

**MICROFINANCE AND BUSINESS GROWTH OF WOMEN SMALL AND MEDIUM ENTERPRISES'S IN RWANDA. (A CASE OF SELECTED WOMEN SMALL AND MEDIUM ENTERPRISES IN KICUKIRO DISTRICT)**

**Musomandera Laetitia, Jaya Shukla, Anthony Luvanda**

Jomo Kenyatta University of Agriculture and Technology, Kigali, Rwanda.

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**ABSTRACT:** *The purpose of this study was to examine the extent to which Micro Finance contributes to the growth of Women Small and Medium Enterprises (SME) in Rwanda because despite improved access to credit by SMEs overtime, SMEs have continued to suffer financial challenges. The Women SMEs have registered a low return on capital employed, low net profit margin and kept a small capital size and some of them fail to run their daily operations because they do not have the capacity to maintain adequate liquidity levels. As such, the relationship between the MFIs and Women SME keeps on deteriorating due to failure to fulfil their loan obligations. The researcher used descriptive method of study based on qualitative and quantitative approach in order to get better analysis of the study. The population size was 884 out of which 275 were taken as sample size. Both primary and secondary data collection tools with their relevant tools like questionnaire and documentary analysis in order to come up with required data. In the findings it was established that Microfinance institutions provide many different services like loan, advice on investment, savings and training on investment to women SMEs in Kicukiro district. MFI also supports different sectors ranging from Agricultural sector, trading sector, crafts, Agro processing, services like catering, construction, production/ manufacturing, education, Textile and Fabric and many others. It indicates that business performance before micro finance loan was fair which means that the entrepreneurs needed microfinance loan in order to promote business performance. In spite of the challenges of small and medium enterprises face like high interest rate, lack of collateral, the research findings indicate that microfinance improved business performance inform of capital base increase, profitability increase, growth in size and expansion in size. This justifies the role of microfinance in socio economic development especially in the developing world hence women entrepreneurs should embrace microfinance in order to promote their business effectively. The Pearson correlation coefficient reveals that there is a positive high relationship between Micro finance institutions and growth of Women Small and Medium Enterprise (SMEs). This is shown by the value equal to 0.811\*\* tested at 0.01 level of significance. Consequently, it is concluded that Micro finance institutions have a positive impact on growth of selected Women Small and Medium Enterprises in Rwanda.*

**KEYWORDS:** Small and Medium Enterprises, Micro Finance, Business Growth

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## **INTRODUCTION**

Microfinance is the provision of micro credit or loans to business people with good and profitable ideas. This concept of micro credit was introduced by Grameen Bank in 1985s, basing on their entrepreneurial skills. Usually women use small loan to enhance their economic activities and help

them to lift from poverty and develop their families. It provides the people opportunity to improve their status by investing money in self-employment projects (Hulme & Mosley, 1996). With microenterprises and marginal income in the urban and rural areas of developing countries, women are engaged in businesses of any sort and this has tried to reduce on the challenges they are facing in obtaining essential needs which was lacking before because women was seen as maid at home and it was the duty of men to provide food and basic needs.

Microfinance has existed for a century and even longer in the world, mostly in Asia, as reflected in modern history, where formal lending and borrowing stretches for several thousand years for example the Microfinance practices in the 18th and 19th centuries through the Irish Funds in Ireland (Jonathan, 1989). According to Idowu (2010), inadequate financing is the major constraints to rapid development of small and micro enterprises sector. Accessing finance has been a potential key for SMEs to fight against poverty and build productive capacity, to compete to create job opportunity and alleviation of poverty among poor people. And without financing, SMEs cannot compete favourable and alleviate poverty.

In the past three decades African development community was in excitement of breakthrough of poverty climate as the solution to poverty eradication in the continent through provision of tinny micro credit to poor communities especially women to foster income generating projects which will in the end lead to financial growth in the community. South Africa's experience after lapse of time as the country was experiencing an escape from the appalling legacy of apartheid a priority was made to ensure that micro credit to be extended to the poor so as to be liberated from poverty, exclusion, and deprivation. Microfinance in East Africa with particular focus on schemes for women engaged in the production and processing of agribusiness such as coffee in Uganda and Kenya explains the role and importance of microfinance for financial growth of women in SMEs businesses. Emphasis and reviews in the current trends explains reasons for the limited coverage by micro credit of women hence suggestions were made policy makers to increase accessibility of micro credit to foster, financial growth of women in SMEs businesses (Omunuk, 2008).

