

**DETERMINANTS OF GROWTH ON WOMEN'S SMALL SCALE
BUSINESS IN RWANDA: A CASE OF KICUKIRO DISTRICT**

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**A THESIS SUBMITTED AND PRESENTED IN FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF A DEGREE OF DOCTOR OF
PHILOSOPHY OF THE OPEN UNIVERSITY OF TANZANIA**

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CERTIFICATION

The undersigned certifies that he reads and hereby recommends for acceptance by the Open University of Tanzania, a Thesis entitled: *“Determinants of growth on women’s small scale business growth in Rwanda: A case of Kicukiro District.”* in fulfillment of the requirements for the award of a degree of Doctor of Philosophy.

.....

Signature**Prof. Hossea Rwegoshora (Supervisor)**

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DECLARATION

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.....

Signature

Anathalie Niyigena Nyiramugwera

.....

Date

DEDICATION

This work is dedicated to Almighty God for His guidance and protection throughout the academic life. It is also dedicated to my dearest husband Prof. Francis Dominicus Nzabuheraheza and beloved daughter Mary Louange Kuzo Nzabu, late parents Mr. Tharcisse and Mrs. Melanie; sisters and brothers, friends and all those who trust and obey the Almighty Lord.

Anathalie Niyigena Nyiramugwera.

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May Almighty God Bless you all!

ABSTRACT

A research work entitled: “Determinants of growth on women’s small scale business in Rwanda: A case of Kicukiro District.” was carried out at Kicukiro District in Rwanda. This study was aimed at investigating the determinants of women’s small scale business growth with a special emphasize on retailing, hairdressing, tailoring and weaving baskets . The sample size was based on ninety- nine women dealing with a small-scale business surveyed in two sectors of Kicukiro District such as Gikondo and Kicukiro sectors. The findings showed that access to financial capital, access to training, workforce, location, innovation and creativity were the major determinants of business of growth. Findings further indicated the problems affecting business growth such as lack of skills about doing businesses, inadequate training, lack of financial, lack of collateral to enable them secure loans from banks, lack of infrastructure, tax rate and regulations. Nevertheless, some of the major causes of poor/no growth include laws and regulation (tax structure), poor sources of capital, and the use of business’ resources for private purposes. It was found that the majority of respondents (70%) would like to do business without paying tax. Therefore, it was concluded that the knowledge on determinants of growth on women’s small scale business is still insufficient in developing countries especially in Rwanda. Finally, the researcher has recommended that there is a need to educate the women’s small scale business in Kicukiro and in Gikondo sectors about business growth before rushing into their businesses.

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LIST OF ABBREVIATIONS AND ACRONYMS

BDS	Business Development Services
COOPEDU	Cooperative Duterimbere
EICV	Enquete Integrale sur les Conditions de Vie de ménage (Integral Survey on Conditions of living within families)
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
GTZ	Gessellschaft fur Technische Zusammenarbeit
ICT	Informationand Communication Technology
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IJB	International Journal of Business
ILO	International Labor Organization
MINECOFIN	Ministry of Finance and Economic Planning
NGO	Non- Government Organization
OECD	Organization for Economic Co-operation and Development
PSF	Private Sector Federation
REMA	Rwanda Environment Management Authority
RRA	Rwanda Revenue Authority
RWF	Rwanda Francs
SACCOs	Saving and Credit Cooperatives
SME	Small and Medium-sized Enterprise
SPSS	Statistical Package for Social Science
SSEs	Small Scale Enterprises
TVET	Technical and Vocational Education and Training

UK	United Kingdom
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations for Development Program
UNECE	United Nations Economic Commission for Europe
UNESCO	United Nations Educational, Social and Cultural Organization
US	United State
USD	United State Dollar
Vol	Volume
WSSB	Women's Small Scale Business
WWF	Working Women's Forum

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CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Background to the Study

In the developing country such as Rwanda, small scale business plays a critical role in economy and contributes a lot in GDP of Rwanda because the small businesses comprise 97.8% of the private sector and account for 36% of private sector employment (SME Policy, 2010). No country can achieve its potential without adequately investing in and developing the capabilities of women. In the interest of long term development it is necessary to facilitate their empowerment. In this study, small scale businesses are analyzed specifically as a tool for women's empowerment. Therefore, small scale businesses contribute a lot in economic development. However, many studies (Etebefia, O. S., *et al.*, (2013); Orser *et al.*, 2000) suggest that gender is not a significant variable for business growth. In addition, women are the main participants in small scale business. This is because women contribute a lot to the welfare of the family (Bernasek, 2003). The dynamic role of Micro and Small Enterprises (MSEs) in developing countries as engines through which the growth objectives of developing countries can be achieved has long been recognized. It is estimated that MSEs employ 22% of the adult population in developing countries (Fisseha, 2006).

However, women should be encouraged because they have reproductive activities (Perry and Schenck, 2001, Camissa and Reingold (2004). Nowadays, Rwanda is well promoting the gender balance in all levels of administration (MINECOFIN,

2003). Geeta & Anju (2006) found that women empowering is the key of social development. Furthermore, Siwadi *et al.*, (2011) noted that generally women's enterprises have limited potential.

Despite the less regard given to the role of women in society, the key roles played by women in the past and even currently, in social and economic development, are in reality productive activities such as domestic labour and reproductive activities where they are responsible for being bearers, careers and the socializes of the next generation (Gabriel, 1991). However, the reproductive activities of women are most cases not viewed as work when compared to work done by men, because of the no cash payment attached to them. Today there is an appreciation that women in society are more concerned about the development of their families than men, and as a result, they have been viewed as the “principal agents in the fight against poverty” (Perry and Schenck, 2001, MINECOFIN, 2003).

Historically, in Rwanda's patriarchal society, women have always had a low status, limiting their authority in decision-making, empowerment and emancipation. Some examples from other parts of the world show how involving women in the decision-making structures of the society is a cornerstone in the process of their empowerment. According to Camissa and Reingold (2004) “in places as diverse as Timor-Leste, Croatia, Morocco, Rwanda and South Africa, an increase in the number of female lawmakers led to legislation related to antidiscrimination, domestic violence, family codes, inheritance, and child support and protection”.

Geeta and Anju (2006) in their study found that the empowering outcomes which include increased income-earning potential, women's emancipation, ability to bargain for resources within the household, decision-making autonomy, control over fertility, and participation in public life, are only possible for educated women. Furthermore, Women owned businesses are known for their low start up and working capital although women are largely involved in small scale businesses, (Siwadi *et al* 2011) note that under normal circumstances women's enterprises have low growth rate and limited potential partially due to the type of business activities they run. It has also been observed that less attention has been given to the side of constraints towards the growth of women's small scale businesses despite their contribution in the overall GDP of the country.

Like the region as a whole, women's small scale businesses problems are tremendous in the town too. To take appropriate measures for these problems, knowing the factors associated with the problems is a precondition for a problem well stated is half solved. Therefore, the aim of this research is to identify the major constraints that affect the growth of Women Small Scale Business (WSSB) in Kicukiro District in running their own businesses and recommend the appropriate measures to be taken.

1.2 Statement of the Problem

As mentioned in the introduction above, there are a large number of women in Rwanda. But the country does not yet exploit them very well to contribute a lot for economic development. This is supported by different empirical evidences. For example, Gemechis (2007) and ILO (2009) stressed that entrepreneurs are

surrounded by a number of challenges. This forces WSSB not to contribute a lot to the poverty reduction of the town, region and the country as a whole. In addition, Devereux and Sharp (2006 cited in Zeleke Worku, 2009) identified that lack of access to finance is the most influential factor from among all adverse factors hindering the growth and development of the MSE.

This study is different from those researchers discussed above in that their focus areas were in all entrepreneurs regardless of their sex. Besides, they did not see the factors with respect to the different personal, organizational, economic, socio-cultural and legal/administrative matters. Similarly, their studies did not address WSSB. But this study specifically emphasis on determinants of women's small scale businesses growth in Rwanda particularly in Kicukiro District.

Even though women entrepreneurs in MSEs account the greatest proportion of total entrepreneurs in the country as a whole and in Kicukiro in particular, there is an acute shortage of studies conducted with a specific objective of analyzing the problems of enterprises operated by women in terms of personal and organizational-related challenges, economic, social/cultural, and legal/administrative. This study is deemed to fill the gaps by identifying specific factors that affect their business growth. Thus, in this study it is thought to assess the different constraints that affect the growth of WSSB in Kicukiro District.

The country cannot be developed without contribution of small scale businesses. Promotion of women small scale business is now at embryonic state in developing countries. Gender balance in business dealing is a crucial issue in some countries.

Gender is not empowered at high level. Land scarce is generating a food security in most less developed countries. There need for job creation and income generation especially among rural area women. Consequently, small scale business is not organized into controlled cooperatives. Business women are not stimulated and trained for doing business for country economic development. The present research work was mainly investigating the determinants of women's small scale business growth in Kicukiro District of Rwanda.

1.3 Objectives of the Study

1.3.1 General Objective

The overall objective of this study was to assess the determinants of growth on women's small scale business in Kicukiro and Gikondo Sectors of Kicukiro District in Rwanda.

1.3.2 Specific Objectives

The specific objectives of this study were:

- i) To identify the profiles of women's small scale businesses in Kicukiro district,
- ii) To describe the determinants of growth on small scale businesses in Rwanda,
- i) To assess the challenges they face in starting and running their own business in Kicukiro District and make adequate recommendations.

1.4 Research Questions

The research was guided by the following research questions:

- i) What are the profiles of women's small scale business in Kicukiro district?
- ii) What are the determinants of growth on small scale businesses in selected region?

- iii) What are the challenges faced by women's small scale business in Kicukiro District of Rwanda?

1.5 Scope of the Study

The study carried out on the determinants of growth on women's small scale business. The research study was conducted in two sectors of Kicukiro and Gikondo in Kicukiro District of Rwanda. In this study, the women's small scale businesses were targeted because they are most vulnerable and widow. It was concentrated on tailoring, hairdressing, retail trading and weaving baskets cooperative. It was limited also to the problems that some women face while undertaking their business tasks in study area when they have no considerable net incomes. In addition, the field data was complemented with the inputs of secondary data related to small scale business growth.

1.6 Significance of the Study

Women should create their own jobs and become entrepreneurs since opportunities of getting employment in either government, non-government or a private organization is currently almost declining (Gemechis, 2007). This is possible only if the barriers of women entrepreneurs are solved. Also this research work investigate the problems that some women face while undertaking their small scale business tasks in Gikondo and Kicukiro sectors of Kicukiro district. It is very important to demonstrate the factors of the development sustainability when women are dealing with socio-economic activities in developing countries. It can prove the contributions done by women for to the development of small scale business growth in Rwanda. The study can help government and other international agencies to develop policies that are more effective in promoting urban and rural vulnerable women. In fact, it

can contribute in the fight against poverty by improving and empowering the women's small scale business growth which are the main source of living to the inhabitants of this study area. Findings from this study can also assist academicians in broadening of the prospectus with respect to this study hence providing a deeper understanding of the determinants of women's small scale business growth.

The major contribution to the knowledge is on the research findings to explain the determinants of growth on women's small scale business. However, little researches have been studied on this topic in developing countries. Second, many studies have been conducted on small scale business in Africa but very few in Rwanda. In addition, the present study has confirmed the utility of women's small scale business growth in economic development of any country although some scholars have postulated. The government can use the findings of this study to assist in policy formulation and development for a framework for critical finance, marketing, work premises and other factors that affect the growth of women's small scale business. Moreover, the findings of this study can help the policy makers and financial institutions how to encourage establishing or expanding WSSB.

The study findings can provide also quality information on the determinants of women's small scale business growth in Kicukiro district. Having such data can facilitate in making viable recommendations to be taken by the governments to improve women's small scale business growth. Academically, this study contributes to the existing body of knowledge; useful to present and future scholars, researchers and students interested in the subject matter. This material can create paths for other researchers interested in exploring the same field.

1.7 Research Organization

The research consists of five chapters. Chapter one comprises the background of the study, problem statement, research questions, objectives, scope of the study, significance of study, conceptual framework while chapter two gives the literature review. Chapter three states the research methodology. Chapter four presents the results presentation, interpretation, and analysis. Chapter five discusses the main findings and gives conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is an overview of determinants of growth on women's small scale business in the world. It covers concepts relative to the human capital theory and business growth theory being followed by women in self-employment. Reviewed different literatures included handbooks, journals, reports, theses and electronic websites.

2.1 Definition of Key Concepts

- a) Small Scale Business:* It refers to the business with a small capital base and relatively small number of employees.
- b) Business Growth:* It refers to the number of employees, turnover and organizational structure that involve the challenges that must take place as the business moves from being small to medium size (Ahmet Salik Ikiz, 2002).
- c) Self-Employment:* It is used as a measure of entrepreneurship. It is actually the most basic one, since it is defined as the number of self-employed individuals relative to the labour force (active population).

2.2 Small Scale Business: An Overview

Small scale business has been recognized as a feeder service to large- scale industries (Fabayo, 2009). These enterprises are found in urban and rural areas alike and include trading stalls and retail stores, small manufacturers, transport providers, and services such as tailors and plumbers. Some researches into small-business

development have also shown that the rate of failure of small scale businesses in developing countries is higher than in the developed world (Marlow, 2005).

The MSE sector everywhere is characterized by highly diversified activities which can create employment opportunities for a substantial segment of the population. This implies that the sector is a quick remedy for unemployment and poverty problem. The realization of a modest standard of living through curbing unemployment and facilitating the environment for new job seekers and self-employment requires a direct intervention and support of the government and other concerned stakeholders (Mulugeta, 2011). Hence, in order to channel all necessary support and facilities to this diversified sector, a definition is needed to categorize the sector accordingly.

2.2.1 Small Scale Businesses in Developing Countries

United Nations Industrial Development Organizations gives alternative definition for developing countries. Accordingly, it defines micro enterprises as the business firms with less than 5 employees and small enterprises as the business firms with 5-19 employees (UNIDO, 2002).

The United States of America, the Small Business Act issued in 1953 stated that, small business is one which is independently owned and operated and not dominant in its field of operation. The act also further stated that, number of employees and sales volume as guideline in defining small business (Major L. C. & Radwan N. S., 2010). In the same country, a committee for economic development (CED) has explained that small business is characterized by at least two of the key features:

management is independent (usually the managers are owners), capital is supplied and an individual or small group holds ownership and the area of operation is mainly local (workers and owners are in one home country).

2.2.2 Small Scale Businesses in Africa

According to Kayanula and Quartey (2000) in Malawi, the official definition of enterprise sizes is based on three criteria namely the level of capital investment, number of employees and turnover. An enterprise is defined as small scale if it satisfies any two of the three criteria, that is, it has a capital investment of USD 2,000 - USD 55,000, employing 5-20 people and with a turnover of up to USD 110,000 (using 1992 official exchange rate).

In Kenya, by referring the 1999 MSE National Baseline Survey, MSEs defined as those non-primary enterprises (excluding agricultural production, animal husbandry, fishing, hunting, gathering and forestry), whether in the formal or informal sector which employ 1-50 people (Ronge *et al.*, 2002 cited in Mulugeta, 2011). More specifically, according to them, micro enterprises are those that employ 10 or fewer workers and small-scale enterprises are those that employ 11-50 workers.

In Uganda Small Scale Enterprises (SSEs) are reported to contribute about 20% of Uganda's GDP. This figure may be much higher given that Uganda's GDP is constituted by mostly agricultural production. This is mainly by small holders who may not even fit in the definition of micro and small businesses. In Europe, the numbers of small and medium enterprises were 16,005,000 against large enterprises and they employed 68.6 million people as against 34.6 million people by large enterprises (The Netherlands, 1997).

A small-scale business enterprise is a privately owned and operated business with a small capital base and relatively small number of employees. There are as many definitions of small scale business enterprise as there are writers on business organizations. But there is no single criterion for classifying business enterprises as small or medium scale globally. For instance, in a study carried out by International Labour Organization (2005), over 50 definitions were identified in 75 different countries. However, evidence from literature shows that in defining small-scale business, reference is usually made to some quantifiable measures such as: number of people employed by the enterprises, investment outlay, the annual turnover (sales) and the asset value of the enterprise or a combination of these measures.

According to Ajiebefun *et al.*, (2003) defined small scale enterprises as commercial enterprises that have ten or fewer employees. Small-scale businesses improve and transform women's lives in developing countries (Chant, 2006). In addition, the small scale businesses refer to small and micro enterprises that lack sufficient collateral to cover the particularly high risks involved yet they operate with high transaction costs. They sometimes operate in the informal sector since many micro entrepreneurs are illiterate and have limited access to information, they are vulnerable and neglected group commonly composed of home working women (De Gobbi, 2003).

The micro and small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (Wolfenson, 2007). The dynamic role of micro and small enterprises (MSEs)

in developing countries as engines through which the growth objectives of developing countries can be achieved has long been recognized. It is estimated that MSEs employ 22% of the adult population in developing countries (Fisseha, 2006). According to Mugwara (2000) small and micro enterprises as businesses owned by individual entrepreneur who employs one person to twenty people as the business grows. In Ghana, small scale enterprises are officially considered together. Small enterprises are defined as business units that employ a labor force of not more than 9 persons (OECD, 2005). This is so because they augment government efforts to achieve economic growth and reduce poverty in the rural and urban areas through the promotion of competition and dynamism to enhance the development of low and middle income economies and individual.

For example in Nigeria, Small scale business in are divided into three sectors: Production sector including agricultural processing, manufacturing, and mining, Service sector and, Trading sector including wholesales and retails (Fabayo,2009). According to Wheelen and Hunger (1998), a small business enterprise in an independently owned and operated, not dominated in its fields and does not engage in innovative practices. However, just like other social science subject, the concept of small business does not have acceptable or uniform definition (Nel and Simpson, 2011).

Small business definitions differ within the fixed co-ordination of national boundaries. For instance, Alaye-Ogan, (2012) defines a small business as companies with capital base between twenty thousand naira and thirty million naira (equivalent of \$125 to \$193,500). According to Hatten (2012), a company is considered small if

it is independently owned, operated, and financed; has fewer than 100 employees; and has relatively little impact on its industry. For him, small business, nevertheless, include business activities of the stay-at-home parent who provides day care for children whose parents are not around, factory workers who engage in after hours' deliveries, to owners of fast food restaurants. Most small businesses are managed by their owners because they could not afford to hire expertise to run the businesses for them (Rajaram, 2008). Consequently, small business owners perform so many operational tasks and management functions themselves, which may often result in business failure (ibid.).

This invariably means that small business success or failure squarely depends on the sole ability of the owner(s) without the shield of limited liability; SB owners may be personally liable for the business misfortunes such as debts (Carter and Jones-Evans, 2006). In this regard, Akande (2006) also argue that small businesses heavily rely on owner(s) skills, ability, and personal characteristics for the prosperity of the business. Nevertheless, small business, across the developed world, still account for a significant fraction of industrial build up. They play some defined roles in the economy that support and strengthen the growth of a nation (Mwobobia, 2012). Undoubtedly, small business is very crucial to a nation's healthy economy, and their competitiveness is indispensable to nation's success and growth (Wong and Aspinwall, 2004).

However, access to starting and operating finance remains the most significant challenges for their creation, survival, and growth (OECD, 2009). This problem is further exacerbated by the 2008 economic, downturn which wiped off trillions of

dollars of financial wealth (World Bank, 2009). During this period, the rate of loan rejection for small businesses sky-rocketed, and rate of loan repayment also became unbearable (Fraser, 2010).

In addition, despite all these policies and government agencies, small businesses have failed to perform optimally up to the required, thus, significant gap still exist between their contributions and their potentials (Akanke & Ojokuku, 2008).

Moreover, international organizations such as the World Bank and the International Finance Corporations (2002), define Small Scale Businesses as those that require small amounts of capital to establish, small number of employees or in most cases personally handled by the owner, and referred to as micro businesses hence to them they are "mini businesses" or "Bop businesses".

However, there is no single and universally acceptable definition of a small enterprise (Kayanula and Quartey, 2000). This is so because the criteria and ways of categorizing enterprises as micro and small from institution to institution and from country to country depending essentially on the country's level of development. Even within the same country, definitions also change overtime due to changes in price levels, advances in technology or other considerations (Emma I. *et al.*, 2009). Firms differ in their levels of capitalization, sales and employment. Hence, definitions that employ measures of size (number of employees, turnover, profitability, net worth, etc.) when applied to one sector could lead to all firms being classified as small, while the same size definition when applied to a different sector could lead to a different result. The absence of such uniform definition of MSEs has created a difficulty.

In line with this, Tegegne and Meheret (2010) argued that the absence of a single or globally applicable definition has made the task of counting the number of MSEs and assessing their impact extremely difficult across countries, though the rationale for most governments to make such definition and categorization is mainly for functional and promotional purposes to achieve the desired levels of development of the sector.

In addition, small scale businesses have been defined according to the size rate of turnover, activity, ownership and legal status. There is, however an emerging consensus that size (that is, a number of employees) may be appropriate defining characteristic, given the heterogeneity of businesses Wolfenson, (2007). Small scale businesses may, therefore be defined as enterprises employing less equal 100 employees while entities with less than ten employees are categorized as micro enterprise. Although this sector is largely un enumerated available estimates suggests that small and medium enterprises account for roughly 60% of the workforce and 25% of industrial output in value terms in Rwanda. However, in Rwandan context, there is no common terminology for defining micro and small scale businesses. Different institutions use various terminologies such as “small businesses”, “cottage industry”, “artisans” and others (World Bank, 2001).

2.2.3 Contribution of Small Scale Business in Economic Development

Micro, small and medium enterprises can contribute to pro-poor economic growth by means of: Employment creation and income generation; Rural-Urban migration and remittances to the rural economy; Income diversification; Increasing women’s economic activity and incomes; Small enterprises as a seedbed for modernization;

Linkages with other businesses which either provide supplies or purchase from the enterprise to make other products or services (RRA, 2011).

The Republic of Rwanda, like any other developing countries, has taken a number of measures to promote the growth of private sector and Small and Medium Enterprises (SMEs). In Rwanda, SMEs were estimated to account for a significant share of Gross Domestic Product (GDP) of more than 30% (IPP Media, 2012). Women's small-Scale businesses are driving force for economic growth, job creation, and poverty reduction in developing countries such as Rwanda. In addition, Micro, small and medium enterprises are an integral element of the informal sector in most developing countries. In some cases, these enterprises are initially informal but gradually become formal businesses, thereby providing the foundation of modern private companies (Cook and Nixon, 2005). The importance of the role played by SMEs derives from the fact that the vast majority of enterprises are SMEs. Therefore, SMEs are considered to be generators of economic growth (Audretsch 2007). Siwadi and Mhangami (2011) add that it is undeniable that women entrepreneurs are the major actors in that sector and contributors to economic development and are becoming increasingly visible in the local economies of the developing counties. Promoting women's economic and political empowerment has gained greater attention over the last three decades (Defene, 2007).

A recent study conducted by Abor and Quartey (2010) estimates that 91% of the formal business entities in South Africa are SMEs and that these SMEs contribute between 52 to 57% to GDP and account for approximately 61% of employment. Furthermore, small scale business has been recognized as a feeder service to large-scale industries (Fabayo, 2009). Scholars have indicated that starting a business is a

risky venture and warn that the chances of small-business owners making it past the five-year mark are very slim (ILO, 2005). Economically, the most popular strategy, especially since the 1990s, has been the involvement and participation of women in microfinance programs to assist micro and small enterprise owners (Malhotra, Schuler and Boender, 2002).

The role played by MSEs, through the various socio-economic benefits emanating from the sector was found to be eminent in the overall development effort and process of nations. In other words, by generating larger volumes of employment as well as higher levels of income, the MSEs will not only have contributed towards poverty reduction, but they will also have enhanced the welfare and standard of living of the many in the society (Mukras, 2003).

According to Wolfenson, (2007), the small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty. Small- Scale businesses are driving force for economic growth, job creation, and poverty reduction in developing countries such as Rwanda. In addition, Micro, small and medium enterprises are an integral element of the informal sector in most developing countries. In some cases, these enterprises are initially informal but gradually become formal businesses, thereby providing the foundation of modern private companies (Cook & Nixon, 2005). The importance of the role played by SMEs derives from the fact that the vast majority of enterprises are SMEs. Therefore, SMEs are considered to be generators of economic growth (Audretsch 2007).

Others remain in the informal sector and provide livelihoods for the poor who lack access to formal sector employment. In the poorest developing countries, on average, almost two thirds of workers are employed in enterprises with less than 5 employees (micro enterprises) while the majority work for small and medium-sized enterprises with less than 100 employees (Defene, Y., 2007). Women entrepreneurs around the world are making a difference. They contribute numerous ideas and a great deal of energy and capital resources to their communities, and generate jobs as well as create additional work for suppliers and other spin-off business linkages (Common wealth secretariat, 2002). Promoting women's economic and political empowerment has gained greater attention over the last three decades (Ibid.).

