

**THE EFFECT OF NETWORK AND CLUSTER STRATEGY ON THE
COMPETITIVENESS OF SMALL AND MEDIUM ENTERPRISES IN RWANDA
A CASE STUDY OF ADARWA IN GASABO DISTRICT**

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MBA/2096/11**

ABSTRACT

The purpose of this research was to assess the effects of network and cluster strategy on the competitiveness of small and medium enterprises. It was carried out in ADARWA cooperative with the following objectives; to identify the benefits of network and cluster strategy in SME's, assess different ways of increasing competitiveness of small medium enterprises and examine the effects of network and cluster strategy on the competitiveness of small medium enterprises. The researcher reviewed literature related to network and cluster strategies, competitiveness of small medium enterprises and the effects of network and cluster strategy on competitiveness of small medium enterprises. The researcher used a descriptive research design. The population of the research was 150 members of ADARWA cooperative while the sample size was 60 members selected using simple random sampling technique. Questionnaires were used as data collection tool from primary source. Data presentation was done using tables and figures while analysis and interpretation was based on frequencies and percentages of respondent's views. The researcher found out that: network and cluster strategy have diverse benefits on competitiveness of Small and medium enterprises that include increasing profitability, reputation, increasing sustainability, and ease in accessing government support, large market share and easy access to law materials, the ways of improving competitiveness in ADARWA are cooperation, innovations, economies of scale, advocacy, client trust and market extension and that network and cluster strategy led to competitiveness of ADARWA through members, handling issues as a group, increased member cooperation, sharing prices being set by the institution to avoid exploitation in the market and ease in airing out views of experiences. The researcher concluded that the period members spent in ADARWA is much better than before due to the benefits that accrue from network and cluster strategy. The researcher recommended that the government should support different small and medium enterprises in Rwanda through capacity building on the benefits of network and cluster strategies and that all enterprises should concentrate on finding various ways through which they can increase their competitiveness because it in the end increases their chances of sustainability.