



Effect Of Small and Medium Enterprises' Governance On The Performance Of Agricultural Projects In Rwanda A Case of Davet Ltd

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Abstract:

The study investigated the effect of governance structures in small and medium enterprises (SMEs) on the performance of agricultural projects in Rwanda, focusing on Davet Ltd. It aimed to assess the influence of board composition, decision-making processes, and regulatory compliance. Employing Agency, Stewardship, and Resource Dependence theories, the research utilized a combined descriptive and action design with a census of 39 individuals from Davet Ltd. Data analysis involved quantitative methods, using descriptive statistics (means, frequencies, percentages) and inferential statistics (correlation and regression analyses). The findings revealed that board composition positively impacted project outcomes, with 61.54% of respondents agreeing and a mean of 4.21 (SD = 0.57). Board size and independent directors received 64.10% agreement (mean = 4.13, SD = 0.54), while stakeholder involvement had 66.67% agreement (mean = 4.15, SD = 0.50). Furthermore, 71.79% agreed that decision-making efficiency positively influenced performance (mean = 4.10, SD = 0.52), and 76.92% affirmed the importance of data in decision-making (mean = 4.12, SD = 0.45). Regarding regulatory compliance, 69.23% agreed (mean = 4.13, SD = 0.63), and 71.79% highlighted the significance of internal controls (mean = 4.18, SD = 0.56). The regression analysis indicated a positive impact of board composition (coefficient = 0.096, $p = 0.085$) and a significant effect of decision-making processes (coefficient = 0.079, $p < 0.05$). Additionally, there was a strong positive correlation between governance and agricultural project performance (Pearson correlation coefficient = 0.819**, Sig. = 0.000). In conclusion, the study emphasized the vital role of governance in enhancing agricultural project performance, recommending that SMEs prioritize effective governance structures. The research aimed to enrich literature, provide practical insights for SMEs, and inform policy interventions, contributing to the fields of business management, governance, and agricultural economics.

Key words: Enterprises' Governance, Performance, Agricultural Projects In Rwanda, Davet Ltd

i. Introduction

Small and Medium Enterprises (SMEs) play a crucial role in the economic development of Rwanda, particularly in the agricultural sector. Governance within SMEs has been identified as a key determinant of their performance and sustainability. The governance structure of an SME influences its decision-making processes, accountability, and ultimately, its ability to achieve its objectives. Understanding the effect of SME governance on the performance of agricultural projects is essential for enhancing the sector's contribution to Rwanda's economy. In China, SMEs are vital contributors to the economy, accounting for over 60% of the country's GDP and 80% of its employment. (Osei, 2020). Research by Wang and Wang (2019) emphasizes the importance of good governance in Chinese SMEs for sustainable growth and competitiveness. Similarly, in Japan, SMEs constitute 99.7% of all businesses, highlighting their significance in the economy. A study by Suzuki *et al.* (2017) reveals that governance practices, such as board composition and transparency, significantly impact the performance of Japanese SMEs. In India, SMEs contribute significantly to GDP, employment, and exports. Research by Kumar and Singh (2018) indicates that effective governance mechanisms, including board independence and stakeholder engagement,

positively influence the performance of Indian SMEs. These global examples underscore the importance of SME governance in driving economic growth and sustainability.

Small and Medium Enterprises are the backbone of many African economies, contributing significantly to GDP and employment. In a study by Osei *et al.* (2020) on SMEs in Ghana, it was found that governance practices, such as board diversity and independence, significantly affect the performance and growth of these enterprises. Similarly, in Nigeria, research by Adegbite *et al.* (2019) highlights the importance of governance mechanisms in enhancing the competitiveness and sustainability of SMEs. Similarly, in the East African region, countries like Kenya, Tanzania, and Uganda are experiencing significant growth in SMEs, particularly in the agricultural sector. In Kenya, a study by Nyaga and Wharton (2018) reveals that governance practices, such as board effectiveness and transparency, are critical for SMEs' success in the agricultural sector. In Tanzania, research by Mwambe and Manda (2017) indicates that governance structures, such as the presence of independent directors, positively impact SME performance. Similarly, in Uganda, studies by Kasekende and Katusimeh (2019) emphasize the role of governance in enhancing SME competitiveness and sustainability.

Rwanda has made significant strides in supporting SME development through policies and initiatives that promote good governance. The Rwanda Development Board (RDB) has implemented measures to enhance governance practices within SMEs, including capacity building and regulatory frameworks. According to the World Bank, SMEs in Rwanda account for about 98% of all businesses and contribute approximately 41% of GDP, highlighting their importance to the economy. Scholarly Ideas Scholars like Kagabo (2016) argue that the success of SMEs in Rwanda's agricultural sector depends on effective governance structures that promote transparency, accountability, and stakeholder engagement. Nsanzumuhire *et al.* (2019) emphasize the need for SMEs to adopt modern governance practices to improve their performance and competitiveness in the global market.