Economically, the most popular strategy, especially since the 1990s, has been the involvement and participation of women in microfinance programs to assist micro and small enterprise owners (Malhotra, Schuler & Boender, 2002). In other words, gender has not fully trickled down to the grass roots level despite of good policies, gender related laws, strategies, plans and relevant mechanisms in place. Once identified, gender best practices would significantly contribute in addressing the challenge of making gender equality in the communities, both urban and rural, a reality.

For instance, initiative taken by Government of Rwanda to Building productive capacities: Creation of women's entrepreneur's banks: Establishing a savings and credit "Banque Populaire" affiliated to the "Union des Banques Populaires" by the Associations of Women Entrepreneurs in Rwanda; establishing a saving and micro- credit cooperative (COOPEDU) by a women's association, Hangumurimo,

Duterimbere (NGO promoting Women's Economic Empowerment); Haguruka etc. This has positively impacted not only on individual women's lives but also on that of their households, community, and national economy, and has increased the number of businesses owned by women.

According to Jalloh and Falola, 2002, it consists of one to three employees and is in the informal sector. There is no conclusive definition of the informal sector. Initially, it referred to unregistered, unregulated businesses, including service enterprises (e.g. hairdressing, commercial transportation, auto repairing, etc.), production activities (e.g. furniture, metal equipment manufacturing, etc.), and selling (e.g. food, clothing, medicines, etc.). In addition, small scale businesses are catalyst in the socio – economic development of any country especially in developing countries (Charmes, 1999).

There are as many definitions of small scale business enterprise as there are writers on business organizations. But there is no single criterion for classifying business enterprises as small or medium scale globally. For instance, in a study carried out by International Labours Organization (2005), over 50 definitions were identified in 75 different countries. Small scale business in Nigeria are divided into three sectors: Production sector including agricultural processing, manufacturing, and mining, Service sector and, Trading sector including wholesales and retails (Fabayo,2009).

2.2.4 Categorization of Small and Medium Enterprises in Rwanda

The popular term “SME”, it is taken to include micro enterprises as well as small and medium enterprises. In Rwanda, SMEs consist of micro, small and medium sized enterprises that meet the conditions mentioned in Table 2.1 below.

Table 2.1: The Categorization of SMEs in Rwanda

Size of the Enterprise	Net capital investments (Million Rwf)	Annual Turn over (Million Rwf)	Number of Employees
Micro Enterprises	Less than 0.5	Less than 0.3	1 to 3
Small Enterprises	0.5 to 15	0.3 to 12	4 to 30
Medium Enterprises	15 to 75	12 to 50	31 to 100

Source: World Bank report of 2004.

In addition, one approach of distinguishing small scale and medium scale operations uses fixed assets or the number of persons employed as a measure (Wheelen & Hunger (1998). This criterion differs from country to country and there is no universally accepted definition a small business enterprise in an independently owned and operated, not dominated in its fields and does not engage in innovative practices.

According to Robert W. Emerson (2009), there are three basic types of business organizations: The partnership where two or more individuals are the owners, having expressly or implicitly agreed to establish and run a business for profit; the sole proprietorship where the sole owner and his/her business are not legally distinct entities. However, statistical definition of SMEs varies by country (Ayyagari, Beck and Demirgüç-Kunt (2003). It is usually based on the number of employees, and value of sales and/or value of assets.

Research carried out by Biggs, 2002 cited in Tegegne and Meheret, 2010 strongly question the role played by MSEs to minimize the incidence of high level poverty in most developing economies through employment creation, income generation and multiplier effects on other sectors of the economy. Small scale business in Nigeria are divided into three sectors: Production sector including agricultural processing, manufacturing, and mining, Service sector and, Trading sector including wholesales and retails (Fabayo,2009).

However, in Rwandan context, there is no common terminology for defining micro and small scale businesses. Different institutions use various terminologies such as “small businesses”, “cottage industry”, “artisans” and others (World Bank, 2001). It is increasingly recognized that these enterprises contribute substantially to job creation, economic growth and poverty alleviation. The 2005 World Development Report suggests that creating “sustainable jobs and opportunities for micro entrepreneurs are the key pathways out of poverty for poor people” (World Bank, 2004).

2.3 Small Business Growth

Intuition suggests that some of the same factors that influence the growth of small firms can similarly influence their growth and in that sense might foster the argument that a firm’s survival and growth are positively associated. However, distinguishing between firm survival and growth is beneficial for two analytical reasons: First, as qualitative indicators go, business ‘survival’ and ‘growth’ are distinct aspects of organizational performance that are determined by different purposes.

As noted by several commentators (e.g., Kalleberg and Leicht, 1991) the growth objective is not one that is universally sought by small business owners. Individuals start businesses for a variety of reasons including lifestyle-based ones which may cause the business owner to operate the business with little or no growth orientation. It is also possible that a founder's business intentions change. Someone may start a business that they intend to expand and due to a change of heart or other circumstances, later abandon that intention. In these instances, the absence of a growth intention in the founder could directly translate to the organization.

In addition, there is some evidence to support the notion that there are qualitative differences between the strategic approach of firms that are intentionally seeking to grow and those that are merely seeking to survive. This was demonstrated in a study by Ram *et al.*, (1997) in which the authors investigated a panel of about 300 firms in England over a ten-year period in the 1980s and found that firms which had experienced "high growth" during the study period had made a number of adjustments to their business strategy that were in sharp contrast to those made by firms that had merely survived the same period, suggesting that even though both survival oriented and growth-oriented firms may co-exist under similar environmental conditions, one can expect differences in their strategic responses to the elements present in their environment.

There is no single uniformly acceptable definition of a small business. This is so because a small firm in one industry and one in another industry might have different levels of capitalization, sales and employment from a small firm in another industry. Thus, definitions which are objective in nature (considers size such as number of employees, sales, profitability , net worth) at a sectoral level, mean that in some

sectors all firms may be regarded as small while in other sectors there are no possibly firms which are small (Storey 1994).

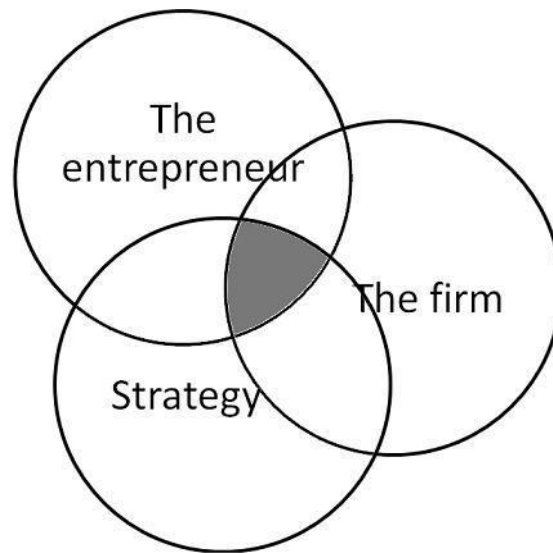


Figure 2.1: Growth in Small Firms (Source: Storey 1994)

The purpose of figure number three above is to demonstrate that the three components – the entrepreneur, the firm and the strategy – all need to combine appropriately in order that the firm achieves rapid growth. The figure above shows that it is only in the shaded area, where all three circles intersect, that the combination is appropriate. It is also clear that the shaded area constitutes only a small proportion of each of the individual circles or components. Less rapidly growing, no-growth or failing firms may have some appropriate characteristics in the entrepreneur, firm or strategy areas, but it is only where all three combine that the fast- growth firm is found.

2.3.1 Development and Growth of Small and Medium Enterprises in Rwanda

Small and Medium Enterprises (SMEs) are important to economic growth and significantly essential to generate profit, increase sales and provide return on investment to the owners of SMEs. In developing countries, the primary barrier to economic growth is often not so much with a scarcity of capital, labor or land, but it is the scarcity of the dynamic entrepreneurs that can bring the markets and mechanisms that can facilitate the economic growth (United Nations Development Program, 1999). Education and training create circumstances in which a person can acquire and apply the skill that will help him/her achieve the objective of the business. Skills development can be achieved through training and education (Erasmus, 2005). The difference between education and training is that education prepares the individual for life while training prepares him or her to perform specific tasks.

Many SMEs in Rwanda suffer from lack of technical and business skills. SMEs themselves identify a variety of skills gaps in areas including ICT, technical and industrial knowledge, finance, accounting and management. There is also limited innovation and competitiveness in the SME sector caused by a lack of technical and managerial skill. The unstructured environment in which SMEs operate and their inability to be open to new or innovative ideas presents a major challenge to the development of the SME sector (Ministry of Finance and Economic Planning, 2010). The Private Sector Federation (2008), surveyed 2100 SMEs operating in Rwanda, and found out that entrepreneurial culture is a major priority needed for SMEs in terms of building human capacity and supporting potential growth. SMEs often have

limited abilities to develop their entrepreneurship skills to take advantage of local economies of scale in terms of reputation, increase in the volume of sales and increase in the number of customers. They also often lack the ability to gather and process market information outside of what is immediately relevant to their current business due to lack of technical knowledge and training on how to make use of this information. Rwanda Vision 2020 and Economic Development and Poverty Reduction Strategy (2007) indicated that entrepreneurship skills of entrepreneurs in Rwanda are not yet up to the required standard. Businesses are more likely to succeed if their owners have sufficient entrepreneurial skills.

2.3.2 Barriers to SMEs Growth in Rwanda

In Rwanda today, small median enterprises are said to be playing a pivotal role in job creation and poverty reduction among many people. These SMEs seems to be hampered by some factors. Therefore, investigation into the factors affecting the growth of the enterprises of SMEs members was one of the key aspects of focus in this study. The respondents revealed many factors that affect the growth of their businesses but emphasis was put on the most important ones which include:

- a) Lack of identification skills
- b) Lack of awareness about benefits of training
- c) Perception of low value of training activities
- d) Weakness of business support institutions in the region

In addition, the top three major constraints faced by the MSSEs in Rwanda are: (i) difficulty of accessing credit (working capital); (ii) limited market; and (iii) difficulty

in obtaining raw materials. Women entrepreneurs find lack of working capital as their top constraint, followed by the tax system and market saturation. Tax system is often cited as problem by women entrepreneurs in other African countries. It is hoped that the World Bank Group study being finalized will provide more information and actions to alleviate tax-related hurdles women entrepreneurs' experience. A study (2002) which interviewed 779 women entrepreneurs selected from 12 provinces including Kigali provided the following profile on the characteristics of women owned and managed enterprises:

- a) The majority of their enterprises (77 percent) were created after 1997;
- b) 82 percent of these enterprises were operating in the retail trade; 16 to 17 percent in services and only 1 to 2 percent in manufacturing activities;
- c) The average number of people employed per enterprise was 3;
- d) Only 20 enterprises employed 12 to 25 employees and 2 employed more than 25 persons;
- e) Close to 86 percent were owned by individuals, while 7 percent belonged to cooperatives or groups;
- f) About 68 percent of the units have invested less than US\$ 1,000, 28 percent have invested less than US\$ 10,000 and 2 percent have invested more than US\$ 20,000;
- g) Only 23 percent of the enterprises operated in shops, 21 percent have no permanent outlet, 17 percent work in small boutiques;
- h) 64 percent had annual turnover of less than US\$ 1,000, 4 percent had turnover of more than US\$100,000, the rest (32 percent) did not respond;

- i) 70 percent of the owners had few years of post-primary education or no education at all, while 17 percent have reached secondary education level;

2.3.3 Factors influencing Growth in Small Scale Businesses

These have to do with the characteristics and attitude of the entrepreneur(s) and the firm as a whole. These factors can be impacted by the decisions made in the firm either by the entrepreneur(s) or the staff in the firm. These factors are as listed below: Infrastructure; Access to capital; Corruption, Workforce, Access to training; Tax rate; Firm size; Location; Firm age; Innovation and Creativity.

- a) *Firm age*: The idea is to connect the age of the business owner at the time the business is started to the firm's subsequent growth orientation. Generally, middle-aged business individuals have been reported (e.g., in Storey, 1994; Carter and Jones-Evans, 2000) as being more likely to possess the best mix of experience, credibility, energy and resources (and so more likely to own a growing business) than other business owners that are by contrast younger (having more energy but less experience, credibility and resources) or older (having more experience, credibility and resources but less energy). Typically, younger small firms are shown to grow more rapidly than older ones because they need to grow in order to be better able to guard against unforeseen environmental stresses (Kangasharju, 2000), but caution has been raised with respect to this proposition. One of the most mentioned characteristics of businesses that affect growth is its age. There are quite many studies (e.g. Davidsson *et al.*, 2002; Delmar *et al.*, 2003; and Orser *et*

al., 2000) that found important relationship between the age of the business and its growth.

- b) *Location*: The idea is to connect the location of the business to its growth orientation. Generally speaking, location tends to be conceived of in an urban-rural split and both types of locations have been identified as potential sources of both benefits and constraints (Ram *et al.*, 1997; Fielden *et al.*, 2003; Robinson and Finlay, 2007). Since this will have to be a matter operationalized on a study-by-study basis, for our present purposes, the likely impact of the location of a particular panel of respondents on their growth behavior will have to remain an open question.

A recent study of new-firm locations and expansions in Georgia suggests that, on net, the location of a new large (300+ employees) firm often retards the growth of the existing enterprises or discourages the establishment of enterprises that would otherwise have located there (Edmiston, 2007). Specifically, the location of a new plant with 1,000 workers, on average, adds a net of only 285 workers over a five-year period. That is, the average firm would add 1,000 workers in its own plant but would also drive away 715 other jobs that would have been generated (or retained) if the new large firm had chosen not to locate there. Another recent study suggests that the net employment impact of large-firm locations may actually be closer to zero (Fox & Murray, 2004).

- c) *Tax rate* is imposed by the government for a certain period in particular business sector; while business innovation is operationalized in terms of introduction of new product or services.
- d) *Firm size*: Here, “size” pertains to the employment levels in the firm. Generally, smaller firms tend to be reported as growing more rapidly than larger firms, with the exception of non-employer sole proprietorships, many of which are not established with a view to providing employment for anyone apart from the owner.

However, according to the United States SBA, in recent years, the most job creation has been in small high growth firms with 20 or more employees although this employment pattern has been rather divergent (Headd and Kirchhoff, 2009). A cautionary note must therefore be sounded on this issue as the specific findings can be expected to be influenced by the employment levels at the commencement and conclusion of the study period.

Further, some argue that workers at large firms have a greater incentive to gain additional education and new skills because of greater opportunities for upward mobility (Zabojnik & Bernhardt, 2001). Finally, some argue that the size-layoff relationship may be a spurious relationship resulting from the tendency of smaller businesses to attract less stable and capable workers, which also would work to explain part of the size-wage relationship (Winter-Ember, 2001).

- e) *Infrastructure*: Bad infrastructural road network is another major challenge hindering the growth of small business in Rwanda. The bad road syndrome makes distribution of goods and services difficult in some areas of the

metropolis. This invariably raise the transportation costs and makes operations of small businesses difficult (Okpara, 2011).

- f) *Workforce*: This remains a highly topical issue in small business research. Generally speaking, the idea is to connect the level of training afforded a firm's employees to the firm's propensity to grow. Savery and Luks (2004) found in a longitudinal study that firms with an expressed growth intention were also more likely to be involved in training. They also found the converse to be true: Firms that had decided to reduce their production levels also tended to reduce their training. This lends credence to the typically positive association that is made between the existence of employee training and small firm growth (Storey, 1994). Conceptually however, debates surround the appropriate constitution of "training" in small firms, with questions concerning the formality, providers and locations of training (Storey, 2004).

- g) *Access to training*: Related to the emphasis on workforce training is that on management training. Essentially, a firm can be expected to require the services of individuals in supervisory/managerial roles once employee numbers expand to certain levels. Such competencies may be developed in-house, or "bought" in via the firm's recruitment practices but as with workforce training, empirical studies have positively, but not conclusively associated management training with the subsequent growth of small businesses (see for example Chaganti *et al.*, 2002; Storey, 2004; Alarape,

2007) and so the impact of management training on the firm's subsequent growth must, in effect, also remain an open question.

- h) *Access to capital*: Access to and uses of financial resources are often critical factors affecting the ability of small businesses to implement growth opportunities. A key issue for most business owners centers on the decision to seek external finance which may open up financial resources but dilute ownership.

One of other another most highlighted growth predictors in the literature is creativity and innovations. In this context, it is possible to highlight the article by North and Smallbone (2000) who found positive relationship between various types of innovations and employment growth. It should be highlighted that innovation can be seen in different ways such as product innovation, management innovation, technology innovation and others. For example, they found (i) product/service innovation and (ii) process technology innovation to be significant variables affecting growth. In this study, the focus is to test if owners/managers that used any innovative creative approaches when they came to their business are more successful than those who didn't.

2.4 Theoretical Literature Review

2.4.1 Business Growth Theory

The oldest and the most used theory according to Elhiraika and Nkurunziza (2006) is Gibrat's law of proportionate effect Here, Gibrat stipulates that the rate of growth of a firm is independent of its initial size. By implication it would mean that large firms

are preferable in context of private sector development given that they create more employment than small firms.

Churchill and Lewis (1992) as cited in Olawale and Garire (2010) on the other hand claim that as a new small firm start and develops, it moves through some growth stages, such with its own distractive characteristics. In each stage of development as different set of factors is critical to the firm's survival and success the Churchill Lewis (1992) model gives an insight into the dynamics of SMEs growth including the distinguishing characteristics, problems and requirement of growing SMEs and explains business growth process amongst SMEs, and the precise moment in time in which a startup venture becomes a new business has not yet been theoretically determined. However, the ideal of business survival could be equated with a firm that has fully completed the transaction to stage - two organizations in the five stages of small business growth.

Davidson, Delmar and Wiklund (2002) found that the firm growth is a complex and multidimensional phenomenon, with evident variations and differential effect at various levels. With the growing global competitiveness and hedging strategies used by large enterprises, small and medium businesses face more difficulties in sustaining and establishing growth. The problem of growth and increasing early demise of SMEs is seen as being due to weak control in the organization and a lack of knowledge regarding growth barriers for SMEs (Mbonyane & Ladzani, 2011; Rutashobya & Olomi, 1999).

All things considered, Astrakhan & Chepurensko (2003) analyzed the contrasts between levels of business enterprise in Russia and Europe and presumed that Russia has more regrettable improvement rates and obstructions are one reason. It ought to likewise be recognized that today investigate on boundaries to enterprise has numerous issues too (Doern, 2009). He reprimanded today's examination expressing that writing needs to move past depicting what are the issues of organizations and see what these boundaries really mean and how they influence business development.

Furthermore, barriers to women's access to finance might drive their concentration in low-capital-intensive industries, which require less funding but also have less potential for growth and development. One possible barrier is that women may have less physical and "reputational" collateral than men (Klapper & Parker, 2010). Women often resort to informal credit, which involves high transactions costs. A recent study in Ghana reports that women, to ensure access to credit, invest considerable time in maintaining complex networks of informal credit providers (Schindler, 2010).

2.4.2 Determinants of Business Growth

According to Fuad (2014), determinants of business growth are as follows: Education level where it is trusted that education level of entrepreneur/chief positively affects business development (Dobbs & Hamilton, 2007). Above all else in light of the fact that education provides skills and knowledge required for business upgrade. Then again, individuals with advanced education level are surer with finding moderately generously compensated employment. Consequently, in claim

organizations their wage desires are higher than the individuals who are less certain with finding a generously compensated occupation (Dobbs & Hamilton, 2007).

- a) *Education level:* Generally, the education level of business owner/manager has a positive impact on business growth (North, Smallbone & Wyr, 2000). First of all because education gives skills and knowledge required for business enhancement. On the other hand, people with higher education level are more confident with finding relatively well-paid job (Dobbs & Hamilton, 2007). Hence, in own businesses their income expectations are higher than those who are less confident with finding a well-paid job (Storey, 1994).
- b) *Gender:* Traditional view on gender differences between entrepreneurs was that due to several reasons female entrepreneurs are less successful. Some of the reasons to have this assumption lie behind the idea that women has less time for working because of their commitments to their children and family (Storey, 1994). However, many studies (Orser *et al.*, 2000) suggest that gender is not a significant variable for business growth. In the Finnish case, the exception was the ‘recovery period of businesses’ where female entrepreneurs were less likely to survive in the business (Kangasharju, 2000). According to Storey (1994), females can better own successful businesses than males, and this assumption is that different societies might show good results with regards to important role played by gender in business growth.
- c) *English level:* It is possible to find articles from economic and business disciplines that consider English level of the entrepreneur to be a significant

variable that affects business growth. In this case, a research carried out by Altinay & Altinay (2006) showed that fluency in English is one of the predictors of business growth. Of course, as their research subjects concerned foreigners doing restaurant business in UK and this makes it reasonable. On the other hand, because of the nature of tourism industry, owners/managers and employees frequently talk to tourists in English. Hence, it was decided to add the English levels of both owners/managers and employees working with customers (Altinay & Altinay, 2006).

- d) *Origin of the owner/manager*: This is very common in business relative to tourism industry that businesses of a destination are owned mainly not by local people but other entrepreneurs from around the world. For example, according to the popular theory suggested by Butler (1990) as destinations grow and become popular, the more ‘outsiders’ appear in the destination for business purposes and after certain time in the development cycle, locals become less powerful than outsiders who own most of the businesses by that time. It is not surprising that the role of this factor (origin of the owner or manager) with regards to the business growth, people are not paying more attention in economic growth and business administration. According to Altinay & Altinay (2006), the concept of origin of owner or manager is also considered as the possible prediction growth factor in business.
- e) *Business motivation*: This is of course logical that for a business to grow first of all it needs to have a motivated owner/manager. In fact there are a lot of cases where it is non-financial aspirations of the entrepreneurs that motivate

them to start their businesses (Zhao and Getz, 2008). Several studies (Hamilton & Lawrence, 2001; Davidson, Wiklund & Shepherd, 2002) mention motivation to be a significant factor for business growth. On the other hand Storey (1994) showed that researchers do not find any positive or negative relationship between the above two variables. Thus, taking previous researches into consideration, motivation was a factor of business growth.

- f) *Previous experience*: Previous experience is another factor that literature suggests to affect growth (Basu, 2004). In their studies, it was decided to focus on previous entrepreneurship experience and its effect on business growth. Three possible assumptions can be suggested. The first one is that the reason to start a new business is previous unsuccessful entrepreneurship experience of the owner. Hence there should be a negative correlation between previous experience and business growth.

- g) *Financial sources*: This last factor was tested from the perspective of the characteristics of owners is financial sources for owner empowering in the beginning of each business, and a financial aid or support is regarded as an important factor for the business growth (Dobbs & Hamilton, 2007). Wiklund & Shepherd (2003) found that general access to financial capital seems to be a significant variable to be considered.

2.4.3 Business and Business Activities

A standout amongst the most said qualities of businesses that influence development is its age. There are very many studies (e.g. Davidsson *et al.*, 2002; Orser *et al.*, 2000) as referred to in Fuad M., (2014) discovered essential relationship between the age of the business and its development. The vast majority of the studies recommend that the relationship between's the two factors is negative and more youthful organizations are probably going to develop more quickly than more established ones (Hamilton et al., 2007).

Another component that was recommended to play an effect on development is area of the business. Moreover, most highlighted development indicators in the writing are imagination and advancements. For instance, North and Smallbone (2000) discovered (i) item/benefit development and (ii) handle innovation advancement to be critical factors influencing development. In this study, the concentration is to test if proprietors/supervisors that utilized any inventive innovative methodologies when they went to their business are more effective than the individuals who didn't. Main challenges that women entrepreneur in Rwanda face in a sequential order from very Sevier to least important: Difficulty in obtaining loan from commercial banks; failure of business/bankruptcy; Failure to convert profit back into investment; Shortage of technical skills; Poor managerial skills; Low level of education.

Furthermore, ILO (2003) found that lack of suitable location or sales outlet; stiff competition; low purchasing power of the local population; lack of marketing knowhow; seasonal nature of the business; lack of market information; inadequate infrastructure; shortage of time (due to multiple tasks); shortage of raw materials.

The biggest challenge faced by women's small scale business is lack of adequate funds to support their businesses. Other key challenges faced by the women include high taxes, transportation costs, competition from big companies and lack of information on markets respectively.

Women Entrepreneurs have grown in large number across the globe over the last decade and increasingly the entrepreneurial potentials of women have changed the rural economies in many parts of the world. But this does not mean that the problems are totally resolved. In support of this, the Centre for Women's Business Research in the United States as cited in Mahbub (2000) identified the following factors that affect women entrepreneurs.

Access to finance is a key issue for women. Accessing credit, particularly for starting an enterprise, is one of the major constraints faced by women entrepreneurs. Women often have fewer opportunities than men to gain access to credit for various reasons, including lack of collateral, an unwillingness to accept household assets as collateral and negative perceptions of female entrepreneurs by loan officers (Ibid.). The ability to tap into new markets requires expertise, knowledge and contacts. Women often lack access to training and experience in on how to participate in the market place and are therefore unable to market goods and services strategically. Women may also fear or face prejudice or sexual harassment, and may be restricted in their ability to travel to make contacts (UNECE, 2004). Most women have little access to policymakers or representation on policymaking bodies. Women tend not to belong to, and even less reach leadership positions in, mainstream business organizations,

limiting their input into policymaking through lobbying. Women's lack of access to information also limits their knowledgeable input into policymaking (UNECE, 2004).