Since pre-colonial and after colonial, Rwanda efforts have been directed towards the poverty eradication, economic growth and development, through agriculture commercialization, tourism and industrialization. In relation to this and through the Private Sector Foundation the country has focused on sustainable development through small business development (RDB, 2014).

Community's performance towards poverty eradication, has occupied a prominent place and the parties to the community especially women must be part of this fight if economic hindrances of poverty are to be eradicated from societies because women are the back bone of the society.

Micro finance is the solution as a driving element towards financial growth of women partaking on form of business, most especially women in Rwanda as per the case study. According to Anyawu (2003), the inability of the SMEs to meet the standard of the formal financial institutions for loan consideration in Rwanda provides a platform for informal institutions to attempt to fill the gap usually based on informal social networks.

Thus, the recent poverty eradication program in Rwanda is focused on sustainable development through small business development, as the Government of Rwanda focus on much interest placed on the development of the private sector, being the pillar of poverty eradication at all levels in the

society (RDB, 2014). The Rwandan economy is based on the largely rain fed agricultural production of small, semi subsistence and increasingly fragmented farms with large involvement of women, the micro-credit projects spearheaded the Rwandan government is focused on the improvement of communities' livelihoods. This is to be achieved by contributing to effective poverty reduction and complimentary economic development activities for sustainable financial empowerment especially through small and medium businesses.

Hence the overall objective is to provide a venue for income-generating activities small and medium businesses through a rotating microfinance scheme which is aimed at creating and engaging women in income generating activities to foster their financial stability (MINICOM, 2010). It upon the above background, that is why the researcher would like to examine the extent microfinance institution in Rwanda have contributed to women Small and medium enterprises.

### **Statement of Problem**

Though there is improved access to credit by SMEs overtime in Africa, SMEs have continued to suffer financial challenges. For this, existing research indicates that 50% of the SMEs operate in a financial deficit and some of the SME owners are still uncomfortable with such credit extended to them, (Auren & Krassowska, 2004). The SMEs have registered a low return on capital employed, low net profit margin and kept a small capital size and some of them fail to run their daily operations because they do not have the capacity to maintain adequate liquidity levels Chowdhury (2002). As such, the relationship between the MFIs and SME keeps on deteriorating due to failure to fulfill their loan obligations O'brien (2007). This could be due to the stringent credit terms to include interest rates, collateral securities, and loan repayment schedules among others which seem to frustrate businesses financially.

Rwandan Government supported the establishment of Microfinance Institutions as a way of providing financial accessibility to all Rwandans who cannot afford big loans from the banking institutions especially the Rwandan women with a representation of 54% of the total population. Rwandan SMEs make up approximately 98% of the total business and account for 41% of all private sector employments where women are headed for 42% of enterprises in the country and they comprise 58% of the enterprises in the informal sector which accounts for the 30% of the GDP. Despite microfinance contribution to the economy, women in Rwanda, like those around the world, continue to experience many problems in their businesses which have led to a different mix of constraints including financial credit accessibility, limited share of contracts, access to trade and procurement guidelines and regulations and limited knowledge about financial services and businesses. (RDB report 2014). It is upon the above that is why the researcher would like to establish the extent to which Micro Finance contributes to the growth of Small and Medium Enterprises (SME) in Rwanda

### **Objectives of the Study**

The main objective of the study was to investigate the effect of Micro Finance Institutions on the business growth of women SMEs in Rwanda.

### **Specific objectives of the Study**

1. To assess Microfinance services offered to selected Women SME's in Kicukiro District.
2. To assess the business growth level of selected SME's in Kicukiro District before and after acquiring Microfinance services.
3. To analyze the contribution of microcredit on business growth of selected Women SME's in Kicukiro District.
4. To examine the challenges facing the business growth of selected SME's in Kicukiro District.

### **Research Questions**

1. What microfinance service are offered to selected Women SME's in Kicukiro?
2. How was the business growth of selected Women SME before and after acquiring Microfinance services?
3. What is the contribution of microcredit on business growth of selected Women SME's in Kicukiro District?
4. What are the challenges facing the business growth of selected SME's in Kicukiro District?