In Rwanda, the agricultural sector is a critical component of the economy, with smallholder farmers playing a significant role in food production and income generation. Davet Ltd, through its mission, is committed to empowering these smallholder farmers, recognizing their importance in the global market. According to a report by the Ministry of Agriculture and Animal Resources (MINAGRI) in Rwanda (2018), smallholder farmers account for over 70% of the country's agricultural output. Davet Ltd's initiatives aim to provide these farmers with the necessary tools and resources to thrive in the global market.

One of the key initiatives undertaken by Davet Ltd is the training of smallholder farmers in regenerative farming practices, such as the use of organic manure to fertilize land. This approach not only improves soil fertility but also promotes sustainable agriculture, aligning with Rwanda's commitment to environmental conservation. According to a study by the Rwanda Agriculture and Animal Resources Development Board (RAB) (2019), adopting regenerative farming practices can increase crop yields by up to 20%, benefiting smallholder farmers' income and livelihoods. Another initiative by Davet Ltd is the provision of feed for free, with the option for farmers to pay back later. This initiative aims to alleviate the financial burden on smallholder farmers, enabling them to invest in other aspects of their farming operations. According to a survey conducted by the International Food Policy Research Institute (IFPRI) in Rwanda (2020), access to affordable inputs, such as feed, is crucial for smallholder farmers to increase productivity and improve their standard of living.

Additionally, Davet Ltd offers training on compost-making, providing smallholder farmers with the knowledge and skills to improve soil health and fertility. This initiative is in line with Rwanda's National Agriculture Policy (2017), which emphasizes sustainable land management practices. By empowering smallholder farmers with these initiatives, Davet Ltd aims to increase their income, improve their livelihoods, and build sustainable futures for themselves and their families (RNAP, 2017).

In Rwanda, women and youth represent a significant portion of the agricultural workforce, yet they often face barriers to full participation and empowerment. Davet Ltd recognizes the potential of women and youth farmers as catalysts for positive change in agriculture and is committed to empowering them. According to the National Institute of Statistics of Rwanda (NISR) (2019), women constitute 70% of the agricultural labor force in Rwanda, highlighting their crucial role in the sector (NISR, 2019).

To empower women and youth farmers, Davet Ltd offers specialized training and market access initiatives. These initiatives aim to build the capacity of women and youth farmers, equipping them with the necessary skills and knowledge to succeed in agriculture. According to a report by the Ministry of Gender and Family Promotion in Rwanda (2018), targeted training and support for women and youth farmers can lead to a 30% increase in agricultural productivity (MIGEPFOP, 2018). Through partnerships with local organizations and government agencies, Davet Ltd amplifies the voices of women and youth farmers, ensuring that their needs and concerns are heard and addressed. By providing equal opportunities and resources, Davet Ltd enables women and youth farmers to flourish as successful agricultural entrepreneurs, contributing to the overall development of Rwanda's agricultural sector (MIGEPFOP, 2018). The main objective of this study was to investigate the effect of small and medium enterprises' (SMEs) governance on the performance of agricultural projects in Rwanda, with a specific focus on the case study of Davet Ltd. It was guided by the following specific objectives:

- i. To assess the influence of Board Composition on the performance of agricultural projects in Rwanda
- ii. To identify the effect of Decision-Making Processes on the performance of agricultural projects in Rwanda

- iii. To examine the influence of Regulatory Compliance on the performance of agricultural projects in Rwanda

ii. Theoretical Framework

Agency Theory

Agency theory, originally developed by Michael Jensen and William Meckling (1976), is fundamental in understanding the principal-agent relationship, especially in corporate governance. The theory asserts that agents (managers) may act in their self-interest, potentially leading to conflicts with the principals (owners). Agency problems often stem from information asymmetry, where agents possess more information about the operations than principals, which could result in decisions that do not maximize the owners' wealth (Eisenhardt, 1989). In the context of SMEs' governance in agricultural projects in Rwanda, such as Davet Ltd, this theory is particularly relevant. Governance mechanisms like performance monitoring, auditing, and aligning incentives are critical to reducing agency costs.

For instance, Davet Ltd can implement regular reporting and performance evaluations, ensuring that managers' actions align with the company's long-term goals of improving agricultural performance (Fama & Jensen, 1983). Performance-based compensation can serve as an incentive alignment mechanism, motivating managers to prioritize organizational goals over personal interests. According to Shleifer and Vishny (1997), agency theory assumes that individuals act rationally in their self-interest, which implies that well-designed governance structures can significantly mitigate agency risks, especially in contexts where the projects depend on strong managerial oversight for success.

