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The Role of Networking and Financial Services on the Performance of Youth-Owned Enterprises in Kigali City, Rwanda

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Abstract: Youth - owned small and medium enterprises play a critical role in a community's economic well-being and serve as engines of social and economic development in both urban and rural areas. The efficacy of Entrepreneurs has been recognized in many countries as being essential for the global fight against poverty, corporate development, and rapid industrialization. Young entrepreneurs have a crucial role in the processes of creating and maintaining a successful economy as well as insuring inclusive distribution, both in developed nations and in countries still in the process of developing the national economy. Financial services and networking services contribute a lot in the world's financial markets, and in recent decades, its growth has accelerated Financial and networking services are an essential element in both government and non-government activities to increase employment, increase income, and deliver a stable economy. Nevertheless, firms in Rwanda are performing poorly, with business output falling from 58% in 2020 to 30% in 2021. These barriers can be overcome by using financial and networking services as approaches. Consequently, the purpose of this article was to examine the impact of social networking services and the impact of financial services on the performance of youth-owned businesses in Kigali, Rwanda. The key theories comprised resource-based theory, dynamic capacity theory, Schumpeter's Theory of Innovation, Stages of Development Theory, and contingency theory. The research philosophy adopted in this in investigation was positivism. An explanatory study design was used on a sample size of 154 enterprises chosen from a target population of 256 enterprises in Kigali, Rwanda. The research suggests policies and practical implications for improving financial and networking services on the performance of Rwandan youth-owned business entities. The investigation suggests that executives of youth-owned businesses boost their networking and financial services so that firms can learn more and gain vital prospective, allowing them to more effectively handle their businesses and improve their future success and profitability. The Rwandan government should assess the charges levied by the enterprise and the procedure of acquiring a permit to engage in the company's activities. This will make it possible for young business owners to understand and take advantage of numerous financial services and networking services, which will ultimately improve their business performance.

Keywords: Resource-Based Theory View, Dynamic Capability Theory, Schumpeter's Theory of Innovation, Stages of Development Theory, Contingency Theory, Networking Services, and Financial Services

1. Introduction

In both established and emerging economies, financial services operations have sharply increased during the previous two decades [69]. As a result of their involvement in capital allocation and credit creation, financial services have grown to be a significant component of the financial markets. The financial services industry contribute a lot in the world's financial markets, and in recent decades, its growth has accelerated. Borrowers' access to capital is significantly increased by shadow banks, which are financial institutions engaged in credit extension outside of the traditional banking system. Compared to regular banks, financial services typically offer loans at cheaper costs and under less rigid contractual arrangements. So, it is anticipated that financial services will boost non-financial companies' profitability.

Banking, investing, and insurance are just a few of the more specific businesses that fall under the umbrella of financial services [53]. Financial services are the activity of financial services companies and their professionals, whereas financial goods are the actual things, accounts, or investments that they provide. Financial services include property loans, working capital, and grants. Financial services are serious to profitable achievement and the development of businesses, and their convenience is connected to growth and success [5].

Tang who did his survey in China said that connections and networks of persons are known as social capital, and connectivity and social interaction are built up individuals who be able to help [60]. He further expressed that information, services, or networks to other entities with the needed information, assistance, or means can be used as support or aid. Professionals utilize connecting to expand their social networks, learn about employment opportunities, and keep current on news and leanings in their fields. Business owners may use networking to connect with people and enterprises with whom they may do business in the future. Network services is made up of a set of actors and their connections which is part of innovation. Since it is important to an enterprise's competitive advantage, connections are essential for the creation and spread of new ideas and breakthroughs. It also provides entrepreneurs with the assets, know-how and abilities required to start and capitalize on possibilities for new businesses.

Financial services have been argued to positively enhance the performance of Medium and Small Enterprises (MSEs). Furthermore, Prijadi et al discovered that proprietors of MSEs who received financial training observed a boost in earnings, amount of revenue, firm's resources, number of employees, and ability to pay household obligations, whereas owners of MSEs who did not receive financial training experienced no such gain [53]. Access to funding, networking opportunities, and a suitable regulatory atmosphere continue to rank highly on the international agenda of policy talks and research for improving the chances for urban small business development. Several noteworthy papers on financing for expansion of businesses and outlining best practices and ideas on how governments could assist Mses.' greater access to financial services have been published in the international literature [54].

According to Lose, Youth owned business show a critical contribution in a community's profitable well-being and serve as engines of development in rural areas. The efficacy of entrepreneurs has been recognized in many countries as being essential for the global fight against poverty, corporate development, and rapid industrialization. Young entrepreneurs have a crucial role in the processes of creating and maintaining a successful economy as well as insuring inclusive distribution, both in developed nations and in countries still in the process of developing the country prosperity [33]. The success of businesses is improved by factors like networking, free trade, financial coaching, and alternative finance sources.