OECD, 2002 and ILO, 2008 added that the key factors that affect women entrepreneurs' performance especially in developing continents like Africa are: vulnerability of women to adverse effects of trade reform; restraints with regard to assets (land); lack of information to exploit opportunities; and Poor mobilization of women entrepreneurs; lack of management skills; lack of awareness among young women of entrepreneurship as a career option; conflicting gender roles; gender inequality inappropriate technology; and constraints at the legal, institutional and policy levels. Even though women entrepreneurs in MSEs contribute a lot for the economic development of a country, there are a number of challenges that affect them associated with different factors.

In addition, Schorling (2006) study shows that in Ethiopia's situation MSEs are confronted by various problems, which are of structural, institutional and economic in nature. Lack of Capital, market and working premises, marketing problems, shortage of supply of raw materials and lack of qualified Human resources are the most pressing problems facing MSEs. According to GTZ as sited in <http://www.bds-ethiopia.net/approach-tvet.html>, women entrepreneurs in MSEs in Ethiopia are faced with a number of challenges. The following can be cited as the main ones: Limited and for some complete lack of access to funds; Lack of or poor skills of operators and/or the work force in the economy due to underdeveloped Technical and Vocational Education and Training (TVET) system; Underdeveloped Business

Development Services (BDS) market Poor infrastructure; Weak private sector promotional institutions; Weak public sector support system.

Furthermore, there are some of the factors that could be advance in favor tax concessions for women's small scale business growth includes: 1) presence of externalities provided by small scale businesses that benefit the economy, the rewards for which are not captured by small scale businesses, for example if small scale businesses were highly innovative, but the majority of the advantages accrued to large businesses who, because of their market power, were able to buy small scale businesses for less than they are worth. 2) There is a need to provide tax breaks for small scale businesses; on the basis of equity and 3) the tax system should not affect the growth of the small-scale businesses in a negative way (RRA, 2011).

However, Roy and Wheeler (2006) identified that the level of training of micro entrepreneurs (both formal and informal); experience and number of years in operation; knowledge of the market; level of differentiation (in terms of price, quality or other) and diversification of products; access to the necessary resources and/or technologies; level of planning; vision for the future; and the entrepreneur's level of poverty are among the factors contributing to success of MSEs while lack of market knowledge and training, limited access to capital, and lack of co-operation among possible business partners are some of the factors inhibiting the growth and development of the micro enterprise sector.

One of the most mentioned characteristics of businesses that affect growth is its age. There are quite many studies (e.g. Davidsson *et al.*, 2002; Delmar *et al.*, 2003; Orser

et al., 2000) that found important relationship between the age of the business and its growth. Most of the studies suggest that the correlation between the two variables is negative and younger businesses are likely to grow more rapidly than older ones (Dobbs & Hamilton, 2007).

The most popular rationale suggested in the literature is that the most risky years of a business is their first five years, hence when the entrepreneurs start their businesses they put all their efforts and energy to achieve success and not fail. And after certain years they usually either fail or reach a satisfactory level of operations and become less cautious about failing. Once one reaches the level where he/she earns satisfactory amount of money and “doesn’t have a risk to fail”, he/she becomes less passionate about growing his/her business more. However, as respondents of this study were not only the business owners but also managers as well, it was decided to have ‘number of years since the business have a new owner or manager(whoever our respondent was)’ as a substitute variable for business age assuming that it will also have a negative correlation with business growth.

Another factor that was suggested to play an impact on growth is location of the business. According to Storey (1994) some studies show that businesses in rural areas grow more rapidly than businesses in urban regions. Literature also shows that the industry sector that business operates in can be a predictor of business growth (Storey, 1994). Firms in one business sector may be more successful than in others. For example Davidsson *et al.*, (2002) found that knowledge intensive services (including computer services), technical consultants, and education and healthcare

are the industries where firms have more growth rates. Different sectors within tourism industry were also added to the list of the independent variables.

And finally the last predicting variable that was tested is the provision of training. Storey (1994) acknowledged several studies that found training to be significant factor for growth. Among many other findings, his results show that there is no significant relationship between frequency of trainings and employment growth, however it has an impact on sales growth. Our assumption is that tourism and service sectors are more sensitive in this context and success – even from the perspective of increase in employees - of tourism businesses is highly dependent on frequent trainings. Hence respondents were asked how frequently they provide training to their employees.

2.4.4 Factors affecting Women's Small Scale Business Growth

Main challenges that women entrepreneur in Rwanda face in a sequential order from very Sevier to least important: Difficulty in obtaining loan from commercial banks; failure of business/bankruptcy; Failure to convert profit back into investment; Shortage of technical skills; Poor managerial skills; Low level of education.

Furthermore, ILO (2003) found that lack of suitable location or sales outlet; stiff competition; low purchasing power of the local population; lack of marketing knowhow; seasonal nature of the business ;lack of market information ;inadequate infrastructure; shortage of time (due to multiple tasks); shortage of raw materials. The biggest challenge faced by women's small scale business is lack of adequate funds to support their businesses. Other key challenges faced by the women include

high taxes, transportation costs, competition from big companies and lack of information on markets respectively.

The ability to tap into new markets requires expertise, knowledge and contacts. Women often lack access to training and experience in on how to participate in the market place and are therefore unable to market goods and services strategically. Thus, women-owned SMEs are often unable to take on both the production and marketing of their goods. In addition, they have often not been exposed to the international market, and therefore lack knowledge about what is internationally acceptable. The high cost of developing new business contacts and relationships in a new country or market is a big deterrent and obstacle for many SMEs, in particular women owned businesses. Women may also fear or face prejudice or sexual harassment, and may be restricted in their ability to travel to make contacts (UNECE, 2004).

Women have limited access to vocational and technical training in South Asia. In fact, women on average have less access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education. South Asia is characterized by low enrolment among women in education, high dropout rates and poor quality of education (Ibid.).

Women have fewer business contacts, less knowledge of how to deal with the governmental bureaucracy and less bargaining power, all of which further limit their growth. Since most women entrepreneurs operate on a small scale, and are generally not members of professional organizations or part of other networks, they often find

it difficult to access information. Most existing networks are male dominated and sometimes not particularly welcoming to women but prefer to be exclusive.

Even when a woman does venture into these networks, her task is often difficult because most network activities take place after regular working hours. There are hardly any women-only or women-majority networks where a woman could enter, gain confidence and move further. Lack of networks also deprives women of awareness and exposure to good role models. Few women are invited to join trade missions or delegations, due to the combined invisibility of women-dominated sectors or sub sectors and of women as individuals within any given sector (Mahbub, 2000). Most women have little access to policymakers or representation on policymaking bodies. Large companies and men can more easily influence policy and have access to policymakers, who are seen more as their peers. Women tend not to belong to, and even less reach leadership positions in, mainstream business organizations, limiting their input into policymaking through lobbying. Women's lack of access to information also limits their knowledgeable input into policymaking (UNECE, 2004).

However, OECD (2002), ILO (2008) added that the key factors that affect women entrepreneurs' performance especially in developing continents like Africa are: vulnerability of women to adverse effects of trade reform; restraints with regard to assets (land); lack of information to exploit opportunities; and Poor mobilization of women entrepreneurs; lack of management skills; lack of awareness among young women of entrepreneurship as a career option; conflicting gender roles; gender inequality inappropriate technology; and constraints at the legal, institutional and

policy levels. Even though women entrepreneurs in MSEs contribute a lot for the economic development of a country, there are a number of challenges that affect them associated with different factors.

For example, according to World Bank (2005), ILO (2003), women entrepreneurs in MSEs are affected by lack of entrepreneurial, managerial and marketing skills; bureaucracy and red tape; lack of accessibility to information and knowledge; difficulties accessing financial resources/Lack of capital; lack of accessibility to investment (technology equipment and know-how); nonconformity of standardization, lack of quality awareness and lack of mutual recognition schemes; Product and service range and usage differences ; language barriers and cultural differences ;risks in selling abroad; competition of indigenous MSEs in foreign markets; inadequate behaviors of multinational companies against domestic MSEs/Lack of government supply-supporting programs ;complexity of trade documentation including packaging and labeling; lack of government incentives for internationalization of MSEs; inadequate intellectual property protection; unfavorable legal and regulatory environments and, in some cases, discriminatory regulatory practices; lack of business premises (at affordable rent); and low access to appropriate technology.

Regarding growth barriers, it has been found that the lack of growth among SMEs can be attributed to the unavailability of essential support from government agencies and regulators (Mbonyane & Ladzani, 2011). This is the underlying situation faced by SMEs which needs to be addressed by researchers, practitioners and policy makers. Since, the importance of small and medium

businesses in the economic growth of nations is widely acknowledged, there is a substantial amount of literature developing models which depict the pattern of SME growth (Yasuda, 2005). On the other hand, there are few studies, which investigate the barriers to the growth of small and medium businesses (Gill & Biger, 2012).

2.5 Human Capital Theory

According to World Bank, 2005; human capital is an economic term that encompasses the abilities, skills and knowledge embodied in a person. The use of this concept in the economics literature has largely been confined to the role of human capital in determining wages in the labour market and more generally to its contribution to productivity and economic growth. Human capital theory states that knowledge increases an individual's cognitive capabilities, leading to more a productive and efficient potential activity. Human capital is not only the result of formal education, it also includes experience and practical learning (Davidson & Hanig: 2003).

Human capital can be thought of in different ways. Begg *et al.* (1994) defined human capital as “the stock of expertise accumulated by a worker. It is valued for its income-earning potential in the future”. In fact, human capital is often viewed as an individual's marketable productive abilities, talents, know-how-in short, and a person's quality as a producer or service provider in the market. This enables a valuation of human assets in terms of present and future money earnings. However, given a broader view, human capital can be defined as much more than that, encompassing an individual's skills, flair and knowledge in non-market activities as

well as paid employment. Such activities include non-paid work for the household or voluntary group; and increased consumption benefits arising from the investment. An individual's stock of human capital depends on overall quality or well-being, not simply future earnings. Whilst utility does not have measure, that does not render it insignificant.

Given imperfect knowledge about present and future costs and benefits, people of necessity invest resources to gather process and interpret information. From the human capital theory perspective, one would not be wrong to argue that education and training are the most pillars of productivity and economic growth. Given the fact that the small scale business women are most vulnerable with low skills and experience required in labour markets, employing human capital theory in this study, assisted in analyzing questions related to skills imparted by education which would facilitate them in doing their small scale business.

2.6 Self-Employment

Self-employment is concerned with the way in which people create and implement new ideas and methods to produce goods and services. The terms “self-employed”, “entrepreneur”, “business owner” identify anyone who creates his/her own earnings in the form of a business, contract or freelance activity. A self-employed person is someone who has a job or activity alone or with a small group of people. Moreover, Self-employment and work in micro enterprises is an important enabler of female labour force participation in developing countries. Women from poor households often rely on the small scale sector for income which boosts household income,

which in turn has a positive impact on child health indicators as well as school attendance (UNDESA 2010).

Access to an income source also provides these women with greater autonomy over their lives. Informal sector employment which is home based allows women to engage in paid economic activity while managing household work. A recent study for India using National Sample Survey (NSS) data found that around 80 per cent of self-employed female workers were home based (Srivastara & Srivastara, 2009).

The self-employment rate is used as a measure of entrepreneurship. It is actually the most basic one, since it is defined as the number of self-employed individuals relative to the labour force (active population). However, because of its availability, it is also widely considered in entrepreneurship research. Typically, self-employment rates are used to compare entrepreneurship across countries (see, among others, Blanchflower, 2000 and 2004) or to investigate the determinants of entrepreneurship in single countries and region.

Several attractive features of self-employment that have the effect of pulling people into self-employment have been reported, including high reward, non-pecuniary benefit and job autonomy (Blanchflower & Oswald, 1998; Lombard, 2001).

Some recent research has studied the effects of the portability of health insurance on self-employment transition at older ages, with mixed results (Bruce *et al.*, 2000). Karoly and Zissimopoulos (2004) presented an overview of the current situation and important characteristics of self-employed.

More specifically, self-employed persons are defined as persons who own sole or joint businesses of the unincorporated enterprises in which they work, with the

exception of those unincorporated enterprises classified as quasi-corporations. The self-employed categories include unpaid family workers, outworkers and workers engaged in production undertaken entirely for their own final consumption or own capital formation, either individually or collectively. The Organization for Economic Co-Operation and Development categorizes the employed into paid employment, unpaid employment and self-employment (OECD).

The individual categorized as self-employed is defined as someone who does some work for profit or family gains, in cash or in kind. A self-employed individual can be an employer, own account worker or a person in production of goods/services and household consumption. The International Labour Organization classifies employment as employees, unpaid family helpers, employer and own account workers. An employer is an individual who operates his/her own economic enterprise independently in a profession with one or more employees. An own account worker is a person who operates his/her own economic enterprise independently in a profession with no employees. Employers and own account worker groups give the total number of self-employed. Parker (2004) considers the self-employed as individuals who earn no wage or salary but derive their income by exercising their profession or business on their own account and at risk. Self-employment in small-scale businesses presents a constructive option for income generation. In many developing countries, a high percentage of small-scale businesses that cater to local needs are controlled or owned by women. In Latin America, women own between one-third and one-half of all small rural enterprises.

Self-employment is concerned with the way in which people create and implement new ideas and methods to produce goods and services. The terms “self-employed”,

“entrepreneur”, “business owner” identify anyone who creates his/her own earnings in the form of a business, contract or freelance activity (RRA, 2011).

The present study is based on business growth theory, human capital theory and self-employment which explain that the differences in behavior of women in business could be attributed to their individuals’ access to strategic resources and socialization process. These theories presented in this chapter two, played a tremendous role in understanding women’s small scale business growth in the context of Rwandan situation.

2.7 The General Challenges affecting Small Scale Businesses Growth

While the contributions of small scale businesses to development are generally acknowledged, entrepreneurs in this sector face many obstacles that limit their long-term survival and development. Scholars have indicated that starting a business is a risky venture and warn that the chances of small-business owners making it past the five-year mark are very slim (ILO, 2005). According to Richard Hodgetts (1982), the causes of failure of small and medium enterprises are as follows:

- a) Some managers are incompetent: the major reason as to why many small and medium enterprises fail is incompetence of managers. The owners simply do not know to run the business.
- b) The second most common reason why small and medium enterprises fail is unbalanced experience. By this, we mean that the owners do not have well rounded experience in the major activities of the business such as finance, selling and production. Due to lack of experience in one or more of these critical areas the enterprise gradually fail.

- c) The third common causes of business failure include neglect, fraud and disaster. Neglect occurs when the owners do not pay sufficient attention to the enterprise. Fraud involves intentionally misrepresentation or deception. Disaster refers to some unforeseen happenings or act of God.
- d) Another common cause of business failure is lack of managerial experience. The owners simply do not know how to manage people.

In addition, some researches into small scale business development have also shown that the rate of failure of small scale businesses in developing countries is higher than in the developed world (Marlow, 2005). In Nigeria in particular, despite the support and incentive programs to small scale business, Akabueze, (2002) succinctly stated that it would seem reasonable to expect that small businesses would grow and flourish, but the rate of business failure continues to increase because of the obstacles affecting business performance which include: lack of financial resources, lack of management experience, poor location, laws and regulations, general economic conditions, as well as critical factors such as poor infrastructure, corruption, low demand for products and services, and poverty. Others include: shortage of raw materials, handicap in obtaining finance, inadequate competent personnel, inability to control costs and problems of dumping of cheap foreign products and others. Rwanda has put the most important problems encountered by small scale businesses Rwanda: Lack of clear definition of small scale businesses, Lack of supply of raw materials as the most of these are imported from abroad, Lack of skilled workers, small scale businesses have problems of markets, Lack of equipments, Lack of enough funds, competition from imported consumer goods especially after trade liberalization, Weak linkages to both forward and backward with large enterprises.

2.8 Empirical Study

Varying school of thought on the term growth has provided a number of definitions. For instance the growth of SMEs in quantitative terms can be defined as revenue generation, value addition and expansion. Alternatively, growth in qualitative terms is defined as market position, quality of products offered, and goodwill of the business for customers (Gupta *et al.*, 2013; Mbonyane & Ladzani, 2011). It was Dobbs and Hamilton (2007) who explained that growth is used to create new jobs and benefits that communities are seeking, holding out to their owners the possibilities of wealth, variety, self-fulfillment and independence. For the purposes of this study on the SEA region involving China, India and Pakistan, the term growth is used in the sense of increased trade returns.

Dobbs and Hamilton (2007) conclude that "growth of sales on average", and "sales turnover" is the most common means of operationalizing business growth, for the reason that they are relatively uncontroversial, and data tend to be easily available. Support for the operational definition of business growth adopted in this model was also offered by (Delmar, Davidsson & Gartner, 2003). So, in this paper the term growth is actualized as increases in sales volume and its reciprocal returns for small and medium businesses.

The growth of SMEs has been concerned with the relationship between firm size and business growth (Scase, 1997). The conventional wisdom in economic theory has long held that, owing to economies of scale and scope, firm growth is positively related to size. Business growth in different countries is also affected by the poor infrastructure of the region as defined by (Ejembi & Ogiji,

2007). He revealed that poor infrastructure such as lack of facilities like transportation; energy sources and availability of civic facilities like water supply, communication network and alternative energy arrangements affect business growth.

According to Fisseha, (2006), the dynamic role of micro and small enterprises (MSEs) in developing countries as engines through which the growth objectives of developing countries can be achieved has long been recognized. It is estimated that MSEs employ 22% of the adult population in developing countries. Small scale businesses contribute a lot in economic development.

According to Mead & Liedholm (1998), the main factors that affect the performance of MSEs in developing countries is not their small size but their isolation, which hinders access to markets, as well as to information, finance and institutional support. The argument that small businesses in Africa are crucial in the role they play in employment creation and general contribution to economic growth is not new. This has tended to ensure that the journey of the MSE entrepreneur in many instances is short-lived, with the statistic of MSE failure rate in Africa being put at 99 per cent (Rogerson, 2000). In addition, the research undertaken in Tanzania by surveying 160 micro enterprises showed that high tax rates, corruption, and regulation in the form of licenses and permits, are found to be the most important constraints to 24 business operations of micro enterprises (Fjeldstad *et al.*, 2006 cited in Mulugeta, 2011).

Roy and Wheeler (2006) identified that the level of training of micro entrepreneurs (both formal and informal); experience and number of years in operation; knowledge of the market; level of differentiation (in terms of price, quality or other) and

diversification of products; access to the necessary resources and/or technologies; level of planning; vision for the future; and the entrepreneur's level of poverty are among the factors contributing to success of MSEs while lack of market knowledge and training, limited access to capital, and lack of co-operation among possible business partners are some of the factors inhibiting the growth and development of the micro enterprise sector.

According to Paul and Rahel (2010), their study, based on the survey covering 123 businesses units in four sub-cities of Addis Ababa, and aimed to investigate the constraints and key determinants of growth, particularly in employment expansion, found out that the studied enterprises registered 25% increment in the number of total employment they created since their establishment with an average annual employment rate of 11.72%. With regard to the sources of initial capital of the studied enterprises, the study indicated that, the main ones were loan from MFI (66.7%), personal savings (17.5%), and loan from family/friends (17.1%). Moreover, the concrete problems that the targeted MSEs faced at their startup were lack of capital (52.8%), skills problem (17.9%) and lack of working space (17.1%). Moreover, Daniel (2007) identified that lack of raw material, stiff competition and shortage of working capital.

Mainly relying on a sample survey of 557 operators and 200 MSEs chosen from four major cities of Ethiopia, Tegegne and Meheret's research (2010) was conducted with the intention of assessing the contribution of the MSE strategy to poverty reduction, job creation and business development. The raised causes for this gloomy prospect of

business were not growing (33%), lack of finance (13%), lack of market (11%), and lack of working space (4%). In addition, Churchill and Lewis (1992) as cited in Olawale and Garire (2010) on the other hand claim that as a new small firm start and develops, it moves through some growth stages, such with its own distractive characteristics. In each stage of development as different set of factors is critical to the firm's survival and success the Churchill Lewis (1992) model gives an insight into the dynamics of SMEs growth including the distinguishing characteristics, problems and requirement of growing SMEs and explains business growth process amongst SMEs, and the precise moment in time in which a startup venture becomes a new business has not yet been theoretically determined. However, the ideal of business survival could be equated with a firm that has fully completed the transaction to stage - two organizations in the five stages of small business growth.

Davidson, Delmar and Wiklund (2002) found that the firm growth is a complex and multidimensional phenomenon, with evident variations and differential effect at various levels. With the growing global competitiveness and hedging strategies used by large enterprises, small and medium businesses face more difficulties in sustaining and establishing growth. The problem of growth and increasing early demise of SMEs is seen as being due to weak control in the organization and a lack of knowledge regarding growth barriers for SMEs (Mbonyane & Ladzani, 2011; Rutashobya & Olomi, 1999; Bowler & Dawood, 1995).

2.9 Summary of Literature Review

From the literature review, variables on the determinants of women's small scale business growth were found and tested empirically in informal economy. The major findings from the literature review showed that small scale businesses are catalyst in the socio – economic development of any country especially in developing countries (Charmes, 1999). Small scale businesses contribute a lot in national gross domestic product of these countries: increase job creation and reduce poverty, increased public revenue and a general rise in the standard of living. The small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (Wolfenson, 2007). They have been the means through which accelerated economic growth and rapid industrialization have been achieved (Harris *et al.*, 2006; Sauser, 2005). The literature also has ipso facto outlined the eleven determinants of growth of small scale businesses. The review has explained the different types of determinants of growth of SMEs used in different countries. Finally, the review has presented the challenges that impede women's small scale business growth.

2.10 Research Gaps

According to the literature review, two major research gaps were identified. First, through various literatures surveyed, there is no clear evidence on how women could improve the growth of their small scale business in Rwanda, and the second gap was that different literatures have paid little attention to the challenges women faced in starting and running their small scale businesses in Kicukiro District. The current study addressed these gaps.

2.11 Conceptual Framework

A concept was a work or a phrase which symbolizes several interrelated ideas and meaning (Strauss and Corbin, 1998). It was a basic structure of a research consisting of certain abstract ideas and concepts that a research wants to observe, experiment or analyze. Conceptual framework means that concepts that relate to one another were used to explain the research problem. Since business growth is influenced by both internal and contextual factors, operators need to understand what influences businesses to reach peak growth. The determinants include infrastructure, firm size, tax rate, innovation, corruption, firm age, creativity, access to capital, workforce, location and access to training. The influence of these determinants to the business growth is very important but it is noteworthy that the management has no (little) control over them (Wanjiku, 2009). The relationship can be expressed and shown in figure 2.1. It identified the network of relationships among the variables in the study of given problem. The illustration shows that there are two variables in this study: growth (independent variable); women's small scale business growth (dependent variable) as seen in the chart (see Figure 2.2).

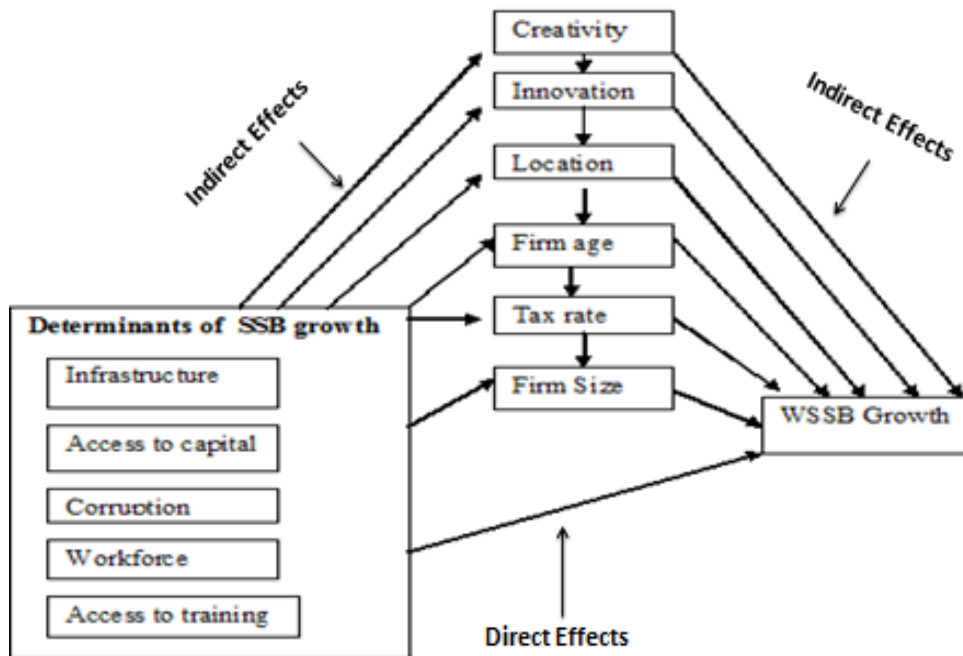


Figure 2.2: Determinants of SSB Growth (DSG Model)

Source: Researcher's own illustration, 2014

The Figure 2.1 shows the determinants of growth on WSSB. The term growth can be viewed as a transitory process of firms progressing from one stage to another. Initially, growth was considered to be linear and predictable process but later in-depth investigation suggests that the growth path is fairly non-linear, opportunistic, and unpredictable process (Gupta, Guha, & Krishnaswami, 2013).