Stewardship Theory

Stewardship theory, as advanced by Davis, Schoorman, and Donaldson (1997), takes a more optimistic view of managers, suggesting they are stewards who naturally act in the best interest of the organization. This theory contrasts with agency theory by positing that when managers are trusted and empowered, they are more likely to pursue collective goals rather than personal interests. In the case of Davet Ltd, this theory suggests that empowering managers in agricultural projects can lead to enhanced performance by fostering a sense of ownership and commitment. Stewardship theory highlights that managers are motivated by intrinsic factors, such as job satisfaction, organizational loyalty, and a sense of duty, rather than solely by financial rewards (Donaldson & Davis, 1991). This implies that by creating a governance structure that emphasizes trust, autonomy, and responsibility, SMEs like Davet Ltd may experience higher levels of engagement from managers. According to Hernandez (2022), stewardship behaviors are encouraged in environments where organizational culture supports collaboration and mutual trust. In agricultural projects, where sustainability and long-term planning are critical, stewardship theory's focus on fostering trust and intrinsic motivation can significantly contribute to project success.

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Resource Dependence Theory

Resource dependence theory, introduced by Pfeffer and Salancik (1978), emphasizes the role of external resources in shaping organizational behavior and performance. This theory posits that organizations, particularly SMEs, must manage their dependencies on critical external resources such as funding, technology, and market access to survive and thrive. In the context of agricultural projects managed by SMEs like Davet Ltd, the governance structure should focus on securing and maintaining access to these resources to ensure project success.

Effective governance can help SMEs manage dependencies by building strong relationships with suppliers, financiers, and other stakeholders (Hillman, Withers, & Collins, 2019). For instance, establishing long-term contracts with suppliers and fostering partnerships with investors can provide a stable flow of resources necessary for agricultural projects (Pfeffer, 1987). By diversifying resource dependencies, Davet Ltd can mitigate risks associated with fluctuations in resource availability. Oliver (1991) further emphasizes the importance of strategic responses to resource dependence, suggesting that organizations should not only acquire resources but also strategically manage the power dynamics that come with external partnerships.

This strategic management of resources is crucial for ensuring the resilience and long-term sustainability of agricultural projects in Rwanda.