The association between business competency and networking with people with high innovation has been demonstrated by the successful allocation of resources, budgeting, and company expansion of numerous organizations. Enterprise inventiveness is impacted by its leadership competencies, such as concentrating their minds to establish innovative activities, and their capacity to allocate the right amount of assets in the corresponding activity, to recognize and capitalize on third-party desires, to engage in actions with established risk, and to seek possibilities for revolutionary improvements. In addition, Networking with other industry members allows business executives to learn about new trends, share thoughts, and receive critical mentorship. Business networking is essential because it allows professionals to uncover new opportunities and boost their chances of success as entrepreneurs [14].

Schultz noted that the Performance of Youth Enterprises represents the capability of youngsters-owned businesses in utilizing both financial and networking services in their businesses to enhance their net profit, number of workers, development, growth, and long-term viability as performance indicators [59]. The success of business was attempted to be described by Global Entrepreneurship Monitor as the demonstration of action, of finishing a task, and of using knowledge rather than only knowing it [19]. The bridge is difficult because performance is commonly understood, conceptualized, and assessed in a variety of ways. Based on study conducted on Israel businesses and classified the factors that influence their success into five classes: connectivity association, aspirations and targets, intellectual resource, ecological effects, and the social learning model. She also evaluated several business performance characteristics, such as background, generation, ethnicity, culture, schooling, parental income, and business goals [15].

Nkusi suggested that Rwanda, like many other African countries, enjoys a youth accounting for over half of the population. Sadly, young people make up the majority of the unemployed, accounting for almost 52 percent of the total. Recognizing that youth unemployment is frequently a political, economic, or social issue and that the industry and service sectors employ six times as many young people as agriculture and agriculture-related industries, Rwanda's government has made youth employment and productivity a must-discuss subject. Supporting young entrepreneurship and business growth by turning entrepreneurship into a business model [44].

Younger entrepreneurs in Kigali city must make use of current regional and worldwide opportunities. Trade agreements to better connect to export markets for growth. In Kigali, Rwanda, Youth owned enterprises have become a critical element of economic and corporate development plans. Businesspeople increasingly come to be associated with the capacity to create new goods, commodities, and inventions, their significance has increased. A growing corpus of research indicates how business, invention, and general prosperity are connected and dependent on one another. Youth-owned enterprise today has a critical advantage in fostering entrepreneurship, trade, industry advancement, and public safety nets, along with having a significant impact on employment creation [4].

Youth Entrepreneurs are typically seen as state resources that must be cultivated, motivated, and recognized to the greatest extent possible. Possessing and operating firms in Kigali is key to entrepreneurial development, which is an approach to enhancing young lives and the state's financial survival [18]. Rwanda's youth-owned enterprises in Kigali are committed to steering their country toward a brighter future, never repeating the mistakes of the past [55]. The youth champions program at aegis is meant to provide them with the skills, equipment, confidence, and follow-up support they need to start their peace-building projects [57].

In Kigali, Rwanda, the creation and running of businesses is a vital component in accomplishing the Government of Rwanda's (GOR) significant progress and efficiency targets, as described in the agenda 2050 document, which sets the aim of reaching topmost status by 2035 and wealthy by 2050. Youth enterprise performance in Kigali, Rwanda is hampered by several factors, like an absence of entrepreneurial and professional skills, enterprise information, and familiarity [56].

Youth owners' businesses mention a high budget for starting a venture about high energy and transportation costs, as well as severe compliance challenges dealing with current regulations, the recent tax structure is together expensive and problematic to understand, and businesses have difficulty acquiring and integrating knowledge of local, regional, and worldwide pricing, which is a key impediment to firm planning, as well as the Rwandan and regional economic framework [53]. In addition, they have a limited understanding of measures aimed to help them, lack adequate access to market information that would benefit their firms, and have insufficient knowledge of marketing (Kamau, Issa and Kiruthu Suggested that business performance is a contentious subject. Many studies have been based on senior management's subjective appraisal of their company's results in terms of successful implementation, profits and sales growth, and efficiency. Adolescent businesses and efficiency is a multidimensional term that includes both monetary and nonfactors [22, 25].

Small and medium businesses have performed ineffectively since they require viable and productive spending plans, as well as budgetary control frameworks, to adequately and sensibly disburse assets to accomplish authorized objectives and improve execution. A review led by that organizations continue to bumble and fall short because they have poor budgetary arranging and control frameworks, which they definitely fail to recognize [17].

Despite the inherent challenges associated with the development of enterprises, Young business owners are gradually taking over small businesses on their own or in partnership with more experienced entrepreneurs. The deficiency of employment prospects in the government-run sector of the budget, the simplicity of entry, and the limited connections to other enterprises have all contributed to this being made possible. Regarding the surge in entrepreneurship within this demographic, it is critical to understand the sociological and financial elements that influence the youth's performance [66].

