, it underwent the process of coding. Subsequently, it was imported into SPSS version 21, where it was subjected to a thorough cleaning procedure to address any missing variables. Finally, the data was kept in a prepared state, poised for subsequent analysis. Various data transformations were conducted as needed to improve the analysis and understanding of the data. The scores were aggregated using data transformation techniques in SPSS in order to generate the variables necessary for conducting correlation and regression analyses. Once this objective is attained, the initial step in data analysis involved conducting descriptive statistics, which includes summarizing frequency tables and charts. Additionally, the research involved doing regression analysis, with the primary regression model being represented as follows:

$$Y = \beta o + \beta 1X1 + \varepsilon \quad \ldots\ldots\ldots\ldots(2)$$

Whereby: Y = Performance of Small Medium Enterprises in Rwanda; X1 = Risk management, ε =Error term.

RESULTS AND FINDINGS

Descriptive Results on Project Risk practice

The objective was to examine how effective risk management affects the productivity of Rwanda's SMEs. This research aims to examine how Rwandan SMEs' operational and financial performance are affected by their risk management techniques.

Table 4: Respondents views on Project Risk practice

Statement on project Risk practice	1	2	3	4	5	Mean	Std Dev
Members using the projects have knowledge on the methods of risk response.	0.0%	0.0%	2.5%	45.6%	51.9%	4.49	.552
Managers are involved in the process of analyzing risks after risk identification.	0.0%	1.3%	0.0%	43.0%	55.7%	4.53	.574
Role of risk management and response are well addressed	0.0%	1.3%	7.6%	46.8%	44.3%	4.34	.677
Measures have been taken in case of risks and uncertainties	0.0%	0.0%	2.5%	46.8%	50.6%	4.48	.551
Risk and response are managed in the construction projects	0.0%	1.3%	10.1%	41.8%	46.8%	4.34	.714
A risk register keeps track of all potential threats and their assessments.	0.0%	3.8%	11.4%	45.6%	39.2%	4.20	.791
Overall Mean						4.40	

Source: Primary data, (2023).

The majority of respondents (51.9%) strongly agreed that members using the projects have knowledge of risk response methods. This suggests that project members are well-informed about how to respond to risks, which is crucial for effective risk management (Smith, 2018). The mean score for this statement is 4.49, indicating a high level of agreement overall.

A significant proportion (55.7%) strongly agreed that managers are involved in the process of analyzing risks after risk identification. This highlights the importance of managerial engagement in risk analysis, a key practice in risk management (Hillson & Murray-Webster, 2017). The mean score for this statement is 4.53, indicating a strong consensus.

Nearly half of the respondents (46.8%) strongly agreed that the role of risk management and response is well-addressed within the projects. This suggests that there is a clear understanding of the importance of these roles in construction projects (Chapman & Ward, 2021). The mean score for this statement is 4.34, reflecting a high level of agreement.

A significant majority (50.6%) strongly agreed that measures have been taken in case of risks and uncertainties. This indicates proactive risk mitigation efforts within the projects, which is vital for project success (Schuyler & Pellicer, 2019). The mean score for this statement is 4.48, demonstrating strong consensus.

A substantial portion (46.8%) strongly agreed that risk and response are managed effectively in the construction projects. This reflects a positive perception of risk management practices within the projects (Floricel et al., 2018). The mean score for this statement is 4.34, indicating a high level of agreement.

While the majority (45.6%) agreed that a risk register keeps track of all potential threats and their assessments, a notable proportion (39.2%) disagreed or were neutral. The mean score for this statement is 4.20, indicating a slightly lower level of agreement compared to the other statements.

These findings align with the broader literature on project risk management practices. For instance, a study by Smith et al. (2019) found that effective risk response methods are crucial for successful project delivery. Similarly, Jones and Brown (2020) emphasized the importance of active involvement of managers in the risk analysis process. Furthermore, according to a report by the Project Management Institute (PMI, 2018), addressing risk roles, taking appropriate measures, and maintaining a risk register are key aspects of robust project risk management.

Regression Results for Risk management

The second objective was to investigate the impact of risk management on the success of Rwandan small and medium-sized enterprises. Our study hypothesis, based on this focused inquiry, is as follows:

Ho2: Risk management doesn't have a noticeable impact on Rwanda's SME output.

A linear regression analysis was performed to see if there is a connection between SME risk management and economic success in Rwanda. Path coefficients showed the direction and strength of the relationships, while T-statistics highlighted their significance. Table 5 shows that the correlation between risk management and the performance of Rwandan SMEs was 0.840, which means that risk management explains 84.0% of the variation in performance and the error term explains the remaining 16.0%.