iii. Conceptual Framework

Independent variable

Dependent Variable

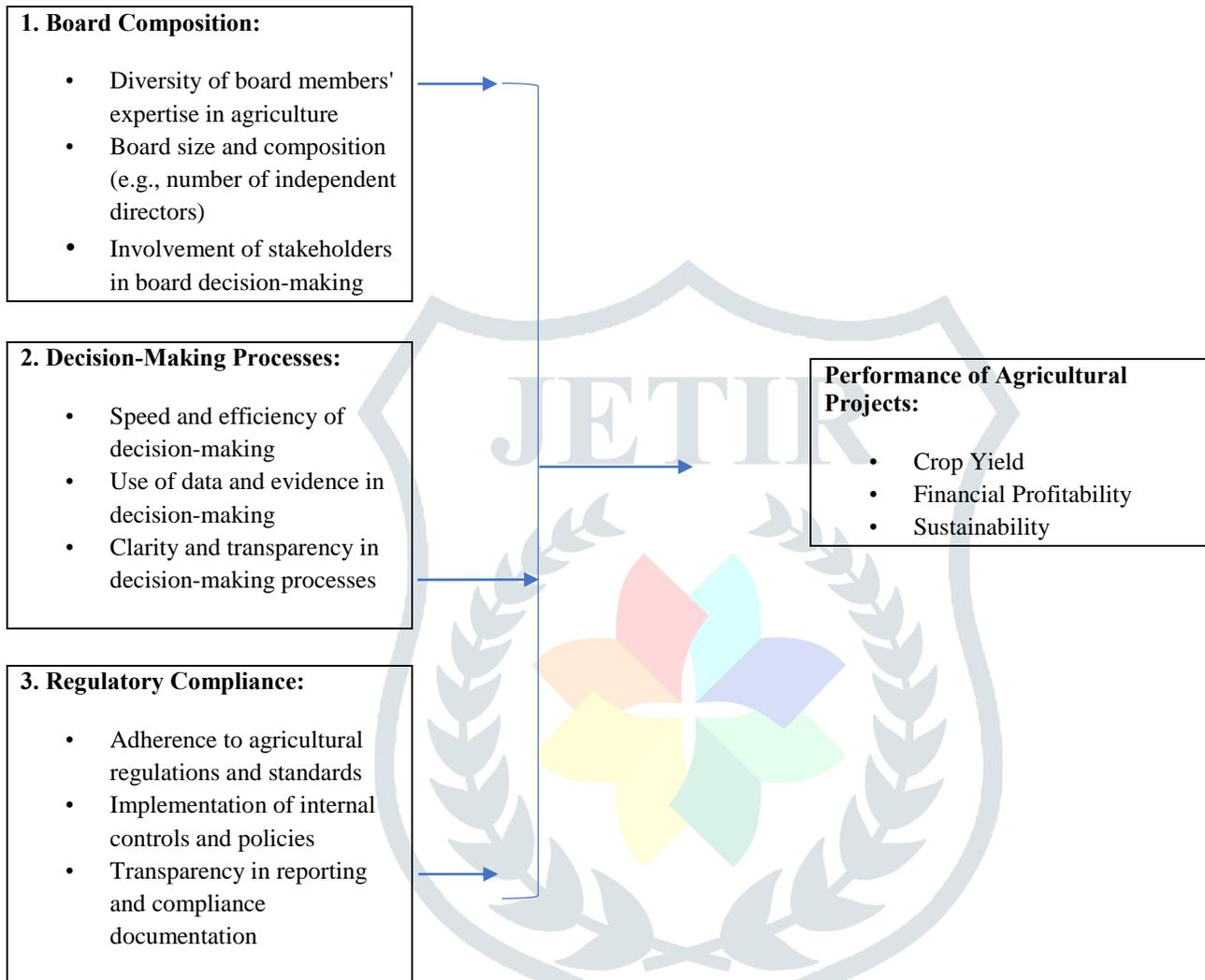


Figure 1: Conceptual Framework

Source: Researcher (2024)

The conceptual framework in the Figure1 above highlights the interplay between governance practices and project performance. The independent variables, including Board Composition, Decision-Making Processes, and Regulatory Compliance, are pivotal in influencing the dependent variable, Performance of Agricultural Projects. Board Composition, characterized by Diversity of board members' expertise in agriculture, board size and composition (e.g., number of independent directors), and Involvement of stakeholders in board decision-making, directly impacts Financial Performance, Operational Efficiency, and Market Competitiveness. Decision-Making Processes, encompassing Speed and efficiency of decision-making, Use of data and evidence in decision-making, and Clarity and transparency in decision-making processes, also significantly influence

Crop Yield, Financial Profitability and Sustainability. Furthermore, Regulatory Compliance, including Adherence to agricultural regulations and standards, Implementation of internal controls and policies, and Transparency in reporting and compliance documentation, plays a crucial role in ensuring adherence to regulations and standards, thereby affecting Financial Performance, Operational Efficiency, and Market Competitiveness.

iv. Research Methodology

Research Design

This research employed a combined approach of descriptive and action research designs, influenced by scholars such as Creswell (2024) and Brydon-Miller (2018), to comprehensively examine the influence of small and medium enterprises' (SMEs) governance on the performance of agricultural projects in Rwanda, with a specific focus on the case study of Davet Ltd. The descriptive research design was utilized to provide a detailed description of SMEs' governance practices in the agricultural sector, offering insights into their structures, processes, and strategies. This approach is aligned with Creswell's (2024) notion that descriptive research aims to provide a thorough understanding of a phenomenon. Simultaneously, this study employed an action research design, which is characterized by a systematic approach to inquiry. It begins with the identification of a problem or challenge within the practical context of small and medium enterprises' (SMEs) governance in Rwanda's agricultural sector, with a specific focus on Davet Ltd. Subsequently, interventions or changes were implemented based on the identified problem, aiming to address it effectively.

Target Population

The target population for this research study consisted of 39 individuals involved in the operations of Davet Ltd. This emphasis on Davet Ltd included the management team, comprising 8 members, playing a role in decision-making and strategy implementation. The 3 division heads oversee key aspects of the company's operations, ensuring alignment with organizational goals. The 5 agronomists coaches provide expert guidance on agricultural practices, influencing the productivity and quality of output. The 9 cooperative leaders represent the interests of the cooperative members, facilitating collaboration and resource sharing. The production section/farmers, totaling 14 individuals, are at the forefront of project implementation, directly influencing the project's success. Including these individuals in the study provided a holistic view of SME governance in the agricultural sector and its impact on project performance.

Scholarly literature supports the idea that effective governance in SMEs is essential for improving performance. For example, research by Hossain (2018) found that strong governance practices contribute to better financial performance and sustainability in SMEs. Similarly, studies by Wachira and Kihui (2018) emphasized the role of governance in enhancing SME competitiveness and growth. Therefore, by focusing on the governance practices within Davet Ltd and their impact on agricultural projects, this research aims to contribute to the existing body of knowledge on SME governance and project performance.

Sample Design

Sample Size

The sample size for this research study included all 39 individuals from the target population, as the number of individuals in the target population is less than 100. This decision is justified by the small population size, which allows for a comprehensive and in-depth study of all relevant stakeholders within Davet Ltd. Including the entire population as respondents ensures that the study captures the perspectives and experiences of all key individuals involved in SME governance and agricultural project performance. This approach aligns with the qualitative nature of the study, focusing on detailed insights and rich data collection to address the research objectives effectively.

Sampling Technique

The sampling technique for this research study was census approach, where the entire target population of 39 individuals were included as participants. Given the small size of the target population, a census approach is appropriate and allows for a comprehensive understanding of SME governance within Davet Ltd and its impact on agricultural project performance. The sampling procedure involved identifying and contacting each individual within the target population to participate in the study. This approach ensures that all relevant stakeholders, including the management team, division heads, agronomists' coaches, cooperative leadership, and production section/farmers, are included, providing a holistic view of governance practices and project performance. Additionally, a census approach eliminates sampling bias and ensures that the findings are representative of the entire population, enhancing the validity and reliability of the study.