According to Gupta *et al.*, 2013; Mbonyane & Ladzani, 2011), varying school of thought on the term growth has provided a number of definitions. For instance the growth of SMEs in quantitative terms can be defined as revenue generation, value addition and expansion. Alternatively, growth in qualitative terms is defined as market position, quality of products offered, and goodwill of the business for

customers (Dobbs & Hamilton , 2007) who explained that growth is used to create new jobs and benefits that communities are seeking, holding out to their owners the possibilities of wealth, variety, self-fulfillment and independence. For the purposes of this study on WSSB, the term growth is used in the sense of progressed businesses.

Support for the operational definition of business growth adopted in this model was also offered by (Delmar, Davidsson & Gartner, 2003). So, in this study the term growth is actualized as progresses in sales volume and its reciprocal returns for small and medium businesses. The growth of SMEs has been concerned with the relationship between firm size and business growth (Scase, 1997). In addition, various survival and growth theories particular to SMEs have been used by extant studies like prospect theory, threat-rigidity theory, and theory of entrepreneurial opportunity exploitation (Federico *et al.*, 2012; Mboniyane and Ladzani, 2011; Aarstad *et al.*, 2010).

Business growth in different countries is also affected by the poor infrastructure of the region as defined by (Ejembi & Ogiji, 2007). He revealed that poor infrastructure such as lack of facilities like transportation; energy sources and availability of civic facilities like water supply, communication network and alternative energy arrangements affect business growth. In conjunction with these variables, graft or corruption has also been identified as barrier to business growth and places a burden on firms in developing economies. In a working paper Gonzalez, López-Córdova, & Valladares (2007), found that two out of every five firms, were victims of corruption in Latin American and African countries. This is a dilemma for low equity firms.

Differentiating among types of corruption and among the kinds of monopolies they embody, helps account for this condition. Furthermore, in the absence of economic development, a democratic system may be particularly vulnerable to corruption. Hence, economic development involves not just resources but also institutions being able to protect opportunities and assets while restraining excess and abuses. For instance, in China, India and Pakistan, corruption is related to tax payments and tax officials (Fisman, & Svensson, 2007). However, the dilemma is that the ratio of bribes to business activities is greater in underdeveloped countries than in developed countries (Gonzalez *et al.*, 2007).

However, we extended these determinants in our study to investigate their importance for the success of businesses and economies as a whole. In addition, for the first time we used the variables ‘innovation’ and ‘corruption’ to examine their effectiveness with regard to SMEs’ business growth.

Besides all the similarities and differences, the characteristics of SMEs in transitional economies are almost same as those of mature or developed economies, yet, the uniqueness is the magnitude they have (Mochrie, Galloway & Donnelly, 2006). Small businesses face formal barriers such as governmental interference, corruption, environmental changes, and tax regulations. In line with the existing management literature on these variables we discussed the need to investigate this trend in emerging countries.

Furthermore, since 2005 Rwanda has implemented business regulation reforms as recorded by Doing Business. The ultimate goal of the reform program is a private

sector that promotes economic growth and job creation (Kagire, E., 2010). In 2010 the legislature passed a law regulating the distribution of information from credit bureaus. In December 2011, the public registry stopped issuing credit reports, and now only the private bureau shares credit information. The public registry still collects information from regulated financial institutions but only for supervisory purposes. (Kanyesigye, F., 2010).

Therefore, barriers to women's access to finance might drive their concentration in low-capital-intensive industries, which require less funding but also have less potential for growth and development. One possible barrier is that women may have less physical and "reputational" collateral than men (Klapper and Parker, 2010).

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The research methodology refers to the methods and techniques to be used in carrying out the research. In this chapter, the various methodological components adopted to achieve the objectives of the study are outlined. The choice of methods was influenced by the nature of the problem and the constraints of time. The research is an explanatory or a causal study.

This is because it is a research that it is aimed at establishing causal relationship between two variables. Since it involves collecting the views, perspectives or opinions of respondents regarding a particular issue or research interest, it employed the survey method using questionnaires, personal interviews with respondents and publications. This choice was made due to the fact that the survey method is effective when it comes to getting opinions, attitudes and descriptions as well as for getting cause and effect relationships (Ghuari & Gronhaug 2005).

In this chapter, qualitative research methodology was used. Both primary and secondary data collection methods were employed. This section consists of an analysis of the methodological framework and field research methods. This brings us to an appropriate research methodology that addresses the research topic on the determinants of women's small scale business growth in Rwanda. This chapter gives a detailed presentation of the tools and techniques that were used to investigate the research issues in the field. It describes the research design, the study area and study

population, study sample and sample selection, data collection procedures, data analysis and processing and the limitations of the study. These sub sections were described explaining how they were applied to the study that was undertaken. In the extant literature, a number of factors have been identified as determinants to SME growth. A few authors have studied the impact of these factors on different firm characteristics, but in isolation, or it might be said; the study of isolated factors may not produce effective information for long-term decisions (Federico *et al.*, 2012).

Therefore, we extend the theoretic framework used by earlier studies (Federico *et al.*, 2012; Baum, Locke and Smith, 2001) integrate these variables into our DSG model to test their impact on venture growth. Working from the cited literature, the most commonly acknowledged and incorporated factors acting as barriers to business growth are human capital, infrastructure, corruption and access to finance. Human capital is operationalized as availability and growth of skilled workforce. The infrastructure represents the availability of utilities like electricity, water supply and telecommunication. Corruption is identified as bribes and grafts by the small businesses, and access to finance operationalized as debt financing from banks and private institutions.

For the first time, this study used two important mediating variables i.e. tax rate and innovation to test their mediating effects on SMEs' growth. The tax rate is imposed by the government for a certain period in particular business sector; while business innovation is operationalized in terms of introduction of new product or services, *ibid.*

3.1 Research Design

Research design is a framework for the collection and analysis of data. It is a blueprint that is followed in completing a study (Bryman & Bell (2007). According to John A.H. *et al.*, 2007, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It facilitates the smooth running of the various research operations, thereby making research as efficient as possible giving maximal information with minimal expenditure of effort and resources such as time and funds. Since this study involves the collection of views, perspectives or opinions of respondents regarding a particular issue, the study employed a survey research method which involves questionnaire, personal interview with respondents and perusal of past records and publications. This study used both qualitative and quantitative methods of data collection and analysis so as to capture the details and adequate information. The use of both methods also ensured that the data was effectively interpreted using the tables, figures as well as the narrative.

In this study a descriptive research design was used to assess the determinants of women's small scale business growth in Kicukiro district. The reason for using this design is that it enables to describe the different determinants of women's small scale business growth in study area. This study was descriptive and explanatory research.

Moreover, the study utilized cross-sectional in the sense that all relevant data was collected at a single point in time. The reason for preferring a cross-sectional study is due to the vast nature of the study and the limitation of time. And obtaining information from a cross-section of a population at a single point in time is a reasonable strategy for pursuing many descriptive researches (Janet M. Ruane, 2006). In addition, it is cheap in terms of time and human resources as data were

collected simultaneously from both Kicukiro and Gikondo sectors in Kicukiro district. Using this research design, data were collected from more than one respondent in both Kicukiro sector as urban area in Kicukiro district and Gikondo sector as rural area in Kicukiro district also.

3.2 Research Area

The study was carried out in Kigali city of Rwanda in Kicukiro district where women's small scale business has been developed as a way to alleviate poverty through employment provision to the labor force that operates with the business entrepreneurs. Kigali city is divided into three districts: Gasabo, Kicukiro and Nyarugenge. According to the 2012 Population Census Provisional Results, Gasabo District has the highest population (274,342 males and 256,565 females); Nyarugenge (148,242 males and 136,578 females) and Kicukiro (162,755 males and 156,906 females). 27.7% of the households in City of Kigali are female headed households, 10.3% are headed by people with disabilities while 19.3% are headed by widows.

Kicukiro district has the least poverty levels at 8.3% while Gasabo, 26% and Nyarugenge 10.1%. The poverty levels are high in Gasabo (poverty 26% and extreme poverty 13.2%), Nyarugenge (10.1% and 3.6%) and Kicukiro (8.3% and 2.8%). These demographic characteristics are very important for planning purposes. In addition, unemployment levels are high in Kicukiro district 13% compared to the other districts in City of Kigali, reason why it was chosen as a case of this study.

Kicukiro district has the highest unplanned urban housing (76.6) while at the same time it has highest modern planned residences in City of Kigali. There is a high

proliferation of slums in Kicukiro district in Gatenga, Nyarugunga and Gahanga. Single house dwelling (above 60%) is the common types of houses in Kigali. According to EICV 3 on house ownership, majority of the residents in City of Kigali especially in Gasabo (61%) district are house owners while another big proportion are tenants. The tenant occupation is high in Kicukiro and Nyarugenge district. The road network in City of Kigali is generally good as over 90% of the residents have access to all weather roads.

However, access to means of transport is low especially in Kicukiro district where only 50% can reach a stage within 20 minutes. It means many residents of the district walk for long distances to get transport or they use motorbikes and bicycles to reach their destinations. This situation is critical as the EICV 3 Report also indicated that vehicle (car, motorcycle, bicycle) was low in the districts. This Kicukiro district is located in Kigali Town. It is divided into 10 sectors which are Gahanga, Gatenga, Gikondo, Kagarama, Kanombe, Kicukiro, Kigarama, Masaka, Niboye, Nyarugunga (Constitutional Law No 29/2005 on 31/12/2005; Population Census Provisional Results (2012), 41 cells and 333 villages. His size is 166.7 km² (ibid.).

Furthermore, Kigali city has a population of over 1.135 million (Census 2012 Provisional Results). The rapidly growing city, Kigali is the country's most important commercial centre and main port of entry. According to the 2012 Population Census Provisional Results, Kicukiro district has (162,755 males and 156,906 females). Kicukiro district has the least poverty levels at 8.3%. This study was carried out in Kicukiro district because unemployment levels are high in this district 13% compared to the other districts in City of Kigali. Gasabo and

Nyarugenge districts are endowed with many public and private institutions which provide avenues for employment in these districts; reason why we have chosen Kicukiro district as area of our study.

In addition, females are emigrating from rural area of Rwanda to Kigali City, especially to Kicukiro District. In rural area of Rwanda, even of neighboring countries, land scarce, joblessness, population density, grinding poverty and food insecurity play a great impact on migration of females. It was found that lack of job (20%) and family motive from relatives (15%) are major causes of the women movement and settlement to Kicukiro and Gikondo sectors in Kigali city. Main reasons to migrate to Kicukiro include search for jobs (25%), marriage (7.2%), family motives (15%) and studies (10%), (EICV3, NISR, 2011). The selection of Kicukiro district for the study was mainly based on the judgment and convenience. As the study had the limitation of time and money, the selection of the suitable location was to be done from the available convenient options in terms of reach. The following Figure 3.1 indicates the map of the study area localized in Kigali town of Rwanda:



Figure 3.1: Map of the Study Area: A map of Kigali showing 3 districts of the Kigali city

Source: Kigali (kigalicity.gov.rw)

3.3 Research population

The research population refers to the elements of research, which are going to be involved in the study. Population is the entire group of persons having the same characteristics that are interest to the researcher. According to Rick and Hancock (2006), research population is defined as all subjects you want to study, it comprises all the possible cases that constitute a known whole it is also a totality of persons or objects with the study is concerned. Target population is defined as those units for which the findings of the survey are meant to generalize.

This research targeted all women's small scale businesses operators based at Kicukiro and Gikondo sectors in Kicukiro District. It consisted of women's small

scale business of diverse socio-economic background from each of the two study areas of Kicukiro and Gikondo sectors representing urban and rural areas respectively and other key informers such as female local leaders and social workers in Kicukiro and Gikondo sectors. Kicukiro sector has four cells named Ngoma, Kicukiro, Kagina and Gasharu while Gikondo sector is divided into three cells named; Kinunga, Kanserege and Kagunga. This study targets a population of nine thousand and nine hundred forty-three (9943) as women's small scale business founding in Kicukiro district.

3.4 Sample Size

According to Latham (2007), the sample involves taking a representative selection of the population and using the data collected as research information. It is crucial because of its major impact on time and money that must go into data collection. The size of the sample is needed before the survey starts and goes into operation. The sample size is also necessary for this study because it is impossible to have the entire population as research respondent. The sample choice reasoning is to use a subset of the population that is considered theoretically, able to highlight a phenomenon.

This technique is sometimes called technique reasoned choice by what she calls a certain extent logical reasoning (Grawitz 2005). According to Catherine Dawson (2009), the correct sample size in a study is dependent on the nature of the population and the purpose of the study. The total population of the study is 9943 WSSB. In addition, sample refers to the selected members of the entire population for use in the study. It is a sub group of observation from a large population in order to make inferences about the characteristics of the large population. Since it would

not be convenient for the researchers to study the entire population, it derived sample size statically by using Yaro Yamani (1967) as cited in (Abdullahi, 2012) as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n= Sample size

N= Population size (universe).

e = Margin of error for an infinite population (< 10000 individuals) with a marginal error of 10%

This formula is written by Yaro Yamani (1967) as cited in Abdullai (2012) then considering the population of 9943, the sample was:

$$n = \frac{9943}{1 + 9943 (0, 10)^2}$$

$$n = \frac{9943}{1 + 99.43}$$

$$n = \frac{9943}{100.43}$$

$$n = 99$$

This formula was used to determine the representative sample as follow. To ensure the validity and reliability of the outcome from the study, 10% was used as the sampling errors or the level of precision. This number of 10% is taken for making the correction of voluntary and/or involuntary errors expected to be done by the respondents. It could therefore be considered suitable for determining an appropriate sample size.

Therefore, it used a sample size of 99 in order to represent the entire population of Kicukiro district. This also determined the sample size of 99 respondents from four business settings that were contacted in the process of data collection in Kicukiro district. These comprised of WSSB engaged in various fields such as: 20 women vendors {Selling fruits, Selling Vegetables, Selling Cloths (second hand), selling charcoal, etc}; 10 hairdressing and salon activities; 13 tailoring, 7 weaving cooperatives. From Kicukiro sector in Ngoma and Kagina cells 50 women's small scale business were selected while in Gikondo sector in Kanserege and Marembo cells, while 49 women's small scale business were also selected (including 20 women vendors {Selling fruits, Selling Vegetables, Selling Cloths (second hand), selling charcoal, etc}; 15 hairdressing and salon activities; 10 tailoring, 4 weaving cooperatives). Among the participants were local leaders, social workers, chiefs of cooperatives and chiefs of SACCO (as key informants) from Kicukiro and Gikondo sectors because they are involved in the day to day of women economic activities and were therefore expected to be informed about their lives.

3.5 Sampling Techniques

Sampling Techniques are necessary in carrying out a research because; it is difficult to reach everybody due to several limitations such as financial constraints, long distances, and time factors. It is necessary therefore, to select the sampling techniques which are easier to conduct the study.

It was important to first identify the suitable women's small scale business within the district, and for this purpose, it adopted one criteria: The women's small scale business must be in business for more than three years. The study contained the

population size which comprises 9943 women's small scale business. This research used a sample size of 99 from the two sectors of Kicukiro district. It used Yaro Yamani (1967) formula as cited in Abdullai (2012) to obtain a sample of 99 members. (See the formula above).

Women contacted were women's small scale business with low income (i.e. vendor women in Zinia market (Kicukiro sector) and Gikondo market (Gikondo sector), hairdressing in salon, tailoring and the last group contacted was weaving baskets cooperative. These low-income women are found in town and in some cases, they sell small goods (fruits, vegetables, and handcrafts items). The research focused on women because in the past, information about women was collected and analyzed according to male standards. This creates in most instances misleading and inaccurate concepts about women. In addition, it is necessary therefore, to select the sampling techniques which are easier to conduct the study. In this study, the following sampling techniques were used:

3.5.1 Stratified Sampling

Stratification is the process of dividing members of the population into homogeneous subgroups before sampling. According to Mugenda and Mugenda (2003), stratified random sampling involves selecting subjects 'in such a way that the existing subgroups in the population are more or less reproduced in the sample'. Stratified random sampling was used to get information from different women's small scale business. This technique is preferred because it is used to assist in minimizing bias when dealing with the population. With this technique, the sampling frame can be organized into relatively homogeneous groups (strata) before selecting elements for

the sample. According to Janet (2006), this step increases the probability that the final sample will be representative in terms of the stratified groups. The strata's are women's small scale business including: trade in market, hairdressing, tailoring and weaving baskets' cooperative. The strata should be mutually exclusive: every element in the population must be assigned to only one stratum. The strata should also be collectively exhaustive: no population element can be excluded.

3.5.2 Simple Random Sampling

According to Saunders *et al.*, 2000, the simple random sampling is the most commonly associated with survey, where researcher needs to make inferences from sample in order to answer the research questions or to meet research objectives. Bent (2001) argues that random samples emphasizing representativeness will seldom be able to produce this kind of insight; it is more appropriate to select a few cases chosen for their validity (Bent, 2001). It was used to give equal opportunity to all members of the population to be included in this study. Active population who are women's small scale business in Kicukiro and Gikondo sectors were selected through this technique.

3.5.3 Purposeful Sampling

Purposive sampling is a form of non-probability sampling which is used when the researcher has a purpose for sampling those people for interview (Trochim, 2006). During the fieldwork, it was used to sample largely women engaged in various activities such as trading, tailoring, hairdressing, weaving baskets in Kicukiro, district of Kigali city because the nature of the study is for women. The present study selected these both sectors (Kicukiro and Gikondo) to ensure representativeness of

the population and later study findings. In addition, informants were purposively sampled who included local leaders and chief of cooperative. All these key informants were chosen because of their experience and knowledge on small scale business growth. The criterion for these women to be part of the study was that, they owned and managed their own different businesses and employing a maximum of four people mainly females working for them.

Furthermore, in qualitative research, a larger number of groups and interviewees do not always guarantee more meaningful and relevant information. What is far more important is whether the right respondents are identified. Due to the nature of the information gathered through qualitative research, the emphasis is to make sure that the objectives of the research are carefully considered when the number of groups or interviewees is determined.

However, this method was preferred because collecting data from all subjects that comprise the total population is complex. With purposive sampling method, collecting data is not complicated because it eliminates the respondents who do not meet the requirements or are not relevant to the study. This method is less time consuming and requires less research costs. For the purpose of the study, the selection of the Kicukiro district is justified, as it is where it found many women doing different types of small scale business and are from different parts of the country. A purposive sampling method was selected because of the knowledge and expertise of the respondents making them suitable for the study (Sarantakos, 2005).

3.6 Data Collection Methods

There are several methods used for collecting data. Each method has its own uses and none is superior to all situations. Selection of appropriate method for data collection is influenced by: i) the nature, scope and object of enquiry, ii) availability of resources, iii) time factor and iv) the precision required (Kothari, 2009). Data collection was targeted at particular points of the business, where it anticipated capturing interesting data in relation to the processes under investigation. In this research, it adopted two types of research methods in collecting data (questionnaire, interviews and focus group discussions) as primary data while secondary data were obtained by reviewing studies that have been carried out by other scholars such as journals, books, internet sources, report and articles from various libraries, dissertations etc. As identified by Kothari, 2004, data collection involved a self-administered questionnaire. It is desirable because of low cost, adequacy of time for respondents to give responses. The field work involved personally collecting data from the selected women's small scale business by visiting them individually and administering questionnaires. A total number of 99 questionnaires were distributed in Kicukiro and Gikondo sectors in Kicukiro district of Rwanda. The data were collected from April to August, 2014.

3.6.1 Primary Data

Primary data in this study was obtained through questionnaire, individual interviews and focus group discussions. Each of these techniques is described in more detail below.

3.6.1.1 Questionnaire

The questionnaire contained both open and closed ended questions were addressed to the respondents. With open-ended questions were kept to the minimum so as to enable the respondents to focus on aspect of the research. With open -ended questions, the respondents had to give personal responses or opinions in their own words whereas with close-ended questions, respondents were given different alternatives to choose from. Here, an open ended, questionnaire was administered because of its flexibility as ‘it invites respondents to give their answers in their own words’ (Aldridge *et al.*, 2001). However, questionnaire which helped to get the research questions answered.

A questionnaire is information guttering technique that gathers information about; attitudes, beliefs, behaviors and characteristics from several respondents in the enterprise, who may be affected by a given phenomenon or system. Therefore, it used combination of interview and questionnaires. A self-administered questionnaire is desirable because of low cost, adequacy of time for respondents to give responses, it is free of interviewer’s biases and a large number of respondents may be reached (Kothari, 2004). This study employs both structured and open-ended questionnaire which was administered to the chosen sample of respondents. This helped to test the understandability of the respondents in relation to questions asked. By the help of pre-tests, it was able to identify the gaps in the questionnaire and made corrections where necessary.

After the pre-test questionnaires were collected and necessary corrections made, questionnaires were distributed to the respondents for filling. This method was used

in the study, since questionnaires were administered and interpreted to the business owners and their employees with the guidance of mine and my research assistant so as to obtain reliable data. It used questionnaires because they target opinions and preferences of the respondents, which in this study focuses on women's small scale business. The advantages of close-ended questions are that the answers are standard, and can be compared from person to person. Therefore, are much easier to code and analyze; and often can be coded from the questionnaire, saving time and money. Further, the respondent was often clear about the meaning of the question and could often tell the answer for what was demanded.

With the objective of obtaining accurate quantitative information, a questionnaire was formulated to solicit views and opinions from women engaged in various sectors of trade, hairdressing and salon activities, tailoring and weaving basket cooperatives. Both open and closed ended questionnaire were used. The questionnaire was administered to those women engaged in the various small scale businesses living in Kicukiro district. The questionnaire was translated from English into Kinyarwanda since most of the respondents are not literate. A questionnaire was helpful in speeding up the exercise of data collection. Moreover, it facilitates the collection of quantitative data and to some extent gives the respondent an opportunity to freely answer the questions without being influenced by the interviewer.

3.6.1.2 Interview

Normally, an interview is a data-collection technique that involves oral questioning of respondents, either individually or as a group (Massomo, S. and Ngaruko, D., 2012). Interview involves face to face meeting in which a researcher asks

individually a series of questions. In this case, participants were interviewed their responses were filled in the interview. For better organization of the interview exercise, an appointment with the respondents was fixed in order to have access to them. During the interview process, a list of questions was read to the respondents for better understanding of the further operation. This method was used to collect data were interviews which helped in discussions with interviewees. Semi-structured interviews guided by an interview guide and the questions were mainly open-ended questions. An open-ended interview means that the interviewees can freely respond to my questions. All responses were directly recorded and analyzed in Microsoft word and excel.

The choice not to record the majority of the interviews was based on a belief that this would have made many of the interviewees feel uneasy, and hence that the most extensive and reliable information would be obtained without recording. The interview was chosen as “it represents a valid source of knowledge production” (Alvesson, 2002).

In this study, interviewees are also referred to as participants in some parts because they are part of the research. There, it can be found a lot of women’s small scale businesses but some of them have been chosen. Data for the study was collected through means of interviews with 99 women’s small scale business. It means that 11 respondents engaged in weaving baskets cooperatives, 40 respondents who trade in the market, 23 interviews from tailoring and 25 other from hairdressing and solon activities (such as pedicure and manicure) located in this study area. The information was given in Kinyarwanda and this was later translated to English for standardization and uniformity. This method provided the opportunity to have a deeper

understanding of one's beliefs, feelings, and behaviors on important issues. This was done in each study area. The interviews, planned to last 30 to 45 minutes, were tape recorded. It was used an interview protocol sheet to guide the interviewees through the questions and take notes about them.

In addition, Joppe (2000) argue that validity is all about determining whether the research truly measures that which it was intended to measure or how truthful the research results are. The validity of the research instruments was determined by undertaking a pre-test on one of the selected sectors. After the pre-test the instruments were corrected for any errors, omissions and ambiguities while the reliability of a research instrument deals with the extent to which a research instrument can collect similar data applied to different respondents. A research instrument is thus reliable when it can collect similar data once used repeatedly on different respondents (Ibid.). Individual interviews were carried out on one to one basis but this depended on the number of people to be interviewed at a time. After the individual interviews, focus group discussions were scheduled as discussed in more detail below.

3.6.1.3 Focus Group Discussion

It is a research method increasingly used for data collection, the source of data is the interaction in a group discussion and the researcher has an active role in creating the discussion. Hence, in the present study the participants were engaged collectively in meaning making where a specific phenomenon was focused. The process contributed to the researcher's understanding of how the group constructed meaning of a specific topic (Bryman, 2004). It was chosen because it allows for a dialogue among

participants and stimulates them to openly express their views on the issues raised of determinants of women's small scale business growth in Kicukiro and Gikondo sectors. Interest of the present study was to establish how women's small scale business explained their experiences in doing their businesses by discussing them. The information generated from focus group discussions were used to discuss the results obtained from the questionnaires (Appendix 1 and 2).