Devos et al noted that the Performance is crucial because it demonstrates a young entrepreneur's capacity to complete a task within a predetermined amount of time. Entrepreneurs exist to complete tasks within a predetermined amount of time. It is obvious that you are a valuable resource and significantly subsidize to the expansion of the citizens wellbeing as success is measured using either financial or non-financial measures to determine the status of running an enterprise. This suggests that it is crucial to examine these businesses' performance since it has important theoretical and policy repercussions. Both developing and established countries have long recognized the potential of biotech entrepreneurs and their enterprises as sources of money, new employment, and economic vibrancy [13].

According to the research carried out by Afifah and Sopiany [2] in Kigali Rwanda about challenges to women entrepreneurship noted that entrepreneurs are becoming more prevalent in both developed and underdeveloped countries. They do better, with fewer failures than male entrepreneurs, and their businesses expand faster than their male counterparts. Rwandan entrepreneurship stretches back to the pre-colonial period, when the economy was centered on farming, agriculture, ironwork, craft, and hunting. A barter system was used to conduct business transactions. Entrepreneurs were transporting goods to where they were required in exchange for other goods or livestock. In addition to it, Startups, on the other hand, boost economic participation by improving indicators of financial performance include an increase in overall gross domestic, substantial job growth, the growth of manufacturing amenities, high regional development, and a higher cost of living [42].

Kariuki discovered that leave-taking the SMEs area without administration or supporter assistance might have a detrimental impact on their development and survival, indicating the necessity for the government and any organization to require and employs two sorts of services: financial and non-financial services, sometimes known as (BDS). Monetary services assist current or aspiring businesspersons in acquiring the resources needed to start or develop a firm. Business development services, on the other hand, state the transmission of data, assistance, material, and the provision of guidance on many elements of commerce operations and special non-financial help [27]. Both financial services and networking services offered to enterprises on a direct or indirect level are identified as business development facilities. Business development services are services provided to firms in order to increase their efficiency [36].

Rwanda Ministry of Trade and Industry suggested that great businessmen are said to be able to transform the conditions of daily life. If productive, their ideas strengthen the economy, generate money, and contribute significantly to a stronger currency. Additionally, Financial services and Networking services solve market problems by disseminating knowledge and making consulting more accessible through winning in knowledge relocation and progress, improving equity, and offering services like infrastructures and commercial facilities that are both available to the public [55].

According to Mengstie, financial services and networking services are a very necessary tool for facilitating the expansion of firms, which are known for creating jobs, generating revenue, and contributing to commercial growth and the well-being of society. Leaving the SME sector without connections and monetary facilities can harm their growth and survival, so government intervention is required. However, the link between financial services and Networking services on the performance has been a source of contention for some years. This argument has prompted requests for research on the environment and the structure of this connection. These calls have mostly concentrated on the necessity to assess the effects of various parts of financial services and Networking services on enterprises [36]. According to Janet and Karanja Ngugi, networking services, financial services, and technical services, all have a favorable influence on firm growth and the continuously changing business environment [23].

In Rwanda, Businesses have an important role in supporting creative thinking, long-term growth, and happiness. They also have an enormous effect on job creation. Businesses owned and operated by young people are critical to the country's goal of becoming the greatest by 2035 and prosperous by 2050 [31, 55]. Kigali City youths have struggled to develop, expand, and increase the economic viability of the companies they own due to a lack of access to business development services. The Rwandan government through Rwanda's entrepreneurship Development Policy (EDP) in partnership with private companies, institutions, and non-government organizations has proposed a variety of approaches to be the major source of finance for youth-owned SMEs to improve their performance [29].

Nevertheless these measures, the success rate of youth-owned small and medium-sized enterprises (SMEs) continues to decline. According to data from the Ministry of Trade and Industry (MINICOM), the average wages of young people who own small and medium-sized businesses fell from 77% in 2000 to 55% in 2015. The low incomes of Businesses produced by youngsters in Kigali, Rwanda limit their profits, which has an impact on their overall profit and profitability. In 2016, young entre entrepreneurs experienced annual economic expansion of 30%, which subsequently decreased to 19% in 2017. Young entrepreneurs owned enterprises employed 23% of the workforce in 2018 and 24.3% in 2019. The output of SMEs fell from 58% in 2020 to 30% in 2021 [62]. These data demonstrate how Rwandan youth-owned SMEs are suffering delayed and stagnant growth, demonstrating the uncertain and poor performance among young entrepreneurs.