Table 5: Model summary for Risk management

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.916a	.840	.837	.08920

a. Predictors: (Constant), Risk management

Source: Primary data, (2023).

Table 6 displays the outcomes of the analysis of variance. The "F" statistic, with a value of 402.954, represents the proportion of the dependent variable's explained variance (3.206) to its total variance (0.613). The model appears to be statistically significant given the high F-value. Last but not least, the related "Sig." value (p-value) with this F-statistic is extremely small, at 0.000, showing a highly significant link between "Risk management" and "Performance of SMEs in Rwanda." Therefore, the null hypothesis is not accepted.

Table 6: ANOVA results for Risk management

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.206	1	3.206	402.954	.000b
	Residual	.613	77	.008		
	Total	3.819	78			

a. Dependent Variable: Performance of Small Medium Enterprises in Rwanda
b. Predictors: (Constant), Risk management

Source: Primary data, (2023).

The regression model obtained from the output was;

Performance of Small Medium Enterprises in Rwanda =0.831 +0.818 Risk management

The standardized coefficient (Beta) associated with the variable "Risk management" is 0.916. The standardized coefficient offers insights into the magnitude and direction of the association between risk management and small and medium-sized enterprise (SME) performance, while considering the measurement scale. In the present scenario, a Beta coefficient of 0.916 signifies a robust positive correlation between the implementation of risk management strategies and the performance of small and medium enterprises (SMEs). The t-statistic for the variable "Risk management" is 20.074, indicating a high level of statistical significance ($p < 0.001$). This observation implies that the association between risk management and small and medium-sized enterprise (SME) success is unlikely to be attributed to mere randomness. However, this discovery is both strong and reliable.

Table 7: Coefficient results for Risk management

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.831	.179		4.629	.000
	Risk management	.818	.041	.916	20.074	.000

Dependent variable: Performance of Small Medium Enterprises in Rwanda

Source: Primary data, (2023).

CONCLUSIONS AND RECOMMENDATIONS

A significant majority of respondents express strong agreement with statements affirming the integral role of risk management in project dynamics. Additionally, a substantial portion emphasizes the proactive involvement of managers in conducting risk analyses, signifying managerial engagement as a pivotal facet of risk management. Furthermore, a notable percentage of respondents firmly assert that the roles of risk management and response are comprehensively addressed within the projects, underscoring a comprehensive grasp of their significance. Moreover, a majority strongly endorse the implementation of proactive measures to counteract risks and

uncertainties, demonstrating an unwavering commitment to risk mitigation, an indispensable ingredient for project success. Collectively, these perceptions depict an environment where risk and response are effectively managed within the construction projects, contributing positively to the overall risk management landscape. Nevertheless, a degree of ambivalence emerges regarding the effectiveness of a risk register in tracking potential threats, with some respondents expressing neutrality or disagreement. A remarkable R-squared (R2) value of 0.840 underscores the compelling assertion that risk management accounts for an astonishing 84.0% of the observed variation in SME performance. This robust relationship gains further credence from the highly significant F-statistic and an exceedingly low p-value, leading to the unequivocal rejection of the null hypothesis.

Effective risk management can significantly impact the resilience and sustainability of SMEs in the Rwandan context. By identifying, assessing, and mitigating potential risks, such as market fluctuations, supply chain disruptions, or regulatory changes, these businesses can better navigate challenges and capitalize on opportunities. This approach not only safeguards the financial stability of SMEs but also instills confidence in investors, lenders, and stakeholders, facilitating access to capital and fostering growth. Furthermore, it contributes to building a more favorable business environment in Rwanda, thereby promoting economic development in the region. Ultimately, a well-executed risk management strategy can be a transformative force, enabling SMEs to thrive in the dynamic Rwandan business landscape.

Suggestions for Further Studies

To delve deeper into the influence of risk management on the performance of Small and Medium Enterprises (SMEs) in Rwanda, several avenues for further study can be explored. Firstly, a comprehensive examination of the specific risk management strategies employed by Rwandan SMEs and their impact on financial stability and growth is essential. This could involve in-depth case studies and surveys to identify best practices and areas for improvement. Additionally, a longitudinal analysis to assess the long-term effects of risk management practices on SMEs' performance, considering economic fluctuations and changing business environments, would provide valuable insights. Furthermore, a comparative study across various industries and regions within Rwanda could reveal sector-specific nuances in risk management effectiveness. Finally, investigating the role of government policies and support mechanisms in enhancing risk management capabilities and subsequently SME performance would shed light on the broader ecosystem. This multifaceted approach to research would offer a more comprehensive understanding of how risk management influences the dynamics of SMEs in Rwanda and could guide policy recommendations for sustainable business development.

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