In addition, Babbie (2007) states that there are several major benefits of the focus group, mainly:

- a) In the focus group method, there is less intrusion on those being interviewed as the semi-structured interview encourages interactions between the interviewer and the interviewees. This system of interview refers to the 'dialogical action' that suggests that a dialogical communication is a major factor of reaching an agreement and a consensus – as dialoguers or communicators exchange views in interactive way; with humility and respect of the dignity of one another. Indeed, the main advantage of a focus group is that the members of the group respond to each other.
- b) Those being interviewed can ask questions of the interviewer. In this way it can also function as an extension tool. (and is 'dialogical' rather than a 'one-way' process of 'extracting information')
- c) Using both individual and group interviews can optimize the strengths of both (Babbie, 2007).

The important of focus group discussion is the presence of several respondents in the same time, providing a certain synergy. For this method, the researcher brings to get her a small number of subjects to discuss the topic of interest. The group size is kept deliberately small, so that its members do not feel intimidated but can express

opinions freely. Focus group discussions were held with four groups with five women from each of the four cells of Kicukiro and Gikondo sectors were interviewed in the process of data collection. The composition of these groups was women engaged in different income activities in retailing, hairdressing in salon, tailoring and weaving cooperatives. Each focus group was comprised of the business women owner and this was conducted with the help of a research assistant and the researcher.

Focus group discussions were carried out over a period of four days in the both sectors of study area. Each sector was visited twice for the focus group discussions. Before undertaking the interviews, the women's small scale business were informed through local leaders and each sector was visited twice for the group discussions and each group discussion lasted almost between one and two hours. Through focus group discussions affected individuals and groups were able to speak for themselves. This provided knowledge that enhanced the capacity to understand the viewpoint of women's small scale business. Focus group discussions were undertaken to collect data regarding determinants of women's small scale business growth.

In addition, a total number of 20 women's small scale business in each sector agreed to take part in the focus group discussions. The participants were divided into 4 groups of at least 5 persons in order to facilitate the communication and participation of all the respondents. Groups had been allocated dates and time for the discussions. More comprehensive information was obtained from the focus group discussions. Some of the information collected from the women in the focus groups included strategies that were used during their small-scale business and their experiences.

Moreover, researcher conducted four Focus Group Discussion; tailoring, hairdressing and salon activities, retailing and weaving baskets cooperative from each of the two respective study areas. The following are examples of the issues discussed included the following themes:

- a) Doing business experiences,
- b) Reasons why they choose to invest in small-scale business
- c) Major problems in doing small scale business.

This helped the researcher to gather detailed verbal and non-verbal expressions from participants.

According to Joppe (2000) validity is all about determining whether the research truly measures that which it was intended to measure or how truthful the research results are. The validity of the research instruments was determined by undertaking a pre-test on one of the selected sectors. After the pre-test, the instruments were corrected for any errors, omissions and ambiguities while the reliability of a research instrument deals with the extent to which a research instrument can collect similar data applied to different respondents. A research instrument is thus reliable when it can collect similar data once used repeatedly on different respondents (Joppe, 2000).

Furthermore, questionnaires were tested on potential respondents to make the data collecting instruments objective, relevant, suitable to the problem and reliable as recommended by John Adams *et al.*, (2007). Issues raised by respondents were corrected and questionnaires were refined. Besides, proper detection by a chief of weaving baskets cooperative was also taken to ensure validity of the instruments. Finally, the improved version of the questionnaires was printed, duplicated and

dispatched. The validity and reliability for this study were measured by using the initial discussion of the sample interview and questionnaire with other colleagues and modifications made accordingly.

3.6.2 Secondary Data

Secondary data were obtained from a comprehensive review of existing published and non-published literature relevant to the study. Materials reviewed included the following: Literature on small scale business growth was obtained from various books, journals, internet articles; Published and unpublished material on women's small scale business growth in Rwanda and the determinants of growth on the country was obtained from internet sources, books, reports, newspapers, journals and other studies done on similar areas. In this research, it was collected the already existing data, by finding them where they are stored. During the process of documentary analysis, researcher read some documents and after understanding and analyzing the relevance of texts to this study and wrote them in summary as manuscripts and later typed them for compilation.

Nevertheless, consultation of documents from different studies served as the basis to the findings. The use of secondary data made a significant contribution to the overall quality of the research. The data provided a variety of background information for the research that enabled the construction of a historical profile and baseline context for the study. It enabled to see how particular theoretical and methodological approaches have been applied by other researchers, the problems they faced and the insights their approaches provided. Data derived from all the above sources were used to compare and complement primary data.

3.7 Data Analysis Methods

Data analysis is a process for obtaining raw data and converting it into information useful for decision-making by users. Data were collected and analyzed to answer questions or disprove theories. A total number of 99 questionnaires were administered and all these questionnaires were filled and returned. After data collection, editing was done and data entered in the computer by using Microsoft excel, 2007 and the Statistical Package for Social Science (SPSS) version 17 was also used to analyze the data obtained from primary sources. This is the further transformation of the processed data to look for patterns and relationship between and/or among data groups by using descriptive and inferential (statistical) analysis. Specifically, descriptive statistics (mean, standard deviation and charts) and inferential statistics (correlation and regression) were taken from this tool.

3.7.1 Descriptive Analysis

Descriptive analysis was used to reduce the data in to a summary format by tabulation (the data arranged in a table format) and measure of central tendency (mean and standard deviation) and measure of central tendency (mean and standard deviation). Moreover, pie charts were used to describe the general characteristics of enterprises. The reason for using descriptive statistics was to compare the different factors. Besides, the interview questions were analyzed using descriptive narrations through concurrent triangulation strategy.

Both quantitative and qualitative data were collected concurrently and then compares the results of two methods to determine if there is convergence, differences, or some

combinations. This is used to offset the weaknesses inherent within one method with the strength of the other.

3.7.2 Inferential Analysis

According to Sekaran (2000), inferential statistics allows to infer from the data through analysis the relationship between two or more variables and how several independent variables might explain the variance in a dependent variable. The following inferential statistical methods were used in this study.

According to Phyllis and his associates (2007), inferences have a very important in management research. This is so because conclusions are normally established on the bases of results. Such generalizations were therefore, be made for the population from the samples. They speculate that the Pearson Product Moment Correlation Coefficient is a widely used statistical method for obtaining an index of the relationships between two variables when the relationships between the variables is linear and when the two variables correlation are continuous. According to Duncan C. and Dennis H. (2004), correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation. A value of 0 correlations represents no relationship. The results of correlation coefficient may be interpreted as follows.

(-1.00 to -0.8] Strong

(-0.8 to -0.6] Substantial Negative

(-0.6 to -0.4] Medium

(-0.4 to -0.2] Low

(-0.2 to 0.2) Very Low

[0.2 to 0.4) Low

[0.4 to 0.6) Medium Positive

[0.6 to 0.8) Substantial

[0.8 to 1.00) Strong

In this study Pearson's Product Moment Correlation Coefficient was used to determine the following relationships: the relationship between infrastructure determinants and growth of WSSB; the relationship between access to capital determinant and growth of WSSB; the relationship between workforce determinant and growth of WSSB; the relationship between access to training determinant and growth of WSSB; the relationship between creativity determinant and growth of WSSB; the relationship between innovation determinant and growth of WSSB; the relationship between location determinant and growth of WSSB; the relationship between firm age determinant and growth of WSSB; the relationship between tax rate determinant and growth of WSSB and the relationship between firm size determinant and growth of WSSB.

3.7.2 Qualitative Analysis

It refers to all non-numeric data or data that have not been quantified and can be a product of all research strategies (Saunders *et al.*, 2009). It attempts to interpret social reality of profile of women's small scale business in Kicukiro district. It can range from a short list of responses to open-ended questions in an online questionnaire to more complex data such as transcripts of in-depth interviews or entire policy documents. According to Silverman (2001), researchers who are interested in exploring people's life, histories or everyday's behaviour must use

qualitative instead of quantitative research strategy. It helped to capture the ideas, concerns, feelings and experiences of the determinants of women's small scale business growth in Kicukiro and Gikondo sectors. The investigative study employed the qualitative research approach to emphasize the dynamic, holistic and individual aspects of women's experiences and to capture the entire aspects within their context.

Qualitative research allows the subjects being studied to give much 'richer' answers to questions put to them by the researcher, and may give valuable insights which might have been missed by any other method. Not only does it provide valuable information to certain research questions in its own right but there is a strong case for using it to complement quantitative research methods. It enables me to build a complex and holistic picture through the analysis of words, to report specific views of the informants and to conduct the study in a natural setting. A qualitative design enabled the researcher to reveal the complexities of the livelihoods of women's small scale business in Kicukiro and Gikondo sectors. This research paradigm was useful in understanding the social realities of the women's small scale business growth from different perspectives.

At the other extreme qualitative research, may also help the researcher to understand the findings of quantitative research. The researcher collects data and develops theory from data analysis (Saunders *et al.*, 2007). Then, the researcher read the transcripts and the notes and categorized them into themes. After reading the transcripts, the main concepts were categorized and an index constructed which contained broad themes like women's small scale business growth and the

determinants of business growth. The patterns were determined and the major findings under each topic and sub-topic were analyzed and interpreted.

3.7.3 Quantitative Analysis

It refers to the systematic empirical investigation of phenomena and quantitative properties and their relationships. It is concerned with counting and measuring things, producing in particular estimates of averages and differences between groups. That is to say, it emphasizes on collection of numerical data, which is a deductive approach (Bryman & Bell, 2003). Quantitative analysis provides a relation between empirical observation and mathematical expression of quantitative relationships. It is based on already decided and well-structured questions, whereby all the respondents were asked the same questions. Open questions were used to give the respondent the flexibility to answer from different perspectives. Frequency tables, percentages and charts were generated to present the data from where patterns of responses were determined.

In order to achieve the research objectives, information obtained through individual interviews and other research techniques such as focus group discussions, primary and secondary written resources were analyzed together. When the data collected was sufficient to address the research problem and answer the research questions, it was analyzed by reducing the information to themes and categories by summarizing them to facilitate interpretation and obtaining answers to the research questions.

3.8 Ethical Considerations

In conducting a research in the social sciences, values refer to the “personal beliefs” or impressions of the researcher (Bryman, 2004). In this study, the permission was obtained from local authorities as well as the chiefs of Kicukiro and Gikondo markets. Some respondents were anticipated to respond to the questions not necessarily reflecting on the situation on the ground fearing that their responses may affect their lives. To reduce this, researcher adequately explained to the respondents that the results for this study were purely used for academic purposes and therefore a high degree of confidentiality was ensured. Mouton (2001) highlights that because scientific research is a form of human conduct, it follows that such conduct has to conform to generally accepted norms and values (Mouton, 2001).

However, informed consent was also obtained from the participants after explaining the study objectives to them. Personal identities were not included in the data for confidentiality and anonymity reasons. All the research participants included in this study were appropriately informed about the purpose of the research and their willingness and consent was secured before the commencement of distributing questionnaire and asking interview questions. Although all interview sessions has tried to tape-record, but it was impossible as the respondents were not voluntary. Regarding the right to privacy of the respondents, the study maintained the confidentiality of the identity of each participant. In all cases, names were kept confidential thus collective names like ‘respondents’ were used.

In spite of all the setbacks, the study was carried out and the best possible solutions were adopted to ensure that it is completed for instance the use of the research

clearance and the university identity card to provide our identity as students rather than tax agents. However, research does not claim perfection as it is always confronted with other limitations inherent in the research methodology and design adopted. This is confirmed by Yetton and Sharma (2001) who observed that the respondents might not always be truthful in their answers to a survey. The respondents were informed and meetings for group discussions were arranged. Then a timetable for women's small scale business interviews was formulated. Appointments were also made to meet with some of the chiefs of Kicukiro and Gikondo markets, and chiefs of cooperatives. After all these arrangements, fieldwork began.

3.9 Limitations of the Study

Even though different efforts have been made, the researcher faced some challenges while doing this study. The limitation was failure to return some of the questionnaires. It is anticipated that some respondents may fail to return the questionnaires due to time constraints and other reasons. However, to overcome this, researcher ensured that the questionnaires are distributed early in advance so as to provide for respondents that may delay in returning them. Some respondents were anticipated to respond to the questions not necessarily reflecting on the situation on the ground fearing that their responses may affect their organizations. This was anticipated to yield results that do not truly reflect the image of the organizations in question. The main limitation that could have hampered the study was the limited funds. However, some friends and relatives helped while the research assistants volunteered their services and required only transport expenses.

3.10 Delimitation of the Study

The study assessed the determinants of Women Small Scale Business growth in Kicukiro and Gikondo sectors. Although, there are different issues that can be researched in relation to women's small scale business growth, this study is delimited to the socio-economic, working premises, technological, infrastructural, marketing, financial, management and entrepreneurial factors. Besides, the scope of this study was spread across WSSB especially in the business sector of tailoring, hairdressing and salon activities (such as pedicure and manicure), retailing and weaving cooperatives work sector.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESEARCH FINDINGS

4.0 Introduction

This chapter is important part of my research after having collected data from 99 respondents in Kicukiro and Gikondo sectors, Kicukiro District in Rwanda. It presents, analyzes and discusses the results of data collected from the field, displaying data obtained from 99 interviewed women's small scale business and results presented in tables and figures. It also discussed the determinants of women's small scale business growth in Kicukiro District. The analysis was made on the answers of 99 respondents from two sectors of study area. The replies were analyzed and interpreted to draw conclusion. The data were therefore presented in the form of descriptive, tables, percentages and figures. It analyzes and interprets collected data and presents the various findings from the research in form of answering research questionnaire in order to verify and to show that the objectives were achieved. A total of 99 questionnaires were distributed to WSSB in Kicukiro and Gikondo sectors in Kicukiro District. All distributed questionnaires were filled and returned to the researcher.

This chapter has the following sections: the first section highlights the profile of women's small scale businesses in Kicukiro and Gikondo sectors, the second section attempts to describe the determinants of small scale businesses growth in Rwanda, while the last section tries to assess the challenges faced by women's small scale

business and draws conclusion and makes recommendations. The obtained results are as follows;

4.1 The Demographic Profile of Women's Small Scale Businesses

The first section presents the socio-economic background of respondents in Kicukiro and Gikondo sectors. Though it was challenging to engage the women in focus group discussion, researcher was able to capture real-life data in a flexible social environment. Due to flexibility, the discussions brought out speedy results and other aspects of the topic that were not anticipated and had not emerged from individual interviews.

4.1.1 Socio-Demographic Characteristics of Respondents

The Socio-characteristics of the Respondents that are presented covered; age, marital status, education level, family size, economic activities of women's small scale business, categories of income of WSSB in Kicukiro and Gikondo sectors in Kicukiro District.

4.1.1.1 Age of Respondents in Study Area

The research findings from this study found that the age of the study participants ranged from 15 to 45 and above. The majority of the participants were above the age of 30 (Table 4.1).

Table 4.1: Intervals of Ages

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 15-20	8	8.1	8.1	8.1
21-25	16	16.2	16.2	24.2
26-30	20	20.2	20.2	44.4
31-35	38	38.4	38.4	82.8
36-40	12	12.1	12.1	94.9
41-45 and above	5	5.1	5.1	100.0
Total	99	100.0	100.0	

Source: Author's field data, 2014

The Table 4.1 shows that 8.1% of the women fall in the age group of 15-20. The respondents within 21-25 years of age constitute 16.2%, while 20.2 % of the respondents are between 26 and 30 years of age while those aged 31-35 are 38.4 %. The women above 36-40 constitute 12.1% and while those aged 41-45 and above are 5.1%. The findings show that the majority of women dealing with small scale business have the age between 31-35 years old followed by the age between 26-30 years old. It means that the young married and widows are more concerned with the economic problems in their families. Then, they need empowering policy. Furthermore, age was considered to determine the age limits of the women and even to show whether it has an influence in their business process. As highlighted by the respondents there is no age limit in doing business especially small scale business.

4.1.1.2 Level of Education of Respondents in Kicukiro and Gikondo Sectors

The level of education was determined among 99 respondents of both sector of Kicukiro and Gikondo and the results are presented in Table 4.2 as follows:

Table 4.2: Level of Education by Frequency and Percentage

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid illiterate	11	11.1	11.1	11.1
Primary	58	58.6	58.6	69.7
Middle school	12	12.1	12.1	81.8
TVET	8	8.1	8.1	89.9
Secondary school	10	10.1	10.1	100.0
Total	99	100.0	100.0	

Source: Author's field data, 2014

The results indicated that 11.1% of the respondents were illiterate while 58.6% had primary school. Respondents who had middle school were 12.1% while 8.1 of the respondents received up TVET education. The remaining 10.1% had secondary school education. This shows that the great majority of the respondents have primary school with 58.6%.

However, in study area, the primary school level of education is predominating among 99 respondents. Illiterate women still existing (11.1%). In this case, education for all should be promoted in order to facilitate business among women. Generally, it is believed that education level of business owner/manager has a positive impact on business growth (Dobbs & Hamilton, 2007). First of all because education gives skills and knowledge required for business enhancement. On the other hand, people with higher education level are more confident with finding relatively well-paid job. Hence, in own businesses their income expectations are higher than those who are less confident with finding a well-paid job.

In addition, Asiamah *et al.*, (2007) mentioned that micro enterprises are dominated by people with little or no education. In general socio-demographic characteristics such as sex, age, marital status and education levels affect the women's behavior to either do small scale business or not. It is argued from a theoretical perspective that management experience and continuous training provide a particular entrepreneur with the necessary skills and competences needed for successful entrepreneurship (Enock N., 2010). With adequate education mixed with management experience and training puts a manager in a better position to make tough decisions and forecasting under conditions of uncertainty which in turn with those competencies making these particular managers perform better than untrained individuals.

According to UNESCO, 2008, about 130 million young people in developing countries (15-24 years) are classified as 'illiterate' with women representing 59 per cent). In addition, young women and girls are often directed towards stereotyped training and occupations (Bennell, 1999; Mayoux, 2005). Women continue to be under-represented in formal business training programmes thus limiting their employment options, economic returns and longer term career development. Women are often concentrated in handicrafts, basic food processing and sale which are traditionally considered to be women's domain. Women also show a propensity to pursue micro-enterprises and homestead farming activities (The World Bank, FAO, IFAD, 2008).

4.1.1.3 Marital Status of Respondents in Kicukiro and Gikondo Sectors

The sample size had 99 respondents which were studied to represent the entire population in Kicukiro and Gikondo Sectors. Actually, most of them are widows,

married, divorced and single. Many of these respondents are heads of their households (Table 4.3).

Table 4.3: Marital Status of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	19	19.2	19.2	19.2
Married	31	31.3	31.3	50.5
Widow	46	46.5	46.5	97.0
Divorced	3	3.0	3.0	100.0
Total	99	100.0	100.0	

Source: Author's field data, 2014

The Table 4.3 shows that 31.3% of the respondents are married while 46.5% are widows. Respondents who have divorced are 3.0% while the remaining 19.2% are singles. This shows that the great majority of the respondents are widows. The result shows that most of the respondents engaged in small scale business are widows who represent 46.5% of all respondents. This shows that they are interested in income generating activities in order to earn their livelihood because they are head of their family. In addition, this does not neutralize the fact that women in general whether married, single, widows or divorced are among poor people who need help in order to improve their economic conditions.

4.1.1.4 Family Size of Respondents

The study revealed large family sizes in Gikondo sector than in Kicukiro sector. Large family sizes are desirable in this part of the district because it is in rural area. The result found that some of the respondents had more than seven children.

Table 4.4: Family Size of Respondents in Study Area

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-3	20	20.2	20.2	20.2
4-6	62	62.6	62.6	82.8
7-9 and above	12	12.1	12.1	94.9
No child	5	5.1	5.1	100.0
Total	99	100.0	100.0	

Source: Author's field data, 2014

The Table 4.4 shows that household members 4- 6 are 62.6%, while 5.1 had no child. In general, most families in the research area have large numbers of household members a result of which there is great need to augment their incomes through business. It is also important to adopt family planning for poverty reduction and food security in study area.

4.1.1.5 Different Occupations of Respondents in Kicukiro and Gikondo Sectors

In this study, different activities types were determined. The 99 respondents are engaged in various fields including retailing, tailoring, weaving basket cooperative, and hairdressing and salon activities. The obtained results are presented in Table 4.5 as follows:

Table 4.5: Occupation of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Retailing	40	40.4	40.4	40.4
Art and craft	11	11.1	11.1	51.5
Hairdressing	25	25.3	25.3	76.8
Tailoring	23	23.2	23.2	100.0
Total	99	100.0	100.0	

Source: Author's field data, 2014

Table 4.5 shows that a big number of women 40.4% in are retail traders. These women are engaged in various business activities. In view of the above, many women were engaged in retail trading activities while respondents who were engaged in art and craft activities were found that there are a small number of women 11.1%. However, these activities that women are engaged in are further elaborated in the proceeding presentation and discussion.

a) Retail Trading Activities

During recent years, trade policy in Rwanda has been geared toward market opening. Access to foreign markets and the consequent sustained economic growth have led to the development of productive capacities, more employment opportunities, and sustainable livelihoods. What has been missing in Rwanda, as well as in most developing countries, is an assessment of the effect of trade liberalization and trade agreements on women as a discrete sector of the population.

Mainstreaming gender in trade policy means to assess the impacts of trade policies on the wellbeing of men and women and ultimately on the household. Such an assessment will help in (i) better understanding the specific challenges and

opportunities that women face from market liberalization; (ii) designing and implementing complementary policies aimed at maximizing opportunities for women; and (iii) facilitating the transition of women to more competitive and better rewarded activities. Some specific considerations are:

Integration of gender issues in trade policy formulation, implementation and in trade negotiations at national, regional and international levels; Increased awareness among women of emerging trade opportunities at national, regional and international levels; Identifying sectors where female work force is particularly significant and design trade policies that enhance production and trade opportunities in such sectors/products, including through the improvement of infrastructure to facilitate access to markets, removing of customs obstacles and other barriers to export; and encouraging entrepreneurship in such sectors; Increasing access for women to be trained in entrepreneurial skills, including managing and financing, and training for young married and widow women entrepreneurs in rural areas (Rwanda Trade Map Report 2008 and the Rwanda Trade Atlas 2010).

In this study, trade was found to include selling vegetables and fruits, selling animal products, fire wood and charcoal, old cloths (second hand), handcrafts and new clothes and tailoring, and shoes etc. Women undertake these activities in the markets and in other places. For example, in Kicukiro sector, there are two markets such as Kicukiro centre and Zinia markets. However, a woman of 48 years old in Kicukiro sector is a mother of four children. She used to spend her time doing street trading and gain around 1,500 and 2,000 RwF per day. She did not know how to register her

business. But after joining other women's small scale business in Kicukiro market, she felt changes in her life. She revealed:

" I now gain about 50,000 and 100,000Rwf per month (about 70 and 140 US\$), it means about 3000 and 5000RwF per day. I have no problem of food, clothes and I paid scholar fees for my two children in secondary schools and two in primary schools".

And another woman of 36 years old in Gikondo sector said that she was also an old street vendor and mother of three children, and now she is stable and respected mother because of joining other women and trade in Gikondo market. She added that her business grow because she gain between 30,000 and 70,000Rwf per month. It means 2,000 Rwf and 3,000RwF per day. This shows that women in Kicukiro market gain more than women in Gikondo market because Kicukiro is located in urban area while Gikondo is situated in rural area. The findings show that women, who create small scale businesses, play an essential role as the dependable support for children and the elderly. Understanding the impact of women's small scale businesses is vital to supporting national and international efforts to encourage women entrepreneurs in Kicukiro district. The major argument is that trade and commerce or business has high income streams and profit margins more than other activities like semi-skilled services (Campion 2001). The revelation that trade and commerce is the major source of income in the household concur with Anyanwu (2004).

In addition, a woman who have middle school as level of education she sells different items such as fruits, vegetables, beans, rice, oil, soaps argued:

"Women have had to do many things to supplement the rations because they are not regular. So as you can see in this market, some

sell cloths, others sell shoes, and then you see some are selling charcoal, tomatoes, sweet potatoes and other household items like dishes, saucepans and anything.” We also try to pay different taxes, but it too high and it is a big problem for our small scale businesses. We suggest the RRA to reduce or exempt for example security taxes or hygienic taxes. In this case, our business will be increased”.

According to the results, it was found that better-educated women small scale business are more likely to be innovative than less-educated. The following is the experience of one woman who lives in Kicukiro sector: One respondent lady of 28 years of age had this to say:

“I was engaged in small scale trade in town and hence was able to handle the domestic workload. However, I now spend the whole day in my small-scale business to enhance my income and also repay the debts because I gain between 1,000RwF and 2,000RwF per day. I am also expected to handle domestic work when I return home” (Interview with Group1).