According to data provided by the ministry of commerce office in Rwanda showed that 23 businesses were officially recognized as new enterprises in 2015, with just 15 continuing operating at the final day of the year. According to data from 2021, only 16 of the 52 new enterprises have survived to yet. This is being ascribed to declining profitability, decreasing revenue from operations, employee numbers, and sustainability, resulting in higher unemployment rates. Particularly, the research evaluated the factors that have hampered the success of SMEs, however, not in an exhaustive way, focusing on networking, financial services, market connections, and the usefulness of entrepreneurship classes in Kigali. In the environment of Rwanda, for example, a study published in Rwanda found that financial institutions and networking services integrate well with manufacturing activities due to the proper advance structure that is adaptable in its payback. However, the study didn't examine the performance of youth-hold enterprises and didn't consider the aspect of networking and marketing services, hence, presenting a conceptual gap. These variables were considered in this research because young entrepreneurs benefit from these kinds of services from monetary and connectivity providers, and they have a significant impact on their success [56].

As a result, multiple investigations are being conducted to determine the significance of financial services and networking services to enterprise performance, with a focus on young entrepreneurs deal with business [41]. These investigations will likely reveal a beneficial relationship among financial services and networking services and the success of youth-owned businesses. However, in addition to providing the contextual gap, these studies used a descriptive design, revealing a methodological gap, and this style just clarifies the behavior and patterns of the variables. The researcher employed an explanatory design to bridge this gap, and this design shows how one variable in this investigation effects the others.

Additional study has sought to encourage requirements licensing services, auditing solutions, tax advisory services, and firm the promotion enrollment; however, the investigation left out various variables impacting the efficiency of youth-owned SMEs, resulting in the presentation of something that is one of the primary variables for this investigation. Furthermore, the effects of the moderating variable, such as government laws, which the current investigation deems a critical variable, were not investigated [17].

A few the investigations discussed above had contextual, conceptual, and methodological research gaps, as well as the drawback of failing to investigate the results or effects of networking services and financial services on the performance of youth-owned SMEs in Kigali, Rwanda. As a result, there is still a gap in understanding that this investigation intends to fill. The study's purpose was to determine how the availability of networking, financial services, and entrepreneurial training affected the success of young entrepreneurs in Kigali.

The specific objectives of this study were:

i. To determine effect of networking services on the Performance of a youth-owned Enterprise in Kigali city, Rwanda.
ii. To establish the influence of financial services on the Performance of youth-owned enterprises in Kigali city, Rwanda.

2. Review of Literature

This part examined the impact of networking services and financial services on the profitability of youth-owned enterprises in Kigali, Rwanda.

2.1. Theoretical Review

A summary of important theories chosen by the researcher to guide the investigation is provided. This study looked into several of the most important hypotheses. Views on resource-based theory, Dynamic Capability Theory, Schumpeter's Theory of Innovation, Stages of Development Theory, and Contingency Theory are all examples.

2.1.1. Resources-Based View Theory

The business's resource-based vision theory is widely regarded as one of the most frequently referenced theories regarding performance authority, owing to its great utility to creative organizational processes.

Availability to resources by the individuals who founded the company is an important aspect of deciding the possibility of opportunity-driven entrepreneurial and the creation of new enterprises. The relevance of financial, external factors and assistance services is stressed in this approach, related to the resource-based analysis of enterprise. As a consequence, gaining possession of resources improves a person's capacity to perceive and act effectively. Moreover, the resource-based notion or point of view aids in measuring the firm's resources and discreetly linking them to the company's potential [18].

By Mkansi and Acheampong argued that businesses might gain sustainable competitive advantages by utilizing substantial resources and elusive abilities. The four main tenets of this theory are that the components are heterogeneous, immobile, challenging to replicate, and incompatible with one another. The term "heterogeneous" describes the various abilities, talents, and resources that businesses have and which differ from business to business. As a result, resource-based vision theory presupposes that businesses can achieve a competitive edge by fusing various resource bundles. Resources do not move from one business to a different one in the near future [37]. In addition, Kamasak and Wiklund indicated that a company's assets and skills are vital. Financial talents, for example, are used to manage and put the assets of an organization to good use. Buildings, processes, and contracts are characteristics of how judgments take place in a firm [67].

According to the research done by Veliu and Manxhari, An organization may be seen of as a collection of resources that, depending on the authority in charge, can be used to either strengthen or weaken the organization. They said that intangible resources are an example of immobile resources and that businesses cannot imitate resources like the talents and procedures employed by rival businesses. Resources ought to be valuable, difficult to obtain, difficult to duplicate, and irreplaceable [63]. These qualities allow firms to use financial resources to become more competitive, which is a wise course to take in order to survive. Chadwick and Dabu stated that Banking, tangible, technologically managerial, mental, and oral assets enable organizations to create consumer value. There are two kinds of resources: physical and immaterial. Material resources are those touched or aren't material, such as a company's brand, employee knowledge, or reputation because it is difficult to reproduce a company's intangible resources, these resources tend to perform better than tangible resources that are easy to imitate [10].

