

**STRATEGIC PLANNING AND PERFORMANCE OF SMALL AND
MEDIUM-SIZED ENTERPRISES (SMES)
A SURVEY OF SMES IN KIGALI**

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ABSTRACT

Small and Medium Sized Enterprises (SMEs) play a critical role in the development of many countries globally with research showing that majority of all world businesses are SMEs. The purpose of this study was to examine the influence of strategic planning to the performance of SMEs in Rwanda. The specific objectives that this study was addressing are: to examine the influence of SMEs characteristics to the level of strategic planning they practice, to determine the relationship between SMEs characteristics and choice of strategic planning tools and to examine the influence of strategic planning to the performance of SMEs. The completed study was deemed to be significant in enabling the researcher attain a master's degree, it was also to serve as a learning model on how SMEs in Rwanda can improve their performance through practicing strategic planning at the same time aiding the government of Rwanda in policy making on SMEs. The study was also to make significant contribution to the limited literature on strategic planning in SMEs in Rwanda. The target population of the study was 3351 owners and managers of SMEs operating in the province of Kigali City from which a sample of 336 was drawn. The sample consisted of 96 SMEs from Nyarugenge district, 96 from Kicukiro and 144 from Gasabo selected using stratified sampling and purposive sampling. Data was collected using questionnaires after which it was analyzed through descriptive statistics from the Statistical Package for Social Science (SPSS). Analyzed data was then presented using graphs and tables. The study findings revealed that the education level of SME managers influence the level of strategic planning their firms would engage in and majority of SMEs in Rwanda were practicing a low scale version of strategic planning limited to statement of vision and mission and setting of goals and objectives. It was also revealed that SWOT analysis as strategic planning tools is more widely used by SMEs in Rwanda, though at a low scale, than PESTEL analysis. The study also found out strategic planning has a direct influence to the performance of SMEs in Kigali by enabling those that practice it improve their profit margins, sales volume and increase in customer satisfaction and retention. The study therefore concluded that strategic planning would positively influence the performance of SMEs in Rwanda through increased competitive advantage which would increase profitability and sales volume hence and in return achievement of set goals and objectives. The study also recommended that SMEs managers to add their skills in management so that they can engage more in strategic planning for the benefit of the firms they manage.