However, women were found to generate significant amounts of money by engaging in various trading activities. The investigation of type of retail trade, income generation per month, frequency and percentage comes up with the following results presented in Table 4.6:

Table 4.6: Type of Retail Trade, Income per Month, Frequency and Percentage

Type of retail trade	Income per month	Frequency	Percentage
Selling vegetables and fruits	30,000F-60,000F	20	50
Selling animal products and cereals	50,000F-100,000F	3	7.5
Selling firewood and charcoal	40,000F-80,000F	5	12.5
Selling old cloths (second hand) and new clothes	35,000F-70,000F	8	20
Selling handcrafts	35,000F-75,000F	2	5
Selling shoes	35,000F-70,000F	2	5
Total		40	100

Source: Author's field data, 2014

The Table 4.6 shows that the average monthly incomes generated from the above activities differ according to type of trade. Selling animal products and cereals gain the highest income ranging between (50,000F-100,000F per month) are 7.5%; while the minimum is gained from selling vegetables and fruits also ranging between (30,000-60,000F) even if many women 50% sell vegetables and fruits because of lack of financial supports.

The results show that most respondents are engaged in selling vegetables and fruits and this means that they gain low income as a way of survival only. The following was the proof of one woman interviewed:

“the street trading was very riskily. Sometimes such local defense could at any time take what you are trading and throw them away and could punish you. But now, I am here, my business can earn me up to Rwf100, 000 per month and there is no one hunting me since I am doing legal trade”.

b) Weaving Baskets Cooperatives

In Rwanda, the majority of people below the poverty line are women. After the 1994 Genocide in Rwanda majority of women lost their male breadwinners and as a result many women were forced to be the heads of households. Majority of these women are uneducated and do not have any skills which makes it difficult to find employment and sustain themselves and their families.

Agaseke project was therefore initiated as an answer to these problems. The project encourages women to get organized in cooperatives so that it is easier to provide them with the support they need. The government has established handicrafts centers and organized women into cooperatives, while providing training to help improve their skills. One highly visible program, supported by the First Lady, Mrs. Jeannette Kagame and the Mayor of Kigali, has been the Agaseke Promotion Program, which has employed over 3,000 impoverished women. While the government is addressing the lack of organization in the sector by supporting cooperatives, challenges remain. Continued lack of technical know-how and quality control means that many of the budding baskets weaving cooperatives are struggling to make a product that will meet international buyer requirements. Poor marketing and over-saturation of the product are also issues that limit the market size (IFC, 2008).

In weaving cooperative, members pool resources monthly, by contributing Rwf 500 per week per person, which at the end of the month would total at least Rwf 100,000. The money is given to a member, who can invest it in her own needs. This is an evidence of a lady aged 28 old who said:

“I was very happy to be part of this cooperative where I got at least 100,000 Rwf per month. This cooperative taught me how to save money, to do my small-scale business, register my business, get benefits and pay different taxes such as patent (trading license), security fees and hygienic fees. Now, I am leading a nice life. To tell you the truth, I am feeling better than before. I now have time to attend trainings. It helps me develop my personality and communication skills.”

In addition, interview with in charge of social affairs in Kicukiro sector indicated that, some women’s small scale business ignore to pay taxes. Some of them are illiterate, they do not know how to read and write. This another woman who did street trading before joining cooperative testimony:

“Before joining this cooperative, my small scale business that used to oblige me to go door to door was tricky; some men could call you pretending to buy fruits and when you arrive in their house, they could force you to sleep with them, but in this days, I do my business easily, because I have my fixed place into Zinia market in Kicukiro sector where I put all my stuffs. It means that I have security and I do my business without any problem” she said. In addition, street trading women can lose their stuffs when they met the local defenses who prohibit that street trading, and punish these women in taking away their businesses, for example, fruits and vegetables, second hands clothes, shoes. I suggest them to find a place in the market, in order to be secured in doing business.”

Moreover, one widow with 49 years old narrated her experience in an interview as follows:

“After losing my husband in the genocide in 1994, I did not know what to do but as time went on I regained courage to do some business. I started by selling some fruits like bananas, avocado, pineapples, mangos and so on. Then I gained little money for feeding my four children. After that I used to join others widows in agaseke cooperative (Weaving basket cooperative) and now I see things improving because I gain enough money. I feed the family, buy clothes, and pay school fees for the children.”

In addition, WSSB weaving cooperative revealed that they have been trained and gained the skills about taxes. They argued that now, they pay all taxes because they know very well the advantages of taxes. Nevertheless, many women’s small scale business revealed that tax avoidance is primarily due to lack of “tax literacy”; i.e., the lack of information, education, and skills to comply. It should be noted that they need education and training about taxation.

c) Tailoring Activities

A tailor is a person who makes, repairs, or alters clothing professionally, especially suits and men's clothing. Although the term dates to the thirteenth century, tailor took on its modern sense in the late eighteenth century, and now refers to makers of men's and women's suits, coats, trousers, and similar garments, usually of wool, linen, or silk. The term refers to a set of specific hand and machine sewing and pressing techniques that are unique to the construction of traditional jackets. Retailers of tailored suits often take their services internationally, traveling to various cities,

allowing the client to be measured locally (The Free Encyclopedia. <http://en.Wikipedia.org/wiki/tailor.html>).

The findings revealed that there are many tailoring activities in urban area than rural area. It was chosen only 23 which equal 23.2% of all small-scale business women chosen. A young woman has acquired new tailoring skills in training said that to foster self-reliance, they were given sewing machines by the district authorities. These machines help them to create themselves jobs. They are currently using their machines at home and in the marketplace. By continuing to work with their sewing machines, they will soon be eligible for micro finance lending services. The respondents revealed that they now earn a stable income and can afford to buy different items, and they are members of the community health insurance scheme. They also report a marked improvement in their self-esteem, as they gain the respect of their peers and community members. The following is the evidence of one woman interviewed.

A married woman of 46 years old said:

“Before beginning this tailoring activity, my life was in danger because I did not have any hope to live a happy life as I was a jobless woman. But now the mental skills (Vocational and training) I acquired from the tailoring school have helped me to earn some daily income about 4,000 to 10,000 RwF. It is understandable that my life has changed and improved. Now, I am able to buy new cloths, feeding my family, paying school fees for my two children, paying allowances of my house and I am in health insurance scheme”. In addition, I pay all taxes in time such as patent (trading license) security taxes and safety

taxes and I pay them without any difficult because I know the important of paying taxes in my country”.

The above findings are in the line with the results of (UNDESA, 2010)), who said that women from poor households often rely on the small scale sector for income which boosts household income, which in turn has a positive impact on child health indicators as well as school attendance. However, the district authorities show how the public sector can work effectively with civil society groups to mount a successful intervention which has a real impact on the day-to-day lives of poor women. In addition, a single tailor in Kicukiro sector said that she tried to start a small business, but her success was limited. She explains that her relatives help her to buy a sewing machine and obtain training skills about sewing. Now, she is engaged in tailoring work and her life is changed because she earns about 30,000-50,000Rwf per month.

According to Deckert, Barbara, 1999; Sewing professional is the most general term for those who make their living by sewing, teaching, writing about sewing, or retailing sewing supplies. They may work out of their home, a studio, or retail shop, and may work part-time or full-time. They may be any or all of the following sub-specialties: A custom clothier makes custom garments one at a time, to order, to meet an individual customer's needs and preferences. A custom dressmaker specializes in women's custom apparel, including day dresses, suits, evening or bridal wear, sportswear, or lingerie.

The following experience illustrates the case of young women engaged in tailoring activities for her survival: before taking part in tailoring activity, she was farming at

home. There was no time for school because she had to help her family. In 2011 she was in vocational course in tailoring Vocational Training Center. After an additional two months at her internship, she received a sewing machine from organization of Net Attendance Rate and has started her own sewing business making African handbags and household accessories. She is now making much more than farming has allowed and is able to buy the things she needs to support her family. She is now earning between 2000Rwf and 3000Rwf per day and saving between 500Rwf-1000Rwf per day in her new bank account called SACCO. It means that she gains 60,000- 90,000 Rwf and saving between 15,000-30,000Rwf per month. She also revealed that her live has changed and improved.

d) Hairdressing Activities

For a long time, economic activities have been important for women in Kigali city to support their children and themselves. Hairdressing is a professional category working with human hair, making several changes at the same as cutting or coloring, with significant participation of women in beauty salons. A hairdresser is a person whose occupation is to cut or style hair in order to change or maintain a person's image. This is achieved using a combination of hair coloring, haircutting, and hair texturing techniques. Most hairdressers are professionally licensed as a hairdresser, a barber or a cosmetologist (Victoria Sherrow, 2006).

The findings show that some hairdressers have vocational and training level of education and they have special buildings for hairdressing, while others have not and use part of their own houses or operate under the shade of market stalls or staircases without buildings. However, most of the salons in Gikondo sector were established

in the last decade while in Kicukiro, most salons were established since 2007. The findings show also that most of the hairdressing salons are youngest. The interviews conducted in several parts of Kicukiro and Gikondo sectors also supported the fact that the increase of the salons had taken place just recently.

However, as it has become difficult to expect support from husbands or other family, hairdressing is attractive to women because it helps them to cope with both economic and domestic responsibility. This is an evidence of owner hairdresser; a young woman, in Gikondo sector explains how her life has changed as a result of working as hairdresser. She revealed that she was engaged in sex work like many of others who scramble to make a living in the crowded, poor and highly transient neighborhood on the outskirts of Kigali. Sex work was not sustainable and not a dignified way to earn a living. Authorities helped her and her co-workers to organize themselves into an association of former sex workers, and to design their own income generating activities. Now she engages in hairdressing and salon activities, she has a stable source of income, and most importantly, has regained her self-esteem as Rwandan woman. Moreover, she revealed that she earns between 50,000-80,000Rwf per month (about 50- 100 US\$). It is clear that the recent development of the hairdressing business has broadened the options of economic activity for women in urban area of Rwanda.

When asking her if she pays taxes, she revealed:

” One day, I refused to pay patent (40,000Rwf per year) and I was imprisoned for a period of six months. I felt regret. But this day, I pay taxes because I fear to be

punished. Moreover, it was observed that some taxpayer pays always taxes; some of them cheat. The following is the evidence of a lady hairdresser in Kicukiro sector:

” Telling you the truth, I can say I have been into this business at sixteen years, because my mother had a beauty salon near Zinia market in Kicukiro sector. So as a kid I spent a lot of time at that salon and learnt everything about hairdressing and others salon activities. Today, I have twenty years. It means that I didn’t get proper education about it and I do this business for four years. Then, I thought it is easier for me to do something that I have been familiar with all of my life”.

Asking if her business grows she revealed that her small scale business grows slowly. However, during a focus group discussion, some women’s small scale business tried to discuss the issue of training about doing business before starting it. Although the respondents shared a strong desire to train women’s small scale business about doing business before starting their businesses. However, the focus group discussions called on the intervention of government as follows:” We want the government to step up security and make sure that the RRA officers are disciplined because they force us to pay taxes without any explanation of this act. Sometime if we have not money, they close our business. Now, we beseech the government to help us.

Findings show a woman of 37 years old owned most of the beauty salons at Gikondo sector full time workers, as revealed in the following experiences. She divulged that she had the money to set up a beauty salon and the skill to provide both services and training others women and girls. She argued that her salon employs 5 girls and she paid her employees the low salary of 10,000 to 20,000; each one per month. She has

a good reputation in the society and she paid scholar fees for their two children, paid location, buys food and cloths, etc. Because of these advantages, owner hairdressers can accomplish their dual role as housewife and businesswoman. Table 4.7 below indicates the types of activities, income generated per month by WSSB in Kicukiro and Gikondo sectors in Kicukiro district.

Table 4.7: Type of Activities, Income generated per Month, in Kicukiro and Gikondo Sectors.

Type of activities	Kicukiro			Gikondo		
	Income per month	Frequency	Percent	Income per month	Frequency	Percent
Retail trading	100,000-300,000Rwf	20	28	80,000-150,000Rwf	20	18
Tailoring	10,000F-50,000F	8	16	50,000-100,000Rwf	13	27
Hairdressing (salon activities)	20,000F-50,000F	10	20	30,000-80,000rwf	21	43
Weaving baskets (cooperatives)	30,000F-50,000F	18	36	10,000-30,000Rwf	6	12
Total		50	100	49		100

Source: Author's field data, 2014

The Table 4.7 shows that tailoring gained more (16%) than other small scale business women in Kicukiro sector while in Gikondo sector, tailoring gained 27%. Hairdressing perceived (20%) in Kicukiro while in Gikondo sector gained (43%) and weaving gained less than others (12%) only in Gikondo while in Kicukiro sector, weaving baskets gained more (36%). It was clear from the results that there is a significant number of weaving basket in Kicukiro sector than in Gikondo sector. The findings showed that small scale business in Kicukiro and Gikondo sectors contribute

a lot in reducing poverty. According to views on question 12, I asked all WSSB where they got the capital for starting their businesses, they answered differently.

They revealed that the major source of startup capital for most businesses was own savings. However, others obtained their startup capital in form of simple loans from financial institutions that are accompanied with interest rates over a specified period as others from friends and relatives at negotiable terms of repayment. Note that there are some businesses such as hairdressing and salon activities (such as pedicure and manicure), weaving baskets, tailoring, trade in market.

The following were their evidences: one respondent said:” After obtaining my certificate of secondary school, I missed the job. My parents gave me 100,000RwF in order to begin small scale business. Then, I have used that money by buying some fruits and selling them in details. For example, if one apple bought 150 RwF I sell it on 200RwF and gain 50RwF per apple. Even if I gain little money, I am self-employed. In addition, respondents who advanced education as the motivation for doing their businesses indicated that credit helps them to meet school fees and other dues for their children at school. I further examined responses from interview and FGDs and they confirm to the same reasons as those advanced by survey respondents. For instance, a hairdresser’s woman noted that; Majority of our members are businesswomen, so they get credit to improve on their business capital. Some get school fees loan to pay school fees for their children etc (Interview with woman’s hairdresser).

Another woman shared how she got loan from SACCO as follows:” In order to start my business, I had my first loan from SACCO. They gave me 200, 000Rwf and I did not have problems with paying back because I am hairdresser who gain between 3,000 RwF and 5,000RwF daily”. She added that loan has helped her to establish some income generating activities. She is also self-employed and takes care of her family in terms of feeding, medical care, school fees and other necessities. The following table 4.8 presented below summarizes income generated by women per month in different activities.

Table 4.8: Income Generated by Occupations in General per Month.

Income generated by Occupation	Range (RwF) per month	
	Lowest	Highest
Retail trading	30,000-50,000	100,000 and above
Tailoring	30,000-70,000	100,000 and above
Weaving baskets cooperative	20,000-50,000	70,000 and above
Hairdressing in salon	30,000-80,000	100, 000 and above

Source: Author’s field data, 2014

The findings show that trade in market gains 30,000- 50,000 as lowest benefits and 100,000 RwF and above as highest benefits. However, category of income generated from all types of activities in Kicukiro and Gikondo sectors is presented in the following Table 4.9:

Table 4.9: Types of Activities and Categories of Incomes

Types of activities	Income per month	Kicukiro	Gikondo
		Category of income	Category of income
Trade	70,000-150,000RwF	High income	Semi-medium
Tailoring	50,000-100,000RwF	Semi-income	Semi-income
Weaving in cooperatives	50,000-120,000RwF	Medium-income	Medium-income
Hairdressing and salon activities	30,000-100,000RwF	Low income	Semi-income

Source: Author's field data, 2014

The Table 4.9 shows that economic position of the family of the respondents, it is indicated that trade brought high income in Kicukiro sector because it is in urban area of Kigali City and semi-medium income Gikondo sector which is located in rural area, tailoring brought semi-income category, in two sectors, while weaving cooperatives brought medium income category also in two sectors, hairdressing and salon activities brought low income in Kicukiro sector and semi-income in Gikondo sector. The respondents revealed that there are many women in Gikondo who are engaged in hairdressing because in this area we find many Congolese who like very much dressing than in Kicukiro sector.

For the low" is poor economic condition' and 'there is no other source of income' and it included in this category, are old women selling fruits and vegetables. They earn little money which is not enough to afford them meet their problems and buy assets. Category "Medium" is middle economy and in this category includes young women who are hairdressers and salon activities, and in high category includes traders 'women in the market because they do business and gain much money and

have trade permit. The following Table 4.10 shows amount of money that they invested in their businesses.

Table 4.10: Amount of Money individual invested in Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20000	18	18.2	18.2	18.2
	25000	1	1.0	1.0	19.2
	30000	17	17.2	17.2	36.4
	35000	1	1.0	1.0	37.4
	40000	7	7.1	7.1	44.4
	50000	29	29.3	29.3	73.7
	60000	4	4.0	4.0	77.8
	70000	6	6.1	6.1	83.8
	80000	3	3.0	3.0	86.9
	100000	11	11.1	11.1	98.0
	150000	2	2.0	2.0	100.0
	Total	99	100.0	100.0	

Source: Author's field data, 2014

The findings show that majority of respondents 29.3% say that they invested 50000RwF in their business at starting. Only 2.0% of the respondents invested 150000RwF. It is remarkable that many women's small scale business in Kicukiro and Gikondo sectors invest little money in order to start their businesses. The following Table 4.11 shows correlations between investment and income generated per month.

Table 4.11: Correlations Analysis between Investment and Income Generated per Month

			How much did you invest in your business	What is your income generation per month?
Spearman's rho	How much did you invest in your business	Correlation Coefficient	1.000	.847 ^{***}
		Sig. (2-tailed)	.000	.000
		N	99	99
	What is your income generation per month?	Correlation Coefficient	.847 ^{***}	1.000
		Sig. (2-tailed)	.000	.000
		N	99	99

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

Symmetric Measures

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Pearson's R	.851	.035	15.991	.000 ^c
Ordinal by Spearman Correlation	.847	.033	15.690	.000 ^c
N of Valid Cases	99			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

The findings in Table 4.11 show that there is a strong positive correlation coefficient at 0.847 between investment and income generated per month by the women's small scale business. It means that this correlation is very significant. Therefore, it may be concluded that women's small scale business in Kicukiro and Gikondo sectors invest much money in order to start their businesses they gain a lot of money also. The Spearman's Rank correlation coefficient (Rho) obtained was 0.847 at a two-tailed level of significance of 0.01, implying that there is a strong correlation. It indicates that the greater amount of investments by the women's small scale business, the

greater incomes of their business. The following Table 4.12 shows the correlations analysis between incomes generated per month and number of employees.

Table 4.12: Correlations Analysis between Income Generated per Month and Number of Employees

		If yes, how many people?	What is your income generation per month?
If yes, how many people?	Pearson Correlation	1	.512**
	Sig. (2-tailed)		.000
	N	99	99
What is your income generation per month?	Pearson Correlation	.512**	1
	Sig. (2-tailed)	.000	
	N	99	99

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

The findings in Table 4.12 show that there is a medium positive correlation coefficient at 0.512 between number of employees and income generated per month by the women's small scale business. It means that this correlation is significant. Therefore, it may be concluded that women's small scale business in Kicukiro and Gikondo sectors who gain much money can use a big number of employees in order to help them in their businesses. The Pearson's Rank correlation obtained was 0.512 at a two-tailed level of significance of 0.01, implying that there is a medium positive correlation. It indicates that the greater amount of incomes can provoke the use of many man powers in business. The following Table 4.13 shows the age of the businesses.

Table 4.13: Age, Frequency and Percentage of their Businesses

Years of WSSB	Frequency	Percentage
1-2	39	39.4
3-4	48	48.5
5 and above	12	12.1
Total	99	100

Source: Author's field work, 2014

The Table 4.13 shows that 39.4% of respondents say that their business are between 1-2 years old and are newly started. Those who say that their business are between 3-4 years old represent 48.5% while those who their business are five years old and above are 12.1% only. It means that many women's small scale business in Kicukiro and Gikondo sectors are between 3-4 years old (48.5%) as shown in the table above.

The findings reveal also that the size of business is caused by their source of capital in order to start their small-scale business. The small size of women's businesses may also be a reason why women's businesses are less likely to register. Many women run micro or small enterprises, and may enjoy running the business from home to more easily combine work with their domestic responsibilities. This implied that most businesses that operate at small scale with own boss and support staffs provided more employment opportunities to the labor force since they needed little technical skills because the support staff is under the direct supervision of the business proprietor. This therefore implies that micro and small scale businesses have a significant percentage than medium. The following are views by our respondents on the contribution of small scale businesses in economic development in general.

Table 4.14: Role play by Women's Small Scale Businesses, Frequency and Percentage

Role of Women's Small Scale Businesses	Frequency	Percentage
Distribute Money among workers	8	8.1
Improve your income	19	19.2
Reduce poverty	42	42.4
Provide job to the unemployed persons	30	30.3
Total	99	100

Source: Author's field data, 2014

The Table 4.14 that small-scale business plays a great role in providing job to the unemployed persons at (30.3%) and in reducing poverty at (42.4%). In addition, all the key informants interviewed accepted these views and some of them gave examples. According to views on question a6a (Why did you choose this type of business? See Appendix 1) women respondents felt that they were unemployed in many years. But after begin their small-scale trading fruits and vegetables in market, their life has improved. For instance, they said that they could buy better cloths than before, pay children's school fees and pay medical insurance etc. They reported also that there is an improved relationship with their husbands (in FGDs).

This study found that most small enterprises in Rwanda start off as micro businesses and grew into small businesses or they are formed to supplement the income of middle to upper income households. Small scale businesses are of great importance of economic development through mobilizing and providing economic activities such as agriculture, commerce and trade. Small scale businesses contribute in GDP in Rwanda (World Bank, 2009).

The above findings are in the line with the results of Liedholm and Mead 1999 who report that micro- and small enterprises are an important force for economic development and industrialization in poor countries. The findings are also supported by Charmes, (1999) who revealed that small scale businesses are catalyst in the socio economic development of any country especially in developing countries. In addition, the catalytic roles of micro and cottage businesses have been displayed in many countries of the world such as Malaysia, Japan, South Korea, Tanzania, Zambia, and India among other countries.

They contribute substantially to the Gross Domestic production (GDP), export earnings and employment opportunities of these countries. Micro and small scale enterprises (MSEs) have been widely acknowledged as the springboard for sustainable economic development. Apart from the fact that it contributes to the increase in per capital income and output, it also creates employment opportunities, encourage the development of indigenous entrepreneurship, enhance regional economic balance through industrial dispersal and generally promote effective resource utilization that are considered to be critical in the area of engineering economic development.

According to views on question a7 (See Appendix 1) at which age did you start your business? Women respondents felt that they were unemployed in many years. But after begin their small-scale trading fruits and vegetables in market, their life has improved. For instance, they said that they could buy better cloths than before, pay

children's school fees and pay medical insurance etc. They reported also that there is an improved relationship with their husbands (in FGDs).

Table 4.15: Different Ages of Respondents started their Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	15	1	1.0	1.0	1.0
	17	1	1.0	1.0	2.0
	18	7	7.1	7.1	9.1
	19	2	2.0	2.0	11.1
	20	17	17.2	17.2	28.3
	21	4	4.0	4.0	32.3
	22	3	3.0	3.0	35.4
	23	4	4.0	4.0	39.4
	24	3	3.0	3.0	42.4
	25	15	15.2	15.2	57.6
	26	2	2.0	2.0	59.6
	27	6	6.1	6.1	65.7
	28	5	5.1	5.1	70.7
	29	3	3.0	3.0	73.7
	30	18	18.2	18.2	91.9
	31	2	2.0	2.0	93.9
	32	3	3.0	3.0	97.0
	33	2	2.0	2.0	99.0
	35	1	1.0	1.0	100.0
	Total	99	100.0	100.0	

Source: Author's field data, 2014

It is clear from the results in the Table 4:15 that majority of the respondents started their small-scale business at 30 years old. They felt that they were unemployed in many years. And then after, they chose to become self-employed. The respondents revealed that owner saving are the most frequently used sources for starting their small-scale business, followed by friends/relatives' gifts, (this other traditional source like friends and relatives' gifts plays the greatest role to start small scale

business) but minority used micro finance institutions in order to obtain startup capital. This shows that they missed security for loans reason why they stayed long time without doing any activity in order to generate incomes. According to Mogale (2007), most people seek credit facilities for boosting income generating activities like business. Besides, the result of interview shows that majority of WSSB in the study area uses informal sources. The formal financial institutions have not been able to meet the credit needs of the WSSB.

According to majority interviewee, the reason for emphasizing on informal sector is that the requirement of collateral/guarantor is relatively rare since such sources usually take place among parties with intimate knowledge and trust of each other. But the supply of credit from the informal institutions is often so limited to meet the credit needs of the WSSB. To finish up, such constraint of finance for WSSB affects their growth directly or indirectly. Furthermore, Respondents were also interviewed to give their opinion regarding the success of their businesses; majority of them had a prior opinion of reduction of taxes. While minority argued that training in business skills are most important for the success of their businesses.

The following Table 4.16 shows the correlations between age of respondents and their businesses.

Table 4.16: Correlations Analysis between Age of Respondents and their Occupations

		Age of respondent	Occupation of respondent
Age of respondent	Pearson Correlation	1	.029
	Sig. (2-tailed)		.774
	N	99	99
Occupation of respondent	Pearson Correlation	.029	1
	Sig. (2-tailed)	.774	
	N	99	99

Source: Author's field data, 2014

Table 4.16 shows that there is a weak correlation at 0.029. The Pearson's Rank correlation coefficient obtained was 0.029 at a two-tailed. It is implying that there is a weak correlation between the age of respondents and their occupations.