Intangible resources come from touchable assets like resources, currency, and plot. An organization may struggle to improve performance even when it has unique and important resources when it possesses the skills and abilities needed to successfully use them. Considering they provide benefit to the organization while being ubiquitous in every industry, valuable resources are important but struggle to sustain a sustained competitive edge [24]. Furthermore, Osmani and Kraja emphasized that financial resources, particularly microloan assistance are vital since youth-owned enterprises require them to purchase business real property such as property and bikes in order to boost productivity. Without them, none of the companies would run. Savings deployment is an uncommon but important ability that provides a business with an advantage over other businesses in its industry [50]. Enterprises often save funds with few intents to do so, but for those that do, saving increases resources for businesses which helps in attaining objectives. According to the study carried out by Janet and Karanja, it has been proposed that the enhanced sets of financial abilities that youth-owned businesses acquire through financial training are comparable to cognitive talent and social connections, which are significant, distinctive, and difficult-to-copy resources that can boost an enterprise's performance [23]. While management services may be limited by the need to run the business at its current scale and the flexibility to capitalize on future advances in new products/services and markets at any time, physical and internal organizational assets are complementary. According to Kariuki et al, RBV theory has some flaws, according to those who claim that it fails to explain how companies obtain an advantage over their competitors. However, the RBV hypothesis disregarded crucial external elements like clients that are necessary for an enterprise to succeed. Since RBV is solely concerned with internal issues, managers and enterprises must be able to plan and allocate resources for large - scale production if they are to expand and outperform rivals [27].

RBV, according to Connor, RBV is the greatest wonderful theory for describing how an instrument influences the efficacy of a business. The resource-based theory is important for the investigation since it advises adopting business practices such as financing and agriculture to construct and establish fresh sources and qualifications, so enhancing the business's current assets and skills and driving enhanced efficiency. Intangible resources like financial training, which are still being provided to young people-owned businesses in this study, help them perform better [11]. Because business assets had an effect on the success of Businesses in Kigali, Rwanda, the financial services and networking services were fastened in this study using the RBV.

2.1.2. Dynamic Capability Theory

The authors Teece, Pisano, and Shuen proposed the dynamic capabilities (DCS) theory. DC theory evolved from RBV theory to overcome RBV theory's shortcomings, notably in articulating long-term competitive advantage and enhanced performance in a changing environment. RBV saw a corporation as a container for both visible and unseen resources [50]. DC theory is organizational and strategic procedures through which businesses obtain the current materials as markets emerge, clash, break, grow, and die, and DC theory extends far beyond the proposition of sustainability, which is all about VRIN resources to be acquired by the enterprise [68].

Teece et al suggested that DCs are crucial in facilitating companies to combine, establish, or arrange and reshape inner/inside and outer/outside competencies in an attempt to face rapidly changing environments; thus, DCs are strategies that enable the businesses to reorganize its capabilities, strategy, and facilities to generate long-term economic benefit and enhanced efficiency in rapidly changing environments. Furthermore, Added to DC theory once more by laying down micro-foundations for the three proportions of perceiving, seizing, and changing. By sensing, he meant recognizing and analyzing an opportunity while deploying resources to address the opportunity and gain utility. Finally, transformation is a continuous renewal process that involves restructuring the firm's intangible and tangible assets. Once adopted by management, these three aspects are beneficial to the company [9].

Despite this, Ambrosini et al. believe that the theory lacks clarity in its key notions [3]. Zollo and Winter contend that the theory is repetitious and ineffective in providing full explanations for DCS [70]. Zott believes that it is challenging to comprehend how DCs work and that there are no clear models for assessing abilities and how such skills impact company performance [71]. Wang and Ahmed confirmed that much more study is needed to establish concepts connected to DC theory and how to tie such notions to actual practices inside the company. The DCS theory is relevant to this research and adds to the RBV theory and practice extending significantly further than the conventional notion of sustainability, which is predicated on the VRIN resources that businesses are required to acquire. A company can combine, build, or create, as well as reorganize, internal and external competencies through the use of DCs, which enables the company to act more quickly in situations that are affecting development [65]

2.1.3. Schumpeter's Theory of Innovation

When inventive products enter marketplaces and deconstruct old systems of exchange, innovation creates wealth as noted by Schumpeter (1934), who discussed the significance of improving the performance of youth-owned SMEs. Resources are moved from old to new companies as a result of current businesses going out of business, which helps new trades be successful. Schumpeter recognizes that inventiveness or imagination is a critical component of an entrepreneur's domain of competence [51]. As business owners are advanced, inspired, and perspicacious, in the words of Schumpeter, they foster economic growth by developing new goods and amenities, methods for production, marketplaces, and essential resource sources. According to Schumpeter, progress is a non-automated phenomenon that is aided by economic stakeholders. Entrepreneurship are the drivers that propel change. Schumpeter identified expertise and inventiveness as commercial inspirations [49].