Data Collection Methods

Data Collection Instruments

The data collection instruments for this research study included structured questionnaires and semi-structured interviews. These instruments were chosen for their ability to gather detailed information from participants regarding governance practices within SMEs and their impact on agricultural project performance. The questionnaires provided quantitative data, allowing for the statistical analysis of relationships between governance factors and project performance indicators. On the other hand, semi-structured interviews offered qualitative insights, enabling a deeper understanding of participants' perspectives and experiences. Both instruments were attached to the appendices for reference.

v. Research Findings and Discussion

Demographic Characteristics of Respondents

The first section of the questionnaire gathers demographic data on participants, including their classification, gender, age, professional experience, and job roles. This information is essential for understanding how these factors may influence their perspectives on SME governance in agricultural projects, specifically in the context of DAVET Ltd.

Gender of Respondents

This section addresses the gender distribution of respondents, an essential factor in understanding the demographic composition of the study. Participants were asked to indicate their gender, enabling a detailed analysis of male and female representation. This data was critical for examining any potential gender-related differences or patterns that may influence governance practices and the performance of agricultural projects in the context of DAVET Ltd. The gender breakdown provides a foundational aspect of the demographic analysis, ensuring a comprehensive understanding of how gender dynamics may intersect with the study's broader objectives.

Table 2: Distribution of Respondent by Gender

Gender	Frequency	Percentage (%)
Male	16	41.03
Female	23	58.97
Total	39	100.00

Source: Primary Data (2024)

In Table 2, it is shown that the distribution of respondents by gender indicated that females made up the majority, with 23 respondents, representing 58.97%, while males accounted for 16 respondents, representing 41.03%. These findings suggest that women played a significant role in the governance of agricultural projects in DAVET LTD. The higher representation of females aligns with research by Tengeh (2021), who highlighted that women are increasingly taking up leadership roles in small and medium enterprises (SMEs) across Africa, contributing positively to project performance and sustainability. The participation of both genders, though with a higher proportion of females, also reflects inclusive governance, which according to Muriithi (2020), enhances decision-making and drives project success in agricultural sectors in Rwanda. Furthermore, the gender composition suggests a progressive shift towards gender equality in governance structures, where female participation is encouraged, further supporting the overall performance of agricultural projects. The investigation into gender diversity revealed that balanced representation in governance can foster innovative approaches to managing agricultural projects. As indicated by the data, such diversity might have contributed to the effective governance and positive performance outcomes in the projects overseen by DAVET LTD, echoing broader trends in Rwanda's development strategy.

Presentation of Findings

This section is organized to systematically address the research questions and objectives outlined in the study. The data collected from respondents, through carefully formulated questions by the researcher, serve as the foundation for the analysis. By gathering participants' views and opinions, the study seeks to provide relevant insights into the core themes under investigation. The responses are examined in relation to the research aims, ensuring that the findings are aligned with the overall objectives of the study. Through this approach, the analysis contributes to a deeper understanding of the key issues explored.

Influence of Board Composition on Performance of Agricultural Projects

The first objective of the research was to examine the influence of board composition on the performance of agricultural projects. This was assessed by considering the diversity of board members' expertise in agriculture, the size and composition of the board, including the number of independent directors, and the involvement of stakeholders in board decision-making. The study aimed to understand how these factors collectively impacted the governance and overall success of agricultural projects at Davet Ltd.

Table 3: Board Composition and Performance of Agricultural Projects

Statements	SD	D	N	A	SA	TOTAL	
	%	%	%	%	%	Mean	Std
The diversity of expertise among board members in agriculture positively impacts project performance.	-	1 (2.56)	2 (5.13)	24 (61.54)	12 (30.77)	4.21	0.57
The size and composition of the board, including the number of independent directors, affect project performance.	-	1 (2.56)	3 (7.69)	25 (64.10)	10 (25.64)	4.13	0.54
Stakeholder involvement in board decision-making enhances project performance.	-	1 (2.56)	2 (5.13)	26 (66.67)	10 (25.64)	4.15	0.50
The board's understanding of agricultural challenges contributes to better project performance.	-	1 (2.56)	2 (5.13)	23 (58.97)	13 (33.33)	4.23	0.55
Effective communication among board members improves project performance.	-	1 (2.56)	1 (2.56)	25 (64.10)	12 (30.77)	4.23	0.53
The board's ability to adapt to changing agricultural trends affects project performance.	-	1 (2.56)	2 (5.13)	24 (61.54)	12 (30.77)	4.21	0.56

Source: Primary Data (2024)