4.1.1.6 Status of Respondents in Kicukiro and Gikondo Sectors.

All women respondents were asked to state the status of each indicator before and after doing their small-scale business in Kicukiro and Gikondo Sectors. The results are summarized in Table 4.17 as follows:

Table 4.17: Participation in Decision making before and after engaging in Small Scale Business

Period	No participation		Sometimes		Very often		Always		Total	
	No of cases	%	No of cases	%	No of cases	%	No of cases	%	No of cases	%
Before	23	23.2	34	34.3	26	26.3	16	16.2	99	100
After	10	10.1	19	19.2	42	42.4	28	28.3	99	100

Source: Author's field data, 2014

In table 4.17 above, a big proportion of women respondents (42.4%) felt that they were more involved in decision making after been engaged in small scale business than before (26.3%). Furthermore, SSB help all society especially in welfare of women; own resources; decision making powers; owner resources; access to education; freedom to make an informed choice; access to health services etc. Cases of number of participation and sometimes decreased significantly it means that husband makes decision alone and woman is not allowed to have any input to husband's decision. However, on very often and always showed a significant rise it means on many occasions the husband discusses with his wife before making decisions and always all decisions are made jointly. However, when women claiming to be involved in decision making were asked to clarify, most of them said that by being more involved in decision making it did not mean that they could over rule men's viewpoints. They argued that this was because they regarded men as pillars of their households.

Furthermore, the respondents revealed that the SSB change their status in society. The following were their evidences: This was a woman charcoal trader, she said: "I am a widow with four children. I am now respectful woman who pays school fees for my children and buys food for my family". She added that she pays Rwf 45,000 every semester school fees for her daughter in secondary school. In addition, a widow of 48 years old said: "I rent a small shop in Zinia market and trade second hand clothes and shoes, but I am now saving until I get my own shop in Zinia market. I think I will earn more than before". Though it was challenging to engage the women in focus group discussion, I was able to capture real-life data in a flexible social environment. The findings argued that some husbands learnt to respect their

wives because of the roles they play in the family such as generating some income to pay children's school fees, feeding and dressing the family and some had even bought plots and constructed good housing for the family.

For example, a woman of 47 years old narrates her story in an interview as follows:

“My husband respects me now because I do some business. I started by hairdressing where I gained little money for the family to eat. In few weeks, I saw things improving and as more money came, I was able to rent a shop in town where I did my business. After that, I bought new items such as television, fridge, dishes etc. My husband is happy and has accepted me to continue doing my business. I help my husband to pay school fees for our children and pay taxes without any problems.”

Asking her if she pays taxes, she replied that she pays for example 40000RwF every year of patent, 5000 RwF (tax to receive an unwelcome surprise of local authorities asking her to pay different tax es of security per month), 2000 RwF (hygienic taxes per month also) and she revealed that she has to pay 20000RwF for allowances of her shop. She claimed that she doesn't want es. In addition, she wants to feel that she is in control of her own affairs.

The findings from interviews reveal that given the problems women undergo and the limited opportunities in education and training, the women's small scale business had become inventive of small scale businesses, hardworking and capable. The majority of the women's small scale businesses seem to be increased in their businesses. Then, there is need for government and other stakeholders to involve them in skills training so that they could be able to improve their small-scale business and avoid

being dependent on men every day. Due to flexibility, the discussions brought out speedy results and other aspects of the topic that were not anticipated and had not emerged from individual interviews. The following section is the determinants of growth on small scale businesses growth in Rwanda.

4.2 The Determinants of Growth on Small Scale Businesses in Rwanda.

According to Fuad M., (2014), determinants of Business Growth are the following: Education level where it is trusted that education level of entrepreneur/chief positively affects business development (Dobbs and Hamilton, 2007). Above all else in light of the fact that education provides skills and knowledge required for business upgrade. Then again, individuals with advanced education level are more sure with finding moderately generously compensated employment. Consequently, in claim organizations their wage desires are higher than the individuals who are less certain with finding a generously compensated occupation (Ibid.).

- a) *Past experience*: Previous experience is another variable that writing recommends to influence development (Basu, 2004). Past 'business enterprise experience' and its impact on development. Three conceivable presumptions can be recommended. The first is that the motivation to begin another business is past unsuccessful enterprise experience of the proprietor. Consequently, there ought to be a negative relationship between's past experience and development. The second presumption is that past enterprise – effective or unsuccessful – furnished the business people with critical abilities to pick up achievement in their present organizations. Lastly the last

suspicion is that past business enterprise experience might be great or terrible, consequently the experience itself won't have the capacity to clarify the development.

- b) *Budgetary sources:* And at last the last variable that was tried from the point of view of the qualities of proprietors is money related sources that they utilized for subsidizing the start-up of their organizations. In this study, it was tried if organizations that utilization distinctive sorts of budgetary sources at start-up have noteworthy contrasts in development rates (IJB, 2014).
- c) *Education level:* Generally, it is believed that education level of business owner/manager has a positive impact on business growth (Dobbs & Hamilton, 2007; Smallbone & Wyr, 2000). First of all because education gives skills and knowledge required for business enhancement. On the other hand, people with higher education level are more confident with finding relatively well-paid job. Hence, in own businesses their income expectations are higher than those who are less confident with finding a well-paid job (Dobbs & Hamilton, 2007).
- d) *Gender:* Traditional view on gender differences between entrepreneurs was that due to several reasons female entrepreneurs are less successful. Some of the reasons to have this assumption lie behind the idea that women has less time for working because of their commitments to their children and family (Storey, 1994). However, many studies (e.g. Orser *et al.*, 2000; Johnsen, &

McMahon, 2005) suggest that gender is not a significant variable for business growth. In the Finnish case, the exception was the 'recovery period of businesses' where female entrepreneurs were less likely to survive in the business (Kangasharju, 2000). An interesting finding came by Jones (cited in Storey, 1994) according to whom females are more likely to own successful businesses than males. The assumption is that different societies might show different results with regards to role of gender in business growth, therefore the gender was also added to our variables to be investigated.

- e) *English level:* Of course, it is hardly possible to find articles from economic and business disciplines that consider English level of the entrepreneur to be a significant variable that affects business growth. However, research by Altinay and Altinay (2006) showed that fluency in English is one of the predictors of business growth. Of course, as their research subjects were immigrant restaurants in UK, this makes it reasonable. On the other hand, because of the nature of tourism industry, owners/managers and other employees frequently talk to tourists in English. Hence, it was decided to add the English levels of both (i) owners/managers and (ii) employees working with customers to the analyses.

- f) *Origin of the owner/manager:* This is very common at least in tourism industry that businesses of a destination are owned mainly not by local people but other entrepreneurs. For example, according to the popular theory suggested by Butler (Butler, 1990) as destinations grow and become popular, the more 'outsiders' appear in the destination for business purposes and after

certain time in the development cycle, locals become less powerful than outsiders who own most of the businesses by that time. It is not surprising that the role of this factor with regards to growth is not given much attention in economic and business disciplines. Altinay and Altinay (2006) mentioned sojourning – the concept which is similar but more complex - as a possible predictor of growth.

g) *Business motivation*: This is of course logical that for a business to grow first of all it needs to have an owner/manager who wills to grow. In fact there are a lot of cases where it is non-financial aspirations of the entrepreneurs that motivate them to start their businesses (Zhao and Getz, 2008). Research about the lifestyle entrepreneurship and their motivations is wide in this context. However, it is not possible to say that motivations of entrepreneurs will not be changed over time (Dutta & Thornhill, 2008) which makes the issue even more complex. Several studies (e.g. Hamilton & Lawrence, 2001; Wiklund & Shepherd, 2003) mention motivation to be a significant factor for growth.

h) *Financial sources*: And finally the last factor that was tested from the perspective of the characteristics of owners is financial sources that they used for funding the start-up of their businesses. Finance in general is regarded as an important factor for business growth (Dobbs & Hamilton, 2007). Availability of external finance was found to be significant by Becchetti & Trovato (2002). Whilst Carpenter & Peterson (2002) suggested internal finance to be an important factor for growth, Wiklund & Shepherd

(2003) found general access to financial capital to be significant variable. In this study it was tested if businesses that use different types of financial sources at start-up have significant differences in growth rates (IJB, 2014). The following Table 4.18 shows the determinants of growth in small scale business.

Table 4.18: The Determinants of Growth in Small Scale Business

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid infrastructure	12	12.1	12.1	12.1
innovation	28	28.3	28.3	40.4
corruption	5	5.1	5.1	45.5
firm age	6	6.1	6.1	51.5
creativity	10	10.1	10.1	61.6
firm size	8	8.1	8.1	69.7
access to training	13	13.1	13.1	82.8
access to capital	8	8.1	8.1	90.9
Tax rate	4	4.0	4.0	94.9
workforce	3	3.0	3.0	98.0
location	2	2.0	2.0	100.0
Total	99	100.0	100.0	

Source: Author's field data, 2014

The Table 4.18 shows that 28.3% of the respondents confirmed that innovation is the best determinant of the growth while the minority 2.0% argued that location is the determinant of the growth of WSSB. This shows that the great majority of the respondents agreed with innovation. Most highlighted growth predictors in the literature are creativity and innovations. In this context, it is possible to highlight the article by Freel and Robson (2004) who found positive relationship between various types of innovations and employment growth. It should be highlighted that

innovation can be seen in different ways such as product innovation, management innovation, technology innovation and others. For example, North and Smallbone (2000) found (i) product/service innovation and (ii) process technology innovation to be significant variables affecting growth. In this study, the focus is to test if owners/managers that used any innovative creative approaches when they came to their business are more successful than those who didn't.

- a) *Firm age*: The idea is to connect the age of the business owner at the time the business is started to the firm's subsequent growth orientation. Generally, middle-aged business individuals have been reported (e.g., in Carter and Jones-Evans, 2000) as being more likely to possess the best mix of experience, credibility, energy and resources (and so more likely to own a growing business) than other business owners that are by contrast younger (having more energy but less experience, credibility and resources) or older (having more experience, credibility and resources but less energy). Typically, younger small firms are shown to grow more rapidly than older ones because they need to grow in order to be better able to guard against unforeseen environmental stresses (Kangasharju, 2000), but caution has been raised with respect to this proposition. One of the most mentioned characteristics of businesses that affect growth is its age. There are quite many studies (e.g. Becchetti & Trovato, 2002; Davidsson *et al.*, 2002; Delmar *et al.*, 2003; Orser *et al.*, 2000; Reichstein & Dahl, 2004) that found important relationship between the age of the business and its growth.

- b) *Location*: The idea is to connect the location of the business to its growth orientation. Generally speaking, location tends to be conceived of in an urban-rural split and both types of locations have been identified as potential sources of both benefits and constraints (Fielden *et al*, 2003; Robinson & Finlay, 2007). Since this will have to be a matter operationalized on a study-by-study basis, for our present purposes, the likely impact of the location of a particular panel of respondents on their growth behavior will have to remain an open question.

A recent study of new-firm locations and expansions in Georgia suggests that, on net, the location of a new large (300+ employees) firm often retards the growth of the existing enterprises or discourages the establishment of enterprises that would otherwise have located there (Edmiston, 2007). Specifically, the location of a new plant with 1,000 workers, on average, adds a net of only 285 workers over a five-year period. That is, the average firm would add 1,000 workers in its own plant but would also drive away 715 other jobs that would have been generated (or retained) if the new large firm had chosen not to locate there. Another recent study suggests that the net employment impact of large-firm locations may actually be closer to zero (Fox & Murray, 2004).

Much has been made of the indirect effects, or spillovers, of new large firms. The positive spillovers include links with suppliers, increased consumer spending, the transfer of knowledge from one firm to another, and the sharing of pools of workers. But negative spillovers are important as well. They include constraints on the supply of labor and other inputs, upward pressure on wages and rents, congestion of

infrastructure, and (if fiscal incentives are provided to the locating firm) budget pressures from increased spending without commensurate increases in public revenues. Even perceptions of these negative effects can drive away firms, whether or not they actually materialize. The evidence suggests that the negative effects dominate with many large-firm locations (Edmiston; Fox & Murray, 2007).

- c) *Tax rate* is imposed by the government for a certain period in particular business sector; while business innovation is operationalized in terms of introduction of new product or services. Holcombe and Lacombe, (2004) argued that taxes raise the cost or lower the return to the taxed activity. Income taxes create a disincentive to earning taxable income. Individuals and firms have an incentive to engage in activities that minimize their tax burden. As they substitute activities that are taxed at a lower rate for activities taxed at a higher rate, individuals and firms will engage in less productive activity, leading to lower rates of economic growth. In addition, the tax price concept suggests that there should be a negative relationship between higher tax rates and state economic growth.

The evidence from study area, where the relevant data are most complete, would indicate that the tax of WSSB decreases with an increase in business size. In addition, Kolstad *et al.*, (2006) indicated that taxes are perceived to be a major problem for both young and old firms. A number of studies have explored the impact of taxes on state economic growth (Winter, 2008). Most, but not all, of these studies find evidence of a negative effect of taxes on various measures of state

economic performance. While many economists would agree with the proposition that “high taxes are bad for economic growth,” the results show that this proposition is not necessarily apparent. However, the evidence is consistent with lower taxes having modest positive effects on economic growth. While such growth effects are highly unlikely to allow tax cuts to pay for themselves, they can contribute to substantial differences in the level of economic activity and living standards, particularly over the long term.

In addition, high tax rates and tax complicity discourage the growth of SMEs (Oludele & Emilie, 2012). This has the economic impact to the growth of the economy in the given country. From economic point of view, taxes increase production cost of goods and services which would eventually leads to higher price of goods/services to the final consumers. On the other hand, the revenue collected from taxes represents the major funding source for governmental expenditures (Baurer, 2005; Johansson *et al.*, (2008) for surveys of theoretical models of taxation and growth Tomljanovich (2004), Holcombe and Lacombe (2004), Lee and Gordon (2005) and Reed (2008) find also a negative relationship between taxation and growth. Also, majority of respondents reported that their business would grow if tax rates would be reduced. It indicates that the perceived growth-rate is not very positive and efforts are needed to improve this situation. The tax-system reforms could be one significant area for enhancing the entrepreneurial motivation.

However, the findings revealed that there is a negative relationship between tax rate and women’s small scale business growth. Firm size: Here, “size” pertains to the employment levels in the firm. Generally, smaller firms tend to be reported as

growing more rapidly than larger firms, with the exception of non-employer sole proprietorships, many of which are not established with a view to providing employment for anyone apart from the owner.

However, according to the United States SBA, in recent years, the most job creation has been in small high growth firms with 20 or more employees, although this employment pattern has been rather divergent (Headd & Kirchhoff, 2009). A cautionary note must therefore be sounded on this issue as the specific findings can be expected to be influenced by the employment levels at the commencement and conclusion of the study period.

Empirical data seem to bear this out, as 25.5 percent of workers at larger firms in 1998 had a bachelor's degree or higher, compared to 20.3 percent at smaller firms (Headd, 2000). Further, some argue that workers at large firms have a greater incentive to gain additional education and new skills because of greater opportunities for upward mobility (Zabojnik & Bernhardt, 2001). Finally, some argue that the size-layoff relationship may be a spurious relationship resulting from the tendency of smaller businesses to attract less stable and capable workers, which also would work to explain part of the size-wage relationship (Winter-Ember, 2001). Infrastructure: Bad infrastructural road network is another major challenge hindering the growth of small business in Rwanda. The bad road syndrome makes distribution of goods and services difficult in some areas of the metropolis. This invariably raise the transportation costs and makes operations of small businesses difficult (Okpara, 2011).

- d) *Workforce*: This remains a highly topical issue in small business research.

Generally speaking, the idea is to connect the level of training afforded a firm's employees to the firm's propensity to grow. Savery and Luks (2004) found in a longitudinal study that firms with an expressed growth intention were also more likely to be involved in training. They also found the converse to be true: Firms that had decided to reduce their production levels also tended to reduce their training. This lends credence to the typically positive association that is made between the existence of employee training and small firm growth. Conceptually however, debates surround the appropriate constitution of "training" in small firms, with questions concerning the formality, providers and locations of training (Storey, 2004).

- e) *Access to training*: Related to the emphasis on workforce training is that on management training. Essentially, a firm can be expected to require the services of individuals in supervisory/managerial roles once employee numbers expand to certain levels. Such competencies may be developed in-house, or "bought" in via the firm's recruitment practices but as with workforce training, empirical studies have positively, but not conclusively associated management training with the subsequent growth of small businesses (see for example Chaganti *et al.*, 2002; Storey, 2004; Alarape, 2007) and so the impact of management training on the firm's subsequent growth must, in effect, also remain an open question.

- f) *Access to capital*: Access to and uses of financial resources are often critical factors affecting the ability of small businesses to implement growth opportunities. A key issue for most business owners centers on the decision to seek external finance which may open up financial resources but dilute ownership. The following is an evidence of one woman's trader in Kicukiro market: "I had a big problem to obtain my permit of trading. Yet it took me around six months to get the license for trading (called patent) in Kicukiro market because each time I went and followed up with the local leaders in Kicukiro sector, they told me that there were more procedures and rules. As you can't get anything without effort, it took me around six months to get that license. Then, to say is to jump. Now, I am able to sell more cheaply items like second-hand clothes, shoes, sheets, etc. This has enabled me to attract customers. Another big challenge for me was "to obtain credit from bank is too complicated. However, telling you the truth, with our small-scale business, high interest rates and guarantee requirements are a burden for my family. For example, to get bank loan, I provided our house as collateral. But it will be better to reduce taxes in order to help us to improve our small-scale business". She said.

The results showed that the women's small scale business official registered has known stands or official addresses in newly built markets by the local administration. Both sectors have a limited number of markets, limited business development skills that are regional competitive, low number of women entrepreneurs, and access to credits from banks. It would be better to enhance the number of skilled women and young girls respecting doing businesses. This is because almost every business

decision has legal repercussions, including deciding whether to incorporate a business, obtaining financing, protecting proprietary knowledge used to develop products/services, entering into contracts to purchase raw materials, ensuring that products meet safety standards, disposing of plant wastes, promoting and pricing products/services, entering into contracts to sell products/services, and providing product warranties and after-sales service.

The following Table 4.19 shows the correlations analysis between age of starting business and investment of women's small scale business.

Table 4.19: Correlations Analysis between Age and Investment of Respondents

		At which age did you start your business	How much did you invest in your business
At which age did you start your business	Pearson Correlation	1	.565**
	Sig. (2-tailed)		.000
	N	99	99
How much did you invest in your business	Pearson Correlation	.565**	1
	Sig. (2-tailed)	.000	
	N	99	99

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

The Pearson's correlation obtained was 0.565 at a two-tailed level of significance at the 0.01, implying that there is a medium correlation between the age of starting business and the investment of women's small scale business. This correlation indicates that old respondents invest much money than the young respondents and gain much income. This is due to that they had saved for a long time and had more experiences of jobless and they had no fair to demand credit from banks or micro institutions of finance than the youngest. While the youngest, they waited for

example the gift (money) from relatives or friends. To obtain for example credit from micro institutions of finance or banks is a big problem for them.

Furthermore, about business growth, the evidence shows that there is significant growth in Kicukiro sector than in Gikondo sector. The growth rate has been accelerated by many factors including; good location of the business premises (in urban area), strong managerial and administrative strategies, quality products and business design, business commitment (entrepreneurial spirit), laws and regulations within the country etc.

At the same time there are factors that retard the growth of the small scale business. Some of the major causes of poor/no growth includes laws and regulation (especially tax structure), poor sources of capital, and the use of business' resources for private purposes (both cash and goods) since most of enterprises are the sole source of income for the business owners and their families. Due to these factors the rate of business growth is small and other businesses are either slowing down or closing down especially in Gikondo sector because is located in rural area.

Various studies have investigated the effect of duties on state monetary development. (Winter 2008). Most, yet not all, of these studies discover confirmation of a negative impact of charges on different measures of state monetary execution. A couple considers have endeavored to disengage the impact of state salary assesses on monetary development (Holcombe & Lacombe (2004) referred to by Barry W. Poulson and Jules Gordon Kaplan, 2008. The vast majority of those studies find or no impacts of normal expense levels on wage, yet high minor salary impose rates

seem to have a huge negative effect on wage. The confirmation underpins past studies that locate a huge negative effect of higher minor assessment rates on state monetary development. Advance, the proof demonstrates that states with higher negligible wage charge rates seem, by all accounts, to be off guard in accomplishing higher rates of financial development. Monetary hypothesis gives a clarification to a negative relationship amongst assessments and financial development.

Holcombe and Lacombe (2004) call attention to that regardless of the possibility that there is a negative relationship, it may not be critical. In the event that state charges are little with respect to government charges, and if elected approach makes consistency among the states, assess arrangement may not fundamentally affect state monetary development. They contend that it is critical to gauge the size of this relationship. Furthermore, not just are expense impetuses seen as favoring new makers over existing organizations, reviews demonstrate that financial specialists rate them somewhat low among the variables they definitively consider in impacting business choices. Interestingly, financial and political variables, for example, essential framework, stable government, sound monetary conditions, and work accessibility, among others, are viewed as key.

A large portion of these burdens of expense motivating forces are identified with their potential insufficiency, wastefulness and imbalance. In addition, charge motivating forces are believed to disintegrate income bases, confuse assess laws and may add to bloated government.

Boundaries to ladies' entrance to back might drive their focus in low-capital-escalated businesses, which require less financing additionally have less potential for development and advancement. One conceivable hindrance is that ladies may have less physical and "reputational" guarantee than men (Klapper & Parker, 2010). Specialists can profit by laws encouraging the utilization of portable resources, for example, hardware or records receivable as security for advances. While ladies regularly need legitimate title to land or structures that could serve as security, they will probably have mobile resources.

Be that as it may, Government of Rwanda forces a few sorts of assessments which point in securing home/newborn child businesses (protectionism) and guarantee reasonable rivalry among SMEs. In any case, various later hypothetical models, or from the earlier contentions, have focused on efficiency related channels however which charges may influence GDP. For instance, Peretto (2003, 2007), and Lee and Gordon (2005) contend for expense development impacts through effects on advancement or enterprise. Arnold *et al.*, (2011) give some observational support to assessment impacts on profitability at the firm level. While this does not undermine confirm got from watching the lessened shape relationship amongst expenses and GDP development, it suggests that confirmation on the immediate relationship amongst charges and speculation is by all account not the only, nor essentially most critical, means by which duties can influence GDP development. Decreasing the consistence expenses and duty rate builds the little undertakings net revenue. It additionally expands the Government's assessment income, since the rearranged arrangements for a miniaturized scale endeavor verifiably decrease the span of the

shadow economy and the quantity of non-going along enlisted citizens (Vasak, 2008).

In spite of the way that individuals need to pay charges in light of reasons of vertical and level values, it is not generally the case that duty frameworks are understandable and straightforward for citizens particularly for ladies' little scale business. Charge frameworks are normally not explained after legitimate meeting with the business group. The entrepreneurs gripe that the duty evaluation strategy depends on subjective estimation as a consequence of which they are often subjected to over-tax collection.

Be that as it may, most ladies' little scale organizations are very standard operations carried on inside secured neighborhood markets; however, some are spearheading wanders which, through the advancement of new items or the improvement of new procedures, look to augment their business sectors and to challenge the position of set up firms Furthermore, by and large, the impacts of tax collection are subjective as opposed to quantitative in character, which makes them more hard to quantify. At long last, it is now and again hard to detach the impacts of tax collection on ladies' little scale business development.

4.3 The Challenges faced by Women's Small Scale Business Growth

Beginning and working a private venture incorporates a probability of accomplishment and disappointment. As a result of their little size, one straightforward administration mix-up is probably going to prompt to disappointment of a little venture, which denies ladies' little scale business chances to gain from its

past missteps. Absence of arranging, dishonorable financing and poor administration have been placed as the fundamental driver of disappointment of little endeavors. Absence of credit has additionally been recognized as a standout amongst the most genuine limitations confronting SMEs and frustrating their development (Oketch, 2000). Nonetheless, variables influencing business ventures execution have been a good research range by researchers for a long time. Past research demonstrates that few elements impact business execution incorporates among numerous others: their expert foundation, their enterprise abilities and inclinations, social and religious convictions, and additionally the innovation and smaller scale –environment (Buttner, 2001, Makhbul, 2011). While, Thibault *et al.*, (2002) contended that components impacting business execution could be credited to individual elements, for example, statistic variable and business elements, for example, measure of financing, utilization of innovation, period of business, working area, business structure and number of full-time representatives as vital considers looking at the execution as little scale business administrators.

In any case, notwithstanding past research, exact information isolation on components impacting sexual orientation exhibitions is somewhat startle and hard to acquire. Brush (2000) compactly expressed this is on account of sex contrasts in variables influencing private company execution remained to a great extent unaddressed by social researchers. Furthermore, larger part of concentrates either neglected sexual orientation as a variable of intrigue or avoided female subjects from their plan. It is additionally by and large acknowledged that male and female contrasts impact business execution, while these distinctions have been perceived, the variables affecting the execution of sexual orientation have not been completely

clarified in spite of the sex contrasts among little scale business administrators, (ibid.).