## **RESEARCH METHODOLOGY**

### **Research Design**

The researcher was descriptive research design basing on qualitative and quantitative approaches. The major aim of a descriptive study according to Kumar (2005) is to describe and provide information on what is prevalent regarding a group of people, a community, a phenomenon or a situation.

Correlation is used to test strength of relationships between variables was described and explored from the testing of the specified hypotheses of the study. According to Bryman (2004), in a correlation analysis, the strength of relationships between variables is explored. Similarly, Kumar (2005) emphasized that in correlation studies relationships or associations between two variables are ascertained. This study showed the relationships between the independent research variables and one dependent variable.

### **Target population**

The case study of this research is selected small firms operating in Kicukiro District hence women SME's have been chosen as my population reference since they contribute a lot towards growth of Kicukiro district inform of employment and taxes to the government. According to (NISR, 2012) Women SMEs in Kicukiro district are 884 which employ the capital between 600,000 frw and above. Since our case study is selected small and medium firms of Kicukiro District, the population of this study is 884 SME's firms which employ between 3 and 50 workers according to Kicukiro

District statistics. SME's firms will be selected according to the number of employees and firms which do not meet this criterion will be left out. From the 884 women SMEs, the owner/manager of the women SME was part of the target population.

### **Sampling size and technique**

When it is not possible to study an entire population but the population is known, a smaller sample is taken using a random sampling technique. Slovin's formula allows a researcher to sample the population with a desired degree of accuracy (Stephanie, 2013). Slovin's formula was used to calculate the sample size. With regard to the level of accuracy, we used a confidence level of 95% as suggested by Kothari (2005), this means that there are 95 chances in 100 (or .95 in 1) that the sample results represent the true condition of the population within a specified precision range against 5 chances in 100 (or .05 in 1) that it does not. The slovin's formula is calculated as follows:

$$n = \frac{N}{1 + Ne^2}$$

Stephanie (2013)

n= Number of samples or sample size

N= Total population

e= Error tolerance

The population size of this research is 884 small firms. We take a sampling error of 5%, and then the sample size will be:

$$n = 884/1+884(0.05*0.05)$$

$$n = 884/ 885*0.0025$$

$$n = 884/2.2125$$

$$n = 275$$

The study constitutes the category of SME's firms that have received the loan, advice and savings from Micro Finance support over the period of study.

### **Data Collection Instruments**

Data was collected using different instruments. Hence the use of:-

The researcher used questionnaires and documentary review.

### **Questionnaires**

This is an important method of data collection. Kumar (2005) said that a questionnaire is justifiable in data collection mainly because; it enables the researcher to collect large amount of data within a short time period, it also provides opportunity for respondents to give frank, anonymous answers.

One set of questionnaire was designed for the SME's; it was included both open and closed ended set of questions that to be answered. The questionnaire was written in a simple and clear language for the respondent to feel free while answering. In addition to that the use of questionnaire is considered vital to the research since it provides accurate information regarding the study.

### Documentary Review

This research also reviewed literature obtained from the case study organization. This literature included Microfinance and growth of Women SME's. This method was chosen because; it is vital in providing background information and facts about impact of microfinance on growth of SME's before primary data could be collected. Indeed, before field data is collected, a wide collection of data had been collected and this was used to cross check with the primary data that is to be obtained by the field.

### Data Management and Analysis

In order to facilitate the primary data analysis responses were coded and be given a numerical interpretation with the help of Statistical Package for Social Sciences (SPSS 22). Data were presented in tabular form and percentages were calculated. Charts, graphs were employed in order to present the findings and draw the conclusion. Descriptive statistics was used in form of frequencies and percentages. Bivariate analysis was also used for views and opinions about the relationship between access to loan and advice on investment and growth of small firms. This technique helped the researcher to establish the influence of independent variable (access to loan or credit) on the dependant variable (growth of small firms inform of profitability and percentage change on investment level). The techniques that were used in this analysis are cross tabulation and ANOVA table.

## RESULTS AND INTERPRETATION

### Services offered by Micro Finance Institutions

#### Services offered by micro finance to selected women SME in Kicukiro district

Table 1 shows the levels of services offered by micro finance to selected women SME in Kicukiro district and it gave the frequency of the respondents from strongly disagree to strongly agree.