Unlike investors, who offer funding to assist support the growth of new enterprises, businessmen, according to Schumpeter, are innovators who create ideal conditions for startups to flourish. Bankers' primary role is to issue loans in order to finance development. Banking are entrepreneurs because they take on a wide range of risks and require specific abilities to forecast the achievement of a wide range of business endeavors. While it is reasonable to limit credit to businesspeople who lack promise, Schumpeter contends that it is critical to grant credit to those who do since it will improve their results [12]. Despite the fact that the current situation of the company forces proprietors of small businesses to replicate established models rather than coming up with fresh concepts, this theory has severe flaws, among them the fact that it misses the facts that entrepreneurship take chances and that it mainly applies to big businesses. Since it covers the function of an entrepreneur in building an economy and the role of Service providers in providing facilities to support the effort of prospective businesspersons and enhance their success, Schumpeter's theory of innovation is applied in this study.

2.1.4. Theory of Stage of Development

By Cardoza et al, This theory has severe flaws, such as the fact that it ignores the reality that entrepreneurs take risks and that it only applies to large enterprises, even though the status of the company forces small business owners to copy successful models rather than come up with original ideas. Schumpeter's theory of innovation is used in this study because it addresses the role of an entrepreneur in creating an economy and the function of service providers in offering facilities to support the effort of prospective businesspersons and enhance their success. Moreover, a business must rely on a limited clientele in the beginning because it will have difficulty recruiting clients [8]. At this time, the plan of action is to keep the business functioning and avoid bankruptcy by looking for BDS such as recertification, making an atmosphere that is hospitable to enterprises, and permitted business; the existence phase is the another stage of firm development. Cash flow, clientele, and strategy for a business will all suffer during this period. At this point, a business strategy should suggest methods for increasing revenue to aid in the company's survival. The success stage or the growth phase are two terms that are frequently used to describe the third stage. It distinguishes itself by higher financial demands and superior corporate strategic planning abilities.

Additionally, in order to accelerate business development before transitioning to the stable the platform, an enterprise desire a significant amount of money for rapid development throughout the take-off the ground, and additionally for reconfiguration, scheduling, and dealing with risks [38]. The Rwandan government attempts to encourage youth-owned firms through Rwanda Development by offering BDS corresponding to the steps of progress identified by Muda and Rahman. Furthermore, the fund helps youth owned small and medium enterprises and other disadvantaged people launch their own enterprises by offering financial services, networking opportunities, and training in business management. Businesses are supported and sponsored by loans, corporate development, and free trade in addition to funding and more techniques to assist them blossom, launch, and ultimately develop [7].

In this study, the researcher used the phases of development theory for two distinct reasons. First, the idea of stages of development was used to have a greater awareness of Kigali's youth-owned businesses, secondly, it emphasizes how crucial financial services and networking support are needed by youth who deal with business in Kigali to succeed.

2.1.5. Contingency Theory

Fred Edward Fiedler proposed the contingency theory in 1964, which states that a match between internal factors such as assets and building and outdoor forces such as government rules, and political, economic, and social issues, among several others, determines a company's success. The basic premise of this theory is fitness, which is demonstrated whenever the firm's internal and external forces are equal. According to Nica et al, there are several approaches to enable SMEs getting perform, and the best strategy is contingent on the situation in which businesses function. The formidable environmental forces like unfavorable government rules, such as excessive taxes, inflation, and lower earnings for businesses [43].

Lenz suggested that slow environmental conditions, such as low taxes, tax incentives, and a stable political climate, stimulate quick performance because improving a firm's chances of making more money and internal elements such as structures and strategy heavily influence an SME's performance. For example, an SME with a lower hierarchical formal structure performs better than an SME with the highest centralized formal system. Flatter hierarchical legal structures lessen bureaucratic tendencies and make decision-making easier [32].

Musara emphasized that emerging SMEs with multiplex client environments must avoid adopting excessive levels of standardization in comparison to SMEs with straightforward customer environments. The goal here is to take the initial steps toward contingency theory. The development of a business strategy theory was the main goal. The choice to focus on the business level is based on two assumptions. For starters, it was assumed that developing an approach to business strategy would require a smaller, less complex collection of variables than developing an idea of business strategy. Second, and as crucial, an approach was considered that a business could not succeed in the long run.

Furthermore, Veliu and Manxhari said that executive officers with an entrepreneurial spirit help businesses achieve superior performance in changing settings, even when the SME has less cash. This study employed the Contingency theory because it clarifies how environmental conditions affect an SME's performance [63].

2.2. Empirical Review

Empirical study has been conducted to better understand the driving variables which contributed to BDS and legislation from the government. In general, our research focused on our types of BDS, such as networking services, training services, financial services, and marketing services.