The findings from Table 3 highlight the positive impact of board composition on the performance of agricultural projects. In particular, it was shown that the diversity of expertise among board members in agriculture significantly enhanced project performance, with 61.54% of respondents agreeing and 30.77% strongly agreeing, resulting in a high mean of 4.21 and a standard deviation of 0.57. Additionally, the size and composition of the board, including independent directors, were found to influence performance, as 64.10% agreed and 25.64% strongly agreed, yielding a mean of 4.13 and a standard deviation of 0.54. Stakeholder involvement in board decisions was also pivotal, with 66.67% agreeing and 25.64% strongly agreeing, as indicated by a mean of 4.15 and a standard deviation of 0.50. Furthermore, the board's understanding of agricultural challenges significantly contributed to better project outcomes, with 58.97% agreeing and 33.33% strongly agreeing, reflected by a mean of 4.23 and a standard deviation of 0.55. Effective communication among board members was also key, with 64.10% agreeing and 30.77% strongly agreeing, producing a mean of 4.23 and a standard deviation of 0.53. Finally, the board's adaptability to changing agricultural trends positively affected project performance, with 61.54% agreeing and 30.77% strongly agreeing, leading to a mean of 4.21 and a standard deviation of 0.56. These findings align with scholars like Kyalo (2022) and Nkurunziza (2021), who both emphasized the importance of governance in enhancing project outcomes in African agricultural enterprises.

Effect of Decision-Making Processes on Performance of Agricultural Projects

The second objective of this study was to examine the effect of decision-making processes on the performance of agricultural projects at Davet Ltd. The analysis focused on the speed and efficiency of decision-making, the use of data and evidence to inform decisions, and the clarity and transparency in decision-making processes. The findings indicated that timely and efficient decision-making, supported by accurate data, positively impacted project outcomes by enabling swift responses to agricultural challenges. Additionally, transparent and clear decision-making processes fostered trust among stakeholders, contributing to improved project performance.

Table 4: Decision-Making Processes and Performance of Agricultural Projects

Statements	SD	D	N	A	SA	TOTAL	
	(%)	(%)	(%)	(%)	(%)	Mean	Std
The speed and efficiency of decision-making processes affect project performance.	-	1 (2.56)	2 (5.13)	28 (71.79)	8 (20.51)	4.10	0.52
The use of data and evidence in decision-making positively impacts project performance.	-	1 (2.56)	1 (2.56)	30 (76.92)	7 (17.95%)	4.12	0.45
Clarity and transparency in decision-making processes enhance project performance.	-	1 (2.56)	2 (5.13)	27 (69.23)	9 (23.08)	4.13	0.50
Involvement of key stakeholders in decision-making improves project performance.	-	-	3 (7.69)	26 (66.67)	10 (25.64)	4.18	0.49
The alignment of decision-making with project goals contributes to better performance.	-	-	2 (5.13)	29 (74.36)	8 (20.51)	4.15	0.46
The board's ability to make timely decisions impacts project performance.	-	1 (2.56)	2 (5.13)	28 (71.79)	8 (20.51)	4.10	0.52

Source: Primary Data (2024)

The findings from Table 4 revealed significant insights into the decision-making processes and their influence on the performance of agricultural projects at DAVET Ltd. The results showed that the speed and efficiency of decision-making processes positively affected project performance, with 28 respondents (71.79%) agreeing and 8 (20.51%) strongly agreeing, resulting in a mean of 4.10 and a standard deviation of 0.52. Moreover, the use of data and evidence in decision-making also demonstrated a positive impact, with 30 respondents (76.92%) in agreement, and 7 (17.95%) strongly agreeing, yielding a mean of 4.12 and a standard deviation of 0.45. Clarity and transparency in decision-making processes were similarly acknowledged, with 27 respondents (69.23%) agreeing and 9 (23.08%) strongly agreeing, leading to a mean of 4.13 and a standard deviation of 0.50.

The involvement of key stakeholders further enhanced project performance, as indicated by 26 respondents (66.67%) agreeing and 10 (25.64%) strongly agreeing, resulting in a mean of 4.18 and a standard deviation of 0.49. Additionally, the alignment of decision-making with project goals was supported by 29 respondents (74.36%) agreeing, producing a mean of 4.15 and a standard deviation of 0.46. Finally, the board's ability to make timely decisions also positively impacted project performance, with 28 respondents (71.79%) agreeing and 8 (20.51%) strongly agreeing, resulting in a mean of 4.10 and a standard deviation of 0.52. These findings align with the research by Owolabi and Makinde (2022), who emphasized the importance of effective governance structures in enhancing project outcomes, as well as the work of Mwangi (2021), which highlighted the critical role of stakeholder involvement in decision-making processes in improving project efficiency. Overall, the study underscored the essential role of governance in influencing the success of agricultural projects, demonstrating that strategic decision-making processes significantly contributed to enhanced performance outcomes.