**Table 1: Services offered by micro finance to selected women SME in Kicukiro district**

Services of MFI	Mean	Std. Deviation	Comments
Providing loan	4.8291	.37712	Very strong homogeneity
Advice on projects	4.8109	.44462	Very strong homogeneity
Saving services	4.6836	.51784	Very strong heterogeneity
Training on investment	4.3782	.56887	Strong heterogeneity
<b>Overall</b>	<b>4.67545</b>		<b>Very strong</b>

Source: Primary data, 2015

In assessing the Services offered by micro finance to selected women SME in Kicukiro district the following findings were generated:

In analysing whether micro finance provide loans to selected Women SMEs in Kicukiro district, the SPSS findings indicated a mean of 4.8291(very strong) and a standard deviation of .37712 (homogeneity). This implies that the Micro finance institutions provide loans to selected Women SMEs in Kicukiro district which means loan is one of the major services offered by Microfinance to SME's. In ascertaining whether micro finance provides advices on projects, the research has indicated a mean of 4.8109 (very strong) and a standard deviation of .44462 (homogeneity). This implies that Microfinance institutions provide advice to selected Women SMEs before the loan is given and during monitoring of the project in order to ensure that the loan serve the right purpose. In ascertaining whether MFIs provide savings, the research revealed the mean of 4.6836 (very strong) and a standard deviation of .51784 (heterogeneity) and this implies that women entrepreneurs save their money in Micro finance in order to accumulate capital for reinvestment in their business even though some of them may have accounts in others financial institutions.

In evaluating whether Women SMEs receive training on investment, the findings demonstrated a mean of 4.3782(Strong) and a standard deviation of .56887(heterogeneity). This implies that to some extent micro finance institutions provide investment training especially on how loans should be utilized by women Entrepreneurs but it is not considered as priority.

### **Favourable Credit/ loan Policy**

**Table 2 shows whether Micro Finance institutions have favorable and standard credit/loan policy in place that are applicable and always followed**

**Table 2: Favorable and Standard Credit/ loan policy**

<b>Micro Finance credit/loan standards</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Strongly disagree	10	3.6	3.6	3.6
Disagree	13	4.7	4.7	8.4
Not sure	16	5.8	5.8	14.2
Agree	222	80.7	80.7	94.9
Strongly agree)	14	5.1	5.1	100.0
Total	275	100.0	100.0	

*Source: Primary data, 2015*

Table 2 shows, 85.8% of the respondents of agreed that the microfinance have favorable loan policy and standards in place that are always followed, 8.3% disagreed and 5.8% were not sure. This implies that the Micro Finance institutions have favorable loan policy and standards in place that are always followed.

### **Growth rate of selected women SME in Kicukiro district**

In this section, the respondents were asked to provide their views on the growth rate of selected women SME in Kicukiro.

**Industry sector supported by Microfinance Credit/Loan**

Respondents were also asked to indicate their industry sector they were working within.

**Table 3: Industry sector served by Microfinance**

Industry sector	Frequency	Percent	Valid Percent	Cumulative Percent
Trading	56	20.4	20.4	20.4
Production/Manufacturing	6	2.2	2.2	22.5
Construction	7	2.5	2.5	25.1
Service	15	5.5	5.5	30.5
Agriculture	73	26.5	26.5	57.1
Agro Processing	28	10.2	10.2	67.3
Education	5	1.8	1.8	69.1
Textile and Fabric	4	1.5	1.5	70.5
Crafts	47	17.1	17.1	87.6
Others	34	12.4	12.4	100.0
Total	275	100.0	100.0	

Source: Primary data, 2015

Table 3 shows that 26.5% of the respondents are in Agricultural sector, 20.4% trading, 10.2% Agro processing, 5.5% services, 2.5% construction, 2.2% production/ manufacturing, 1.8 % education, 1.5% in Textile and Fabric 1.1% and others. This implies that microfinance serve different business sectors which is as per the 2020 goals of reducing poverty in the country by empowering women.

**Performance of business before Microfinance services**

The table 4 shows respondents views on the performance of business before and after acquiring credits from Micro finance.

**Table 4: performance of business before acquiring credit**

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Good	57	20.7	20.7	20.7
Fair	156	56.7	56.7	77.5
Bad	62	22.5	22.5	100.0
Total	275	100.0	100.0	

Source: Primary data, 2015

Table 4 shows that 56.7.1% of the respondents agreed that before acquiring credit the performance of their business was fair, 20.7% good and 22.5% bad. This implies that women enterprises acquired credit in order to save their business from collapsing.