2.2.1. Financial Services

Maros and Juniar investigated the elements influencing the effectiveness of youthful people-owned businesses in Nairobi County, Kenya. The investigation used basic statistical information to show how financing assisted adolescents obtain small-scale loans, grow their assets by starting or growing businesses, and eventually find work [35].

According to the study, government entities ought to promote financial organizations that issue loans, particularly to small businesses. The study, however, did not question young owners of businesses whether they are aware of readily available banking products or the limits that banks impose before making loans. According to the study, businesses that have a connection with finance services could succeed faster with assistance from the government [30]. According to study conducted in Malaysia by (Ombi et al, the greatest hindrance to firms surviving to operate is a lack of finance [47]. Firms may enhance their profitability with government aid, and the Rwandan government ought to work together with lenders to enable innovators to obtain business financing at reduced fees and lengthen their repayment time.

The distinction is that this study was conducted in Malaysia rather than Rwanda by (Ombi et al, The number of participants was restricted to 161 entrepreneurs from Sabah because of the geography of the research, resulting in a methodological and contextual gap. To deal with the aforesaid concern raised by Ombi et al, the population sample size for the present investigation may have been as high as 156 people. Contrary to the past survey, which focused exclusively on banking and finance, the present research looked at both the financial and non-financial success of youth-owned firms. This accomplishment was determined by a net revenue and a rise in personnel numbers [48].

According to the statistical evaluation, youth-owned businesses were mindful of banking demands accessibility to finance would enable the firms to grow and enhance sales, starting a business with their own money resulted in quick expansion, microfinance organizations didn't make use of consumers, lenders control financing those who defaulted well, and financial firms supply loans primarily based on what the borrower is able to pay. The results of the regression analysis, the research discovered that banking and financial services had a major beneficial effect on the profitability of a youth-owned firm. The null hypothesis, which states that financial services have no substantial influence on the profitability of youth-owned businesses in Kigali, Rwanda, has been dismissed [40].

2.2.2. Networking Services

Tang discovered that in China, social investment is defined as the societal backing that links and networks of individuals have; these connections and connections are formed up from individuals who can aid or help another person. He stated that asset such as expertise, abilities, or relationships to others who have the relevant expertise, abilities, or other (both monetary and non-financial) advantages may be utilized as encouragement or help [60].

Muijs et al conducted an investigation in the United Kingdom (UK) that provided the theory that an online community is formed up of an ensemble of individuals with links among them. Because innovation is critical to a SME's edge over its competitors, the growth and marketing of breakthroughs and innovations are dependent on networks. It has also been argued that networks give individuals exposure to the tools, information, and competencies they require to establish and capitalize on novel possibilities for business. According to the present investigation, youth-owned enterprises might benefit from business social networks to improve their effectiveness [39].

The research was conducted out to determine the incidence of selected businesses in Ota, Nigeria, whose presence of online communities integrating firms with staff members, supporters, and employment permits abilities and endeavors to spread. The hypothesis is concerned with the relationships between new businessmen and those who provide the funding required to start a business [46].

According to the descriptive assessment, services for networking help new businessmen come together the needs of their customers, businessmen who start their own businesses are more likely to succeed, a lack of inspiration hinders business performance, and connections with successful entrepreneurs can help in accomplishing business objectives. According to the regression analysis, networking services had a positive and significant impact on the efficiency of a young firm. The null hypothesis, which stated that social networking sites have no substantial effect on the achievement of youth-owned businesses in Kigali, Rwanda, was denied.

3. Research Methodology

The present investigation employed an explanatory research design, which was deemed appropriate since it permits the investigator to examine the relationship between the independent variables (financial services and networks) and the success of youth-owned businesses. The population being studied was 256 firms spread across eight sectors from three districts in Kigali City, but an experiment size of 156 entrepreneurs was chosen. To examine the influence of financial services and networks on the achievement of youth-owned medium-sized businesses in Rwanda, a multiple linear regression model was utilized to gather data.

4. Findings and Discussion

The anticipated impact caused by the independent variables (financial services and networking services) on the variable that is dependent (performance of a youth-owned enterprise) was tested using multiple regression analysis models. Table 1 shows the model summary results.

Table 1. *Model Summary.*

Model	R	R Square	Adjusted R Square	Std. An error in the Estimate
1	.794a	0.631	0.621	0.37919
a Predictors: (Constant), Networking services, Financial services				

Source: Survey data, 2023

Table 1 shows that R square is 0.631. This meant that financial services and networking services explained 63.1% of the disparity in the success of a youth-owned business. The findings suggested that financial and networking services are good determinants of business performance. The ANOVA results in Table 2 reflect the findings.

Table 2. *Analysis of Variance.*

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	36.636	4	9.159	63.699	.000
	Residual	21.424	149	0.144		
	Total	58.059	153			
a dependent variable: Performance						
b Predictors: (Constant), Networking services, financial services						

Source: Survey data, 2023

The coefficient F for the ANOVA analysis was 63.699, with a P-value of.000. The suggested framework is highly significant (good fit) in anticipating company success because the p-value is less than the standard value of 0.05. The regression weights of each variable in the model are presented in Table 3.