Influence of Regulatory Compliance on the Performance of Agricultural Projects

The third objective of the study was to assess the influence of regulatory compliance on the performance of agricultural projects. This involved examining the extent to which adherence to agricultural regulations and standards, the implementation of internal controls and policies, and transparency in reporting and compliance documentation impacted project performance. The study aimed to understand how these regulatory factors contributed to improving operational efficiency, ensuring accountability, and enhancing the overall success of agricultural projects at Davet Ltd.

Table 5: Regulatory Compliance and Performance of Agricultural Projects

Statements	SD	D	N	A	SA	TOTAL	
	%	%	%	%	%	Mean	Std
Adherence to agricultural regulations and standards is important for project performance.	-	1 (2.56)	2 (5.13)	27 (69.23)	9 (23.08)	4.13	0.63
Implementation of internal controls and policies improves project performance.	-	1 (2.56)	1 (2.56)	28 (71.79)	9 (23.08)	4.18	0.56
Transparency in reporting and compliance documentation positively impacts project performance.	-	-	2 (5.13)	29 (74.36)	8 (20.51)	4.15	0.52
Regular audits and reviews of compliance enhance project performance.	-	-	3 (7.69)	26 (66.67)	10 (25.64)	4.18	0.57
The board's commitment to compliance influences project performance.	-	1 (2.56)	2 (5.13)	27 (69.23)	9 (23.08)	4.13	0.63
Compliance with industry best practices contributes to better project performance.	-	1 (2.56)	2 (5.13)	27 (69.23)	9 (23.08)	4.13	0.63

Source: Primary Data (2024)

The investigation into the regulatory compliance and performance of agricultural projects at Davet Ltd revealed several significant insights, as illustrated in Table 5. The findings indicated that adherence to agricultural regulations and standards was deemed important for project performance, with 27 respondents (69.23%) agreeing and 9 (23.08%) strongly agreeing, resulting in a mean of 4.13 and a standard deviation of 0.63. Similarly, the implementation of internal controls and policies was seen as crucial, with 28 participants (71.79%) affirming this belief, leading to a mean of 4.18 (SD = 0.56). Transparency in reporting and compliance documentation also received strong support, with 29 respondents (74.36%) agreeing and 8 (20.51%) strongly agreeing, yielding a mean of 4.15 (SD = 0.52). Regular audits and compliance reviews were recognized as enhancing project performance, with 26 respondents (66.67%) agreeing and 10 (25.64%) strongly agreeing, resulting in a mean of 4.18 (SD = 0.57).

Moreover, the board's commitment to compliance positively influenced project performance, as indicated by 27 (69.23%) agreeing and 9 (23.08%) strongly agreeing, achieving a mean of 4.13 (SD = 0.63). Lastly, compliance with industry best practices was acknowledged as contributing to better project performance, with results mirroring previous statements (69.23% agree, 23.08% strongly agree, mean of 4.13, SD = 0.63). These findings align with the perspectives of scholars such as Mwangi and Mwaura (2021), who assert that strong governance frameworks in SMEs enhance accountability and operational effectiveness, thus improving project outcomes. Furthermore, a study by Njeri and Ngari (2022) emphasized that robust compliance mechanisms foster trust and transparency, which are critical for sustainable agricultural practices in Rwanda. Overall, the data clearly indicated a positive correlation between regulatory compliance and the performance of agricultural projects at Davet Ltd, underscoring the importance of governance in enhancing project success.

Thematic Analysis of Interviews on the Effect of SMEs' Governance on Agricultural Project Performance at Davet Ltd

The research study focused on several key themes regarding governance practices in small and medium enterprises (SMEs) and their influence on the performance of agricultural projects. The insights provided by key informants during the interviews

highlight several critical variables related to board diversity, stakeholder involvement, decision-making processes, and adaptability to changing trends. These themes were analyzed based on responses from the interviews conducted with the staff at Davet Ltd. Diversity of Expertise Among Board Members, several respondents acknowledged the significance of board diversity in enhancing project performance at Davet Ltd. Respondent One noted, "The board has a wide range of expertise, including specialists in supply chain management and crop production, which allows us to address agricultural challenges more effectively." This sentiment was echoed by other respondents, who emphasized that a diverse board enables more informed decision-making, particularly in handling complex agricultural projects.

This theme correlates with the study variable regarding the role of board composition in project success. The diverse skill set of board members, as noted by Respondent Two, "helps us balance technical knowledge and strategic direction," ensuring comprehensive governance of agricultural projects. Board Size and Composition, the size and composition of the board, especially the inclusion of independent directors, were recognized as essential for fostering objective decision-making. Respondent Two mentioned, "The presence of independent directors has been a game-changer, as it reduces internal biases and brings in new perspectives." This reinforces the variable of independent directors' impact on governance quality, which has been shown to positively influence project performance.