**The contribution of Microfinance Institutions to selected Women SME in Kicukiro district****Contribution Microfinance Institutions services to selected Women SME's**

**The table 5 shows contribution Microfinance Institutions services to selected Women Small and Medium Enterprises in Kicukiro district**

**Table 5: Contribution Microfinance Institutions services to selected Women SM**

<b>Contribution MFI</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Comments</b>
Capital base increased	4.9200	.27179	Very strong homogeneity
Profitability increased	4.8473	.42540	Very strong homogeneity
Business growth in form of size	4.8000	.48330	Very strong homogeneity
Business expansion in form of branches	4.6182	.83908	Very Strong heterogeneity
<b>Overall</b>	<b>4.796375</b>		<b>Very strong</b>

*Source: primary data, 2015*

The results in table 5 indicated that Capital base increased has a mean of 4.9200 (very strong) and the standard deviation of .27179 (homogeneity). This implies that Microfinance Institutions have contributed to selected Women SMEs in Kicukiro district by increasing their business capital.

On whether the loan has increased profitability of women SME's, the research findings shows a mean of 4.8473 (very strong) and a standard deviation of .42540 (homogeneity). This implies that Microfinance institutions have increased profitability level of Women SMEs. The statement is justified by the fact that microfinance increased capital base of the business and if the capital is invested wisely, then it will increase profitability of the business (Chowdhury, 2002).

In analysing whether microfinance's loan has made the business to grow in form of size, the findings shows a mean of 4.8000 (very strong) and a standard deviation of .48330 (homogeneity). This implies that the selected Women SMEs businesses operating in Kicukiro District are growing in size as a result of microfinance loan. Hence SME's should embrace microfinance loan as source of income for poverty reduction in developing countries since we cannot generate our own capital.

The researcher wanted to ascertain whether microfinance loan made the business to expand in form of branches and the research findings revealed a mean of 4.6182(very strong) and a standard deviation of .83908 (heterogeneity). This implies that the loans have helped the business of the women entrepreneurs to some extent to expand as some entrepreneurs have challenges in the expansion.

**Challenges facing the growth of SMEs**

The respondents were asked to indicate their responses on the Challenges facing the growth of SME

**Table 6: Challenges facing the growth of SME**

Challenges	Mean	Std. Deviation	Comments
High interest rate	4.9491	.33792	Very strong homogeneity
MFIs are too small to collateral	4.9673	.19766	Very strong homogeneity
Short Terms for paying back credit.	4.9527	.29833	Very strong homogeneity
<b>Overall</b>	<b>4.95636</b>		<b>Very strong</b>

Source: Primary, 2015

In assessing the challenges facing the growth of SMEs in Kicukiro district the following findings were generated:

In ascertaining whether interest rate is a challenge the respondents agreed with a mean 4.9491 (very strong) and a standard deviation of .33792 (homogeneity) that interest rate is a challenge to Women SME's. This implies that interest rate is a major challenge that Women entrepreneurs in Kicukiro district are facing. The current micro finance interest rate on loan is 15% compared to the commercial bank of 19% and this requires further reduction.

Collateral as a challenge, the mean of 4.9673 (very strong) and a standard deviation of .19766 (homogeneity) have been calculated. This means that collateral is a challenge to the women entrepreneurs in Kicukiro district because MFIs are too restrict on collateral as a security measure and it is a guarantee for the banks money.

In assessing whether paying back period is a challenge, the respondents stated that short-term repayment period is a challenge with the mean of 4.9527 (very strong) and a standard deviation of .29833 (homogeneity). This implies that women entrepreneur's faces challenges with loan default due to short repayment period hence payment period needs to be revised.

Others challenges includes uncertainties in business like theft, fire and other natural disasters can affect the business entities and defaulting group members which might cause problems in paying back the loan hence affecting the whole group members.

