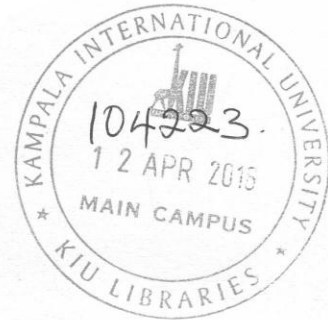


**CREDIT FINANCING AND PERFORMANCE OF MICRO-ENTERPRISES IN
SELECTED SMALL AND MEDIUM BUSINESSES IN GICUMBI
DISTRICT, RWANDA**

**A Thesis
Presented to the
College of Higher Degrees and Research of
Kampala International University
Kampala, Uganda**



**In Partial Fulfillment of the Requirements for the Degree
Master of business administration**

By:

MUGORUKEYE CESARIE
MBA/40173/131/DF

November, 2014

ABSTRACT

The study sought to establish the relationship between credit financing and performance of micro-enterprises in Gicumbi district, Rwanda. The study was guided by three specific objectives, that included i) determining the extent of credit financing; ii) level of performance of small and medium enterprises; iii) the relationship between credit financing and performance of micro-enterprises in Gicumbi district. This research employed descriptive correlational design to describe the relationship between credit financing and performance of micro-enterprises in Gicumbi district, Rwanda. The findings revealed the following: majority of respondents in this sample ranged between 18-30 years and these were male (59.6%), 31.6% were Bachelor's degree holders and had spent 3-5 years in small and medium enterprises. Data analysis using means conoted that extent of credit financing was found to be satisfactory, the level of performance of small and medium enterprises was found to be high and this was indicated by the overall mean (mean=2.78). The extent of credit financing and performance of small and medium enterprises are positive and significantly correlated. The researcher concluded that; concluding that micro-financial institutions (MFI) have provided financial services to small and medium sized enterprises, which are continuously ignored by the formal banking sector, the employees of these small and medium enterprises receive their salaries on time, and good and better credit financing increases the level of performance of micro-enterprises in Gicumbi district, Rwanda, and unsatisfying credit financing reduces it, and among all the aspects of credit financing, interest rate accounted for the biggest influence on performance of micro-enterprises in Gicumbi district, Rwanda ($\beta=0.568$, Sig=0.000). The researcher recommended that; Microfinance institutions should always provide loans to small and medium businesses without collaterals, should make sure that the small and medium business owners are comfortable with the period in which should have to repay the loan, should make sure that the type of loans they get have loan installments which are manageable within the repayment period, should make sure that the type of loans they get have interest rates which do not threaten the growth of their businesses, and lastly shouldn't miss the loan repayment date in order to avoid additional charges.