Table 3. *Regression Coefficients.*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.12	0.214		0.562	0.575
	Networking services	0.239	0.092	0.234	2.607	0.01
	Financial services	0.193	0.086	0.201	2.246	0.026
a dependent variable: Performance						

Source: Survey data, 2023

Regression Equation

$$Y = 0.12 + 0.239X_1 + 0.193X_2$$

Where:

Y = Dependent variable (Performance of youth-owned small and medium enterprises)

X1 = Networking services

X2= Financial services

According to the regression coefficient results in Table 3, networking services (= 0.239, p=0.01.05.05) had a favorable and substantial influence on the success of a youth-owned firm. This implied that networking services would grow by a unit, resulting in a boost in business performance of 0.239 units. The null hypothesis (H01) anticipated that networking services had no meaningful effect on the performance of youth-owned businesses in Kigali, Rwanda. The null hypothesis was dismissed since the model used for regression had a p-value less than 0.05. Networks provide individuals availability to the resources, experience, and skills they need to build and exploit new business possibilities. The findings also agree with those of Ogunnaike and Kehinde who acknowledged the value of social networks in encouraging business growth since social networking connect businesses with specialists, investors, and employees, allowing expertise and interests to become known. Table 3 also indicates that financial services ($\beta = 0.193$, $p=0.026<.05$) had a positive and significant effect on the performance of a youth-owned enterprise. This meant that increasing financial services by one unit would culminate in an increase in business performance of 0.193 units. The null hypothesis (H02) anticipated that financial services have no substantial effect on the success of youth-owned businesses in Kigali, Rwanda. Because the regression model had a p-value less than 0.05, the null hypothesis was disregarded. The findings supported Maros and Junior's claim that the government should encourage financial institutions that give credit, especially to new businesses [35]. The outcomes are consistent with those of Aterido et al, who found that monetary services are critical to economic advancement and the expansion of small and medium-sized businesses, and having them is related to efficiency and profitability [5]. The findings discovered that access to financial services increases the efficiency of businesses.

5. Conclusion

According to the research, networking services allow business owners to satisfy the specifications of their clients, businesspeople who establish their own businesses are more likely to succeed, a lack of inspiration affects business performance, and contacts with entrepreneurs who have succeeded aid in the achievement of their business objectives. The implication is that upgrading networking services has the potential to improve the running of a youth-owned firm in Kigali, Rwanda.

Financial services supplied to youth-owned small and medium-sized businesses in Kigali, Rwanda, have a favorable and significant impact on their performance. The study states, in particular, that having accessibility to funding facilitates firms to grow and boost sales, that establishing an enterprise with the money they have results in rapid growth, that lending institutions have good control over borrowing fenders, and that financial services providers provide loans primarily based on their capacity to repay them. The end result is that upgrading financial services has the potential to improve the performance of a youth-owned firm in Kigali, Rwanda.

6. Policy Implications

The results of the study indicate that supervision of young people who own enterprises should support their networking skills. Companies that provide networking services in particular should look for ways to better meet the needs of their customers and improve their information-transfer operations. To help in its transmission, relevant data must be provided accessible to a wider audience, and its accessibility must be enhanced. It is critical for owners of enterprises to seek advice from accomplished peers. Managers should, in particular, make an investment in effective customer relations, build a brand identity, provide customers discounts, and make use of social networking sites and online advertising.

Financial service providers should launch new initiatives, seminars, and campaigns to enhance and supplement the current financial services. The management of young business owners should improve their financial services. The superiors must create trustworthy causes of funding for the company in particular. The Rwandan management should collaborate with financial institutions to make it easier for company owners to receive financing at lower interest rates and prolong the payback time.

According to the report, Rwanda's government should evaluate its laws and regulations pertaining to business with the intention of making them more user-friendly and efficient. In particular, the government should assess the taxes that are imposed on business operations and reduce them in order to allow for greater savings for future investments and to improve the performance of young entrepreneurs. The Rwanda Development Board should also collaborate with the Rwandan government to shorten the drawn-out procedure and lower the high costs related to obtaining a business license. This would make it easier to issue these licenses and allow a wide range of businesspeople in Rwanda's many districts to participate actively in the market.

7. Limitations and Future Research

As metrics for performance, the research looked at the net profit, the personnel count, development and growth, and stability. Other performance measures, such as market share, employee retention, and client fulfillment must be investigated in future studies. Moreover, future research should consider other business development services rather than financial services and networking services that can further predict the performance of a youth-owned enterprise, such as bookkeeping, legal advice, counseling, and input supply, which are not taken into account in this study.

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