

**MICROFINANCE INSTITUTIONS SERVICES AND SMALL AND MEDIUM
ENTERPRISES'GROWTH IN RWANDA:
A CASE STUDY OF VISION FINANCE COMPANY LTD 2009-2011**

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ABSTRACT

This research examined the role of microfinance institutions in the growth of small and medium enterprises (SMEs) in Rwanda with specific objectives of assessing if MFIs provide financial services on SMEs for growth, finding out if MFIs provide non- financial services to SMEs' growth and establishing the relationship between MFI's services and SMEs' growth. Through this study small and medium enterprises will know the role of micro financial institutions services and using knowledge and skills acquired from these; hence they will perform well their business activities. Therefore the result of this study will be increasing their capital, diversifying the number of businesses, increasing their savings, increasing their profitability and then increasing the number of employees. A sample of 56 SMEs was taken using the formula of a finite population (Kothari, 1985) and selected, using stratifying sampling techniques, from a population of 120 SMEs located in Kigali city working with Vision Finance Company from 2009 to 2011. With Statistical Package for Social Sciences (SPSS) data collected from SMEs' representatives were analyzed using descriptive statistics. Frequencies and percentages were computed to analyze the role of microfinance institution on SMEs' growth. The results obtained have shown that, micro- financial services and non-financial services have played a big role to help SMEs-entrepreneurs in their business activities and created a big impact on Small and Medium Enterprises growth. Hence allowed the researcher to conclude that microfinance services have contributed on Small and Medium Enterprises Growth in Rwanda as shown through the increasing in profitability, increasing in productivity; increasing in capital, increasing in savings and increasing in technology. At the end of this study, the following recommendations are addressed to the VFC and to the SMEs entrepreneurs. VFC may harmonize the methodology of providing services to SMEs in order to help them in performing their business activity hence to realize their potential and their growth. Also SMEs may participate actively in the using and management of services provided by VFC for acquiring the knowledge on the business activity. Managers of SMEs may also monitor and evaluate day to day activities of SMEs in order to realize their business growth.