### Solutions to the challenges

The table 7 shows solutions to the SME's challenges

**Table 7: Solutions to the challenges**

Solutions to the challenges	Mean	Std. Deviation	Comments
Low interest rate	4.9927	.08512	Very strong homogeneity
Training	4.9745	.21632	Very strong homogeneity
Improvement of Credit Term inform collaterals	4.9782	.14636	Very strong homogeneity
<b>Overall</b>	<b>4.9818</b>		<b>Very strong</b>

Sources: Primary data, 2015

Respondents views on the solutions to challenges facing the growth of SME's:

On low interest rate, the research indicated a mean of 4.9927 (very strong) and a standard deviation of .08512 (homogeneity). This implies that MFIs should charge low interest rate to the borrowers in order to let women entrepreneurs get benefit because for example Umurenge Sacco charges the interest rate of 12% compared to 15% of MFIs. About Training a mean of 4.9745 (very strong) and standard deviation of .21632 (homogeneity) have been discovered and this implies that MFIs should provide training to women in SMEs in order to enhance their knowledge and skills in business they are doing and all respondents have the same opinion.

Credit terms in form of collaterals indicated a mean of 4.9782 (very strong) and a standard deviation of .14636 (homogeneity). This implies that MFIs should improve on their credit terms to the borrowers in order to encourage more borrowers to take credit and also MFIs should increase period of paying back the money borrowed.

### Relationship between Micro finance loan and Small and Medium Enterprises (SMEs)

Table 8 shows relationship between MFI loans and performance of women small and medium enterprise.

**Table 8: Relationship between Micro finance and Small and Medium Enterprises (SMEs)**

		Micro finance	SMEs
Micro finance	Pearson Correlation	1	.811**
	Sig. (2-tailed)		.000
	N	275	275
SMEs	Pearson Correlation	.811**	1
	Sig. (2-tailed)	.000	
	N	275	275

\*\* Correlation is significant at the 0.01 level (2-tailed)

The table 8 shows the relationship between Microfinance loan and performance of SMEs using Pearson correlation coefficient. The correlation shows that there is a positive high relationship between Microfinance institutions and growth of Women Small and Medium Enterprise (SMEs). This was shown by the Pearson correlation value of 0.811\*\* tested at 0.01 equivalent to 10% level of significance. This implies that services offered by Microfinance institutions like savings, loan and advice has great effect on performance of microfinance institutions inform of increase in capital base, profitability, growth and expansion of the business. Hence business enterprises should utilize MFI services for their business growth and development.

## CONCLUSION AND RECOMMENDATIONS

### Conclusion

Micro finance loan has a great impact on women SME's performance which meets the goal and strategy of microfinance establishment. SMEs have been fully recognized by Government and development experts as the main engine of economic growth and a major factor in promoting private sector development and partnership. The development of the SMEs sector therefore represents an essential element in the growth strategy of most economies and holds particular significance in the case of Rwanda. SME does not only contribute to improved living standards, employment generation and poverty reduction but they also bring about substantial domestic capital and achieve high levels of productivity.

The Pearson correlation coefficient reveals that there is a positive high relationship between Micro finance institutions and growth of Women Small and Medium Enterprise (SMEs). This is shown by the value equal to 0.811\*\* tested at 0.01 level of significance. Consequently, it is concluded that Micro finance institutions have a positive impact on growth of selected Women Small and Medium Enterprises in Rwanda.

### Recommendations

Driven by the findings in this study, SMEs in Rwanda have a long way to go for the sector to be relevant, focused and productive enough. Therefore Government intervene in the issue of interest by subsidizing on the interest rate for example Umurenge Sacco interest rate is 12% and the same can be applied for microfinance institutions since they are all supporting the lower income earners. SMEs owners need to build their capacity on the entrepreneurial orientation, because without an entrepreneur mindset it will be hard for SMEs to achieve their growth. As recommendation, MFIs should provide training to the women, advice them to be involved in SMEs activities and make follow up of the money borrowed utilization which will help the Women to improve their skills and competitiveness to the market and paying back the borrowed money to the Microfinance.

It has been seen that the interest rate of MFIs is high. As recommendations, MFIs should adjust their interest rate in order to maintain its women clients who can go for other banks and also MFIs should give affordable Credits to its women clients for starting the business and it is not necessary to ask them a high interest for getting a loan because respondents claimed the high interest rate. In order to protect borrowers for being affected by the short period of pay back the borrowed money and their living conditions becomes very bad instead of being improved because of some negative consequences they can face, MFIs should discuss with borrowers a favorable period of paying back the borrowed money without causing harm to them.

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