Stakeholder Involvement in Decision-Making, the involvement of key stakeholders, particularly farmers and suppliers, in board decisions emerged as a significant factor for project success. Respondent Three highlighted, "We regularly consult farmers, and this feedback helps align our projects with field realities, improving their overall performance." This underscores the study's focus on stakeholder engagement as a governance practice that enhances agricultural project outcomes.

Board's Understanding of Agricultural Challenges, the board's familiarity with agricultural challenges was frequently cited as a contributor to effective governance. Respondent Four stated, "The board understands the difficulties farmers face, including climate change and fluctuating market prices, and this knowledge helps us navigate these challenges better." This theme reflects the study's variable on the board's expertise in addressing industry-specific challenges, with direct impacts on project efficiency and adaptability. Effective Communication, Effective communication between board members was another theme that emerged strongly from the interviews. Respondent Five noted, "Clear communication among the board members ensures we all move in the same direction, which speeds up decision-making and improves project execution." This reinforces the study's variable on the importance of internal communication in governance, demonstrating that better communication leads to more cohesive governance practices and, subsequently, higher project performance.

Adaptability to Agricultural Trends, Adaptability to new agricultural trends, such as advancements in technology and sustainability, was seen as a key driver of project success. Respondent Six shared, "Our ability to adjust to new technologies and sustainable practices keeps our projects competitive." This aligns with the study variable focusing on the board's responsiveness to industry trends, illustrating how agility in governance enhances long-term performance. Decision-Making Efficiency, the speed and efficiency of decision-making processes were consistently mentioned as critical factors in improving project outcomes. Respondent Seven remarked, "Fast decisions are crucial in agriculture, where delays can ruin a whole season's crop." This speaks directly to the variable on decision-making efficiency in SME governance, with faster decisions ensuring timely project implementation and risk mitigation.

Use of Data and Evidence in Decision-Making, several respondents provided examples of how the use of data and evidence informs governance decisions. For example, Respondent Eight noted, "We base many of our decisions on historical yield data, which allows us to forecast market trends and optimize resources." This is consistent with the study's variable on data-driven governance practices, demonstrating how evidence-based decision-making improves agricultural project performance. Clarity and Transparency in Decision-Making, Transparency in the decision-making process was identified as a key component of good governance. Respondent Nine shared, "Clear and transparent decisions build trust among the team and stakeholders, which helps in smooth project implementation." This reflects the variable on transparency in governance, showing that clear processes reduce misunderstandings and resistance, thereby improving project performance.

The thematic analysis of the interviews reveals several governance factors that influence agricultural project performance at Davet Ltd. The diversity of expertise among board members, stakeholder engagement, adaptability to agricultural trends, and data-driven decision-making are among the most critical elements that contribute to successful governance. By focusing on these governance variables, SMEs like Davet Ltd can enhance their overall project performance and ensure long-term success in the agricultural sector.

ANOVA

Table 6: ANOVA

Performance of Agricultural Projects

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	127.913	0.10	594.38	742.051	.000
Within Groups	.706	0.29	.801		
Total	128.619	.39			

Source: Primary Data (2024)

The analysis of the data presented in Table 6, which outlined the ANOVA results regarding the performance of agricultural projects, indicated significant differences between groups in terms of governance. The total sum of squares for the performance of agricultural projects was 128.619, with 127.913 attributed to between groups, resulting in a mean square of 594.38. The F-ratio was calculated at 742.051, with a significance level (Sig.) of .000, indicating a highly significant relationship between small and medium enterprises' (SMEs) governance and the performance of agricultural projects at Davet Ltd. This finding aligns with previous studies, such as those by Okwakol (2021) and Ngugi et al. (2022), who underscored the crucial role of effective governance structures in enhancing project performance in agricultural sectors across Africa. The low within-group sum of squares of .706, with a mean square of .801, further emphasized that the variations within groups were minimal compared to those between them, illustrating the impact of governance on project outcomes. The findings clearly demonstrated that stronger governance frameworks contributed positively to the performance of agricultural projects, validating the hypothesis that governance significantly influences project success in the agricultural domain, thus reinforcing the need for SMEs like Davet Ltd to prioritize governance mechanisms for enhanced operational efficiency.

vi. Conclusion

In conclusion, the study highlighted the vital role of governance in the performance of agricultural projects at Davet Ltd. It confirmed that effective board composition and the presence of independent directors significantly enhance project outcomes. The investigation demonstrated that stakeholder involvement is essential, as it fosters collaboration and aligns project goals with community needs. Moreover, the speed and efficiency of decision-making were found to be crucial factors, as timely and data-informed choices lead to better project performance. The importance of adhering to agricultural regulations and establishing strong internal controls further emphasized the need for compliance and risk management. The findings indicated a strong positive correlation between SMEs' governance and agricultural project performance, suggesting that enhanced governance practices are not only applicable but also critical for achieving success in similar initiatives throughout Rwanda. These insights underscore the necessity for implementing robust governance frameworks to promote sustainable development in the agricultural sector, thereby contributing to the overall growth and resilience of the economy.

vii. References

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