The private company segment is perceived as a fundamental part of financial advancement and a significant component in the push to lift nations out of destitution (Wolfenson, 2007). Little Scale organizations are main impetus for financial development, work creation, and neediness lessening in creating nations. They have been the methods through which quickened monetary development and fast industrialization have been accomplished (Harris *et al.*, 2006; Sauser, 2005). Besides little scale business has been perceived as a feeder administration to extensive scale enterprises (Fabayo, 2009).

While the commitments of private ventures to improvement are by and large recognized, business people in this division confront numerous obstructions that point of confinement their long-term survival and advancement. Researchers have shown that beginning a business is a dangerous wander and caution that the odds of private venture proprietors making it past the five-year point are extremely thin (ILO, 2005).

In spite of the innate issues connected with the development of Small-scale organizations, women business people are progressively wandering into responsibility for - scale endeavors either all alone or in association with male business people (ILO, 2005). This has been made conceivable basically as a result of simplicity of passage, restricted access to different endeavors and absence of work openings in formal segment of the economy. Likewise, given the development of

SSBs among ladies, understanding the financial, ecological components impacting their prosperity execution is of basic significance.

4.3.1 Socio- Economic Factors

In particular, ladies in provincial economies regularly don't have entry or control over normal resources, for example, land and water, lessening their prospects of holding wage produced from these benefits. While information is restricted, accessible data recommends that short of what one fourth of land possessions in creating nations are worked by ladies. Low rates of female land proprietorship altogether hinder access to money related resources, including credit and sparing.

Women additionally need access to social resources, for example, systems and affiliations, which debilitates their impact in political basic leadership procedures and aggregate representation. Inadequate access to physical resources, for example, vitality, innovation and transport additionally abatements ladies' profitability and chances to take part in paid business (FAO, 2009).

Furthermore, the economic factors include competition in the market; lack of access to the market, lack of access to raw material, lack of capital or finance, lack of marketing knowledge; high taxes and regulations, lack of production/ storage space; poor infrastructure; inadequate power supply and lack of business training. The social factors include lack of social acceptability; having limited contacts outside prejudice and class bias; society looks down upon and relations with the work force. Besides this, Gemechis (2007), Hisrich (2005), ILO (2009) added regulatory framework; and business assistance and support; barriers to access technology. The major economic factors that affect the performance of women entrepreneurs include

finance, market, training, land, information, managerial skills, infrastructures and raw materials (Samiti, 2006).

However, women have difficult to access to loan in bank. The problem is not so much that they are rejected for loans or are charged higher interest rates. Rather they do not tend to apply for loans because they do not dispose of collateral such as land or other property to pay as security for bank (Storey, 2004; Diagne *et al.*, 2000 cited in World Bank, 2001a). In addition, small scale business women are considered not worthy enough to be given loans. The reason is the outcome of their production cannot be determined.

Their activities are riskier than large business activities in that they cannot predict proceeds. The case of street trading, the local defense can take away their stuffs which of course evident will lead to a serious loss. Thus SACCOS consider them risky to grant their loan request. They are to meet the needs of those who are considered not fit to use the bank's services and most especially the poorest. There is a mad rush of customers to the credit unions to enjoy their services which the banks do not offer. These services include; low interest rates, not so strict collateral, generally an encouraging banking conditions. Since more well to do people are rushing to become members, this has made the credit unions stricter in its liquidity criteria that has made it not easy for the poorest to meet up.

4.3.2 Political Factors

The factors that hamper or facilitate women's political participation vary with the level of socio-economic development, geography, culture, and the type of political system. The exclusion of women from decision-making bodies limits the possibilities

for entrenching the principles of democracy in a society, hindering economic development and discouraging the attainment of gender equality. If men monopolize the political process, passing laws which affect society at large, the decision-making process does not always balance the interests of the male and female populations (<http://www.developmentgoals.org/GenderEquality.htm>).

4.3.3 Environmental Factors

It is clear that disasters affect not only the lives of the people and their property but also environment at large, which consequently impedes sustainable socio-economic development (droughts, floods, epidemic, landslides, volcanic eruptions and earthquakes). Despite the fact that some of the disasters experienced in Rwanda are not directly linked to human influence, a single disruption of the normal environment trend leads to severe consequences due to high degree of vulnerability of the majority of the Rwandan population including women (REMA, 2009).

4.4 Problems affecting WSSBs Business Growth in Kicukiro and Gikondo Sectors

In this study, the respondents highlight the main problems and constraints facing them while practicing the normal economic activities. Some of these constraints are legislatives of government at local level, policy ones, related to types of work. Female owner businesses in Rwanda perceive tax rates as one of business constraints. Respondents were asked different questions regarding the problems affecting the growth of WSSB in Kicukiro and Gikondo sectors. The results have found that tax rate hurts small businesses in general and women in particular. Their responses are organized as shown in the following Table 4.20

Table 4.20: The Major Problems Respondents encountered in their Businesses

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Lack of capital	32	32.3	32.3	32.3
Lack of education	7	7.1	7.1	39.4
Inadequate training	15	15.2	15.2	54.5
Lack of infrastructure	12	12.1	12.1	66.7
Combining family responsibilities and business	7	7.1	7.1	73.7
lack of collateral to enable them secure loans from banks	3	3.0	3.0	76.8
Increase competition	7	7.0	7.0	83.8
Tax rate and regulations	16	16.2	16.2	100.0
Total	99	100.0	100.0	

Source: Author's field data, 2014

Table 4.20 shows that a very large majority (32.3%) of women perceived lack of capital; (15.2%) inadequate training; (7.1%) of women perceived lack of education; 12.1% lack of infrastructure; while (3.0%) lack of collateral to enable them secure loans from banks; (7.0%) increase competition while (16.2%) of women perceived high taxes and regulations. The results show that tax rate and regulations perceived 16.2%; this means that taxes come at the second place of the constraints after lack of capital which perceived 32.3%. The women's small scale business revealed that getting them to pay tax becomes a problem. This is because the few that are living up to their civic responsibility becomes discourage when they discover that they have paid different taxes. According to Nightingale (2002), "No one really likes paying taxes yet, they are inevitable for the provision of social welfare". However, the main

reasons for business problems with the tax system are: the large number of business taxes to pay; lengthy and complex administrative procedures, complex tax legislation; and high tax rates.

For example, “It is very difficult here in Rwanda to get access to capital, if you have not security for loan. It is reason why my business is small scale.” She said a woman of 34 years old in Kicukiro sector. A study by Kuzilwa A.J, 2005 suggests that small entrepreneurs are reluctant to sharing ownership which leaves them opting to short term debt financing which may constitute a constraint of capital upon the growth of the business. The above findings are in the line with the results of Kolstad *et al.*, (2006) who indicated that taxes are perceived to be a major problem for both young and old firms. Therefore, taxation has showing a way towards impacting small and medium enterprises. Furthermore, high tax rates and tax complicity discourage the growth of SMEs (Oludele & Emilie, 2012). This has the economic impact to the growth of the economy in the given country. From economic point of view, taxes increase production cost of goods and services which would eventually leads to higher price of goods/services to the final consumers.

Unfortunately, lack of capital and capacity of tax administration is a reality and often means that violation of tax law remains unchecked. Limited resources and capacity can take the form of inadequate numbers of staff or inadequate staff with the required skills and knowledge (e.g. audit and investigation skills); poor infrastructure or systems; and lack of funding or autonomy from the government. With the tax administration, unable to adequately carry out its role of enforcement and education/assistance effectively and efficiently, this often translates into taxpayer

perceptions that there is a low risk of getting caught and/or there are minimal consequences of non-compliant behaviour.

Furthermore, in Rwanda, the rate of literacy is rather low and there is limited tax education. For an uneducated person, it is difficult to understand the need for payment of taxes. Taxes are treated as punishment. Low literacy level makes it even more difficult for tax administration to educate taxpayers about their obligations and for taxpayers to complete the necessary forms. In addition, the weak point under Rwandan tax system is that during audits and investigations, emphasis is put on the use of the information got from the taxpayer himself. Information from third parties is rarely used.

Furthermore, there is a contradiction between the customs law and the tax procedure on the period for which the records as a source of information have to be kept. Article 11 of Customs Law provides that “All documents relating to the declarations of importation or exportation of goods must be kept by the persons concerned for five years from the date on which the document was signed by Customs” while the law on tax procedure provides that “Books and records mentioned under paragraph one and two of this article, are preserved for any time they may be required by the tax administration at least in a period of ten years starting from January 1st, following the tax year in which it was carried out”. According to articles 12 and 13 of law on tax procedures, Law n° 25/2005 of 04/12/2005 on tax procedures, all persons engaged in business activities must keep books of accounts and records. These records are important sources of information when a tax audit or investigation is being conducted.

A few common constraints and limitations faced by the majority of women's organizations are identified here to indicate the challenges that lie ahead. Cultural and social factors undoubtedly constrain women's organizations. One variable has been the low social and cultural status of women. Practically in all case study countries, women played subservient roles to men. Moreover, in the aftermath of conflict, Bosnia and Herzegovina, Cambodia, and Rwanda experienced some cultural revivalism, and euphoria for cultural traditions that often glorified the role of women as mothers and housewives (WWF, 2000).

Furthermore, the respondents indicated the problems they faced, for examples restriction of movement for traders and commodities. e.g. Some markets outside the town were closed at 8 p.m and search and harassment associated with risk of violence (Interview with a trader woman in Kicukiro sector). All the traders pay taxes and levies, respondents complain that the taxes are too high and no services are delivered against these charges. Women traders' problem is the large number involved in the activities, which create heavy competition and the need to legalize and license the activity; all of which reduce the income they get. The findings indicate that the business units noted that taxes and regulations is the most challenge to their businesses. The following is the evidence of one woman hairdresser:

" I am hairdresser from 2010 up to date. As you see, my business cannot grow. I pay different taxes such as patent, insurance, hygienic, but these taxes are too high because I earn low income and I have to pay my house allowance, scholar fees for my three children, food, cloths, health insurance etc. It will be better to reduce the taxes for us small scale business, in addition, no one enjoys paying taxes, seeing others escaping the tax net while you are attempting to pay your fair share is even less appealing".

However, the evidence from the RRA officer is:

” the taxes on small scale business are normal even if taxpayers complain that taxes are high. The problem is their ignorance of taxation benefits. May be RRA will increase training on tax policy and how tax administration effects small scale business growth because few taxpayers, for example, seemed aware of the tax option and its merits others perceived tax as one of business growth’s obstacles”.

In addition, lack of skills was another limitation of women in doing their small-scale business. The results show that the respondents had lack of skills about tax administration, business management, business plan, etc. In addition, the findings revealed that most of owner’s businesses in study area have a very poor educational background. However, women’s small scale businesses are never comfortable at their business units since they lack suitable training, and leadership skills to sustain their operations in the various areas of accounting, marketing, technological processes and development as well as administration and management. Women-owned businesses indicate that the lack of management and technical skills and lack of access to training facilities are obstacles to their business growth. Few of the women interviewed for this study benefited from any training programs.

Though nearly all expressed interest in training, as well as mentoring, and learning exchanges, indicating the need for such initiatives to fill existing gaps and enhance the skills of women in taxation. In addition, one theme of almost all interviews with women’s small scale business was that there was no reliable information on the requirements, standards, and procedures available. The administration does not give

the businesses the chance to behave lawfully because the necessary information is not published. In a time consuming and often expensive process, businesses learn about standards only after a violation has been stated and a fine had to be paid.

About competition, the respondents agree that this is a challenge brought about by those businesses that possess dynamic capabilities, credible with licensing, taxation and enhances their access to rationed resources such businesses can easily out-price and out-sell the small businesses thus contributing to improved performance for development. Most small businesses literature concentrates on the financial problems of small scale businesses (Adisa, 2008), but this study has, in relation to the Rwandan context, identified other problems such as lack of adequate funding, inadequate infrastructural facilities, lack of proper business and management knowledge, poor record keeping and information management, inability to distinguish business capital from personal money.

In addition, problem of funding is one of the five major themes discovered in this study. Despite the widely acclaimed beneficial effects of small businesses on economy development, improvement of local technology and development of indigenous entrepreneurship and among others (see Etebefia and Akinkumi, 2013; Moses and Adebisi, 2013). Small business owners across the country attributed this situation to poor funding of small businesses and charged the government to address the problem without further delay. The issue with funding small businesses in Rwanda is twofold;

(a) problem of securing adequate fund to start-up the business, (b) lack of funding to sustain and upgrade small businesses. During the interview, participants shared their experiences in relation to securing funding to start, maintain and improve their businesses. The following quotations typify their shared views:

Starting a business here in Rwanda is very complicated, many things need to be put in place, but the chief among them is funding that is extremely difficult to get. I had to sell my things and solicited for money from friends and family to start this small business about two years ago; no properties to secure a bank loan (Respondent in Gikondo sector). I think I should say, first of all, that a proper credit facility which weighs and evaluates individual credit status for loan purpose does not exist in Rwanda, one needs to present a worthy collateral to secure a bank loan in Rwanda which is very difficult for many of us (small business owners)...I started this business with my savings and funding has been the bane for growth over the years (Respondent in Kicukiro sector).

These findings resonate with Klein's (2014) argument that most entrepreneurs start their businesses with their savings and loans from friends and family. According to Organization for Economic Co-operation and Development (OECD 2009), Rwanda government, over the years, have introduced a number of financial schemes channeled at assisting small businesses in Rwanda but these schemes have yielded very little or no result. Another respondent said:

Since graduation from the University, I could not secure a job so I decided to start a business that will, at least, cater for my daily and family needs. My savings were too weak to start any business, so I approached my local bank for a business loan which was abruptly turned down because I did not have collateral to get a loan. The same thing happened to every other bank I went...it's really frustrating. No

matter how good your business idea is in Rwanda, funding will eventually kill the idea (Respondent in Gikondo sector).

Crucial facilities such as uninterrupted electric supply, good road network, good water supply, sewers and efficient waste disposal facilities, and other essential infrastructures needed to support society and business operations are lacking (see Okpara, 2011). Small business owners commented on the excruciating effects of lack of crucial infrastructural facilities on their businesses. A respondent said.

My business would have grown better if there are adequate infrastructural facilities provided by the federal government. These facilities are prerequisite to business growth (Respondent in Gikondo sector).

Most small businesses operations require facilitating resources and services. These facilities may be either the responsibility of the government or the owner of the business to provide. The facilities are expected to enhance the growth of the business. One of the outstanding of decay infrastructures in Rwanda is the epileptic power supply and erratic supply. This negatively affects the operation and provision of services that require stable power supply. Majority of the respondents identified lack of good power supply as a major problem militating against their operations. They following typified their shared views.

We rely on electricity supply from Power Holding Limited (PHL), a major supplier of electricity owned by the Federal Government, but the distribution of power is not stable. It is even worse if your outlet is not within the industrial zone. Moreover, other sources of power are very expensive to acquire and to maintain. The costs of buying a power generating set or solar energy are very expensive. Therefore, power supply adds to the cost of operation that affects the sales because

consumers will prefer cheaper products (respondent in Kicukiro sector).

Bad infrastructural road network is another major challenge hindering the growth of small business in Rwanda. The bad road syndrome makes distribution of goods and services difficult in some areas of the metropolis. This invariably raise the transportation costs and makes operations of small businesses difficult (Okpara, 2011). A respondent said:

Bad road discourage people from frequenting our shops. It is even worse during the raining season. The roads are so bad that customers dread to walk up to our shops for fear of soiling their clothes (Respondent in Gikondo sector.)

The above statements resonate with Gill and Biger's (2012) argument that infrastructural facilities of a country are the stimulus catalyst with which its economic growth can be assured.

Furthermore, formal education is one way of acquiring management skills. However, it was discovered that most small business owners in Rwanda have formal education below first degree. Carson and Gilmore (2000) argued that essential factors to the growth and success of small business are an educated and skilled labour force. These will also assist businesses to gain some competitive advantages in the industry. Small businesses are more concern with challenges associated with the retention of employees who have knowledge and skill in managing people (Walker *et al.*, 2007). Owners of small business do not always employ a manager that is highly skill in management. Management decisions in small businesses are made by owner

irrespective of their skills in managing people but believe in the general way of conducting business activities (Carson and Gilmore, 2000).

However, small business owners or managers that have these skills tend to be successful. Didonet *et al.*, (2012) pointed out that businesses have potential to succeed if the owners have better skilled in human resource management.

I am able to retain my customers and attract new customers. The success of my business is the ability to retain my customers through healthy interaction and knowledge of customers' sensitivity to their priority.

Therefore, entrepreneurs who are educated and have the required skills, self-confidence and technical knowledge attain high growth rates in their businesses and always successful (Didonet *et al.*, 2012). They define managerial skills as a set of complementary skills that are integrated and possessed by the business owner. These are administrative ability, persuasiveness, and fluency in speaking, creativity, diplomacy and conceptual skills. The performance of the business is influenced by these managerial skills especially human resource skills. Xheneti and Bartlett (2012) argue that managerial skills have an important role in explaining differences in business performance. Skills and knowledge may be acquired in the business through experience that is most important towards the success of the business. A respondent said:

I learnt this trade through experience and the business have been successful. These constraints differ according to types of work.

4.5 Solutions facilitating the Respondents in combatting the Problems faced in Kicukiro and Gikondo Sectors

The Solutions facilitating WSSB to continue their work outside and inside the town and this work categorizes into the solutions in different types. The proposed solutions are summarized below. Improved the security situation, help in opening the markets and make it accessible to market outside the town and fewer of goods. Organization of market in term of specifying place for each economic activity and provide some place for women's small scale business; Organization of taxes payment by determined legal authorities; Improve education of women; Incorporate programmatic elements such as training or leadership opportunities that contribute to women's empowerment. Review organizational policies to ensure gender sensitivity and gender equity; Organization and training; Women need to organize themselves in legal forms so as to able to protect themselves, in addition to improve the existing skills and develop new ones, subsidized fund to improve current income to avoid the market forces Facilitate and encourage girls to study; Training in hygiene required; Training in social rights and legal issues required by women member.

All these problems, coupled with women lack of institutions to protect them or help them by resources, add to women diverse situation. Despite the problems women face, still there are several proposed solutions as in Table 4.21

Table 4.21: How these problems were be solved

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Avoid overspending and have a saving culture	10	10.1	10.1	10.1
Business minded and hardworking	12	12.1	12.1	22.2
Have a business plan	8	8.1	8.1	30.3
Have a saving culture	10	10.1	10.1	40.4
Increasing women's small scale business	14	14.1	14.1	54.5
Invest in profitable business	5	5.1	5.1	59.6
Reduce taxes and security for loan	17	17.2	17.2	76.8
Start with small credit	8	8.0	8.0	84.8
Training about taxation before starting business	15	15.2	15.2	100.0
Total	99	100.0	100.0	

Source: Author's field data, 2014

As shown in Table 4.21, further findings from the respondents are interested in improving the growth of their business by reduce taxes and security for loan at (17.2%) while invest in profitable business at (5.1%) and preferred training about taxation before starting their business at (15.2%). The closer analysis of the result leads to the conclusion that reduces taxes and security for loan and training about taxation before starting their business at are the most important aspects for the growth of any business. For example, a woman of 25 years old in Kicukiro sector noted that:” Training before starting business can help me to start very well my small-scale business and invest in profitable business in order to gain much money.

Business minded and hardworking can help me also to have a saving culture, and when I need a loan for example, it will be very easy to get it.”

In addition, according to Hisrich (2005), there is another one success factor for an entrepreneur is having own premises such as land have their own land to run their businesses can influence the growth of small scale business. Furthermore, coming down to the matter of lack of a proper business plan/vision for the business, it is evident that firms which have no proper business plans at start face the most challenges during the course of their lives. It is emphasized that a formal plan for a business is needed in order for proper goals and objectives of the firm to be laid out in the open so that the team in the organization/firm works together for the same goals in their minds. Also, the business plan is important since it is helpful in monitoring the extent to which these plans are successful in terms of materialization and it provides the opportunity to review reasons as to why the plans and outcomes differ.

Moreover, the availability of business opportunities and an entrepreneurial team are also important aspects for the success of business venture. Because an entrepreneurial team is necessary to implement the businesses’ objectives as outlined in the business plan. The business plan is a framework which a business must operate within. It will ultimately determine whether the business performance is good or bad. For management or entrepreneurs seeking external support, the plan is the most important sales document that they are ever likely to produce.

According to the interview result, majority of the interviewee pointed that they have no business plan to run their business activities. A lack of business plan is one of the

most often cited reasons by author, such as Renee (2007), for problems in developing and growing a venture and one of the main causes of business failure. A good business plan is not only important in developing the opportunity but also essential in determining the resources required, obtaining those resources, and successfully managing the resulting venture. Taking this into consideration, MSEs sector should therefore ensure that they equip their employees with the necessary business plan skills.

In general, the growth of Women Small Scale Business depends on the organizational and operational capacity of the beneficiaries to effectively use small loans for the planned activities. The respondents revealed that small scale business empower many women in study area. However, given the level of education, majority of the women's small scale business have no business qualification and experience. Government institutions and NGOs need to organize trainings to the learning capacity of the majority poor who have low education. It would be actually important for the Government to focus more on business management, environment and investment priority. Because once the users' capacity is built and enhanced through business skills training, they can properly manage small scale business and realize income and timely service the credit. Another appeal is for the borrowers to not only join credit groups to access the facility, but rather build group membership and social support systems, as conduits for exchange of information, knowledge, experiences and skills of using micro-loans and business management.

In addition, results showed that some of the respondents had low level of education in doing business. It would be better to increase the level of education by training

women at secondary level and in business incubation centers. The findings revealed that majority of the women's small scale business lack educational skills and training which impacts on their small-scale business growth.

Data collected in the study (UNDP 2005) showed that women's literacy levels were very low although education and training is the key to employment opportunities and self-sufficiency and development. The findings revealed that unemployment of women in study area was the leading cause of poverty in households. In addition, lack of capital was a pressing problem that made it impossible for poor households to get enough to eat and improve their livelihoods. Life was difficult for them, because one needs income in order to eat, and engage in trade, access health and education services. In Rwanda and most African countries, the majority of the poor population is female-headed households (Frankenberger *et al.*, 2003). The poverty was mainly attributed to roles they are assigned and the limits placed by societies on their access to resources creating the problem of gender inequality.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This part of the study presents the summary, conclusion and recommendations on a study that was done to assess the effect of taxation on women's small scale business in Kicukiro and Gikondo sectors in Kicukiro district of Rwanda. The conclusions are based on the research objectives of the study. Based on the findings of the study recommendations are made to government bodies and suggestion for other researchers.

5.1 Summary

This research was conducted in Kicukiro and Gikondo sectors in Kicukiro district. The topic was the effect of determinants of growth on women's small scale business growth in Kicukiro district. Particular focus was on taxation effects on WSSB growth in Kicukiro district in Rwanda. In the world, the women have been as important as men. In fact, without the participation of women in national activities, the social, economic or political progress of a country will be stagnated.

The study was based on the survey of 99 women's small scale business engaged in four sectors/areas such as trade, hairdressing, tailoring and weaving baskets in cooperatives in Kicukiro District in Rwanda. The 99 respondents considered in this study were women in the age ranged from 15 to above 45 years with low income; their educational level ranged from illiterate to secondary school while their marital

status fall in the categories of married, widowed, divorced and singles. The research study was guided by the following objectives: the first section highlights the profile of women's small scale businesses in Kicukiro and Gikondo sectors, the second section attempts to describe the determinants of growth on women's small scale businesses growth in Rwanda. The third section seeks to assess the relationship between determinants of growth and women's small scale business growth, while the last section tries to assess the challenges faced by women's small scale business, draw conclusion and make recommendations. The above objectives were achieved using qualitative and quantitative data collection and analysis methods. The methods used to collect data were, interviews which helped in discussions with interviewees, questionnaire which helped to get the research questions answered, finally consultation of documents from different studies which all together served as the basis to the findings. The study used across sectional survey design and descriptive statistical analysis based on 99 women's small scale business that varied in sizes and types were purposively chosen in two sectors; Kicukiro and Gikondo in Kicukiro district, in Rwanda.

However, the problems affecting women's small scale business growth were found to include; lack of skills about doing businesses, inadequate training, lack of financial, lack of collateral to enable them secure loans from banks, lack of infrastructure, tax rate and regulations. Nevertheless, a lack of education and business skills has been identified as growth barrier of women owned enterprises and across Rwanda, self-employed women have indicated a need for education and training in order to improve their business practices. In addition, my intention has

been to clarify the determinants of growth on women's small scale business growth in study area.

5.2 Conclusion

In conclusion, this chapter has presented study findings about respondents' women's small scale business growth towards determinants of growth in Kicukiro District.

From the research perspective, we can therefore make a safe conclusion that our present knowledge on determinants of growth on women's small scale business growth is still insufficient in developing countries especially in Rwanda.

More cross country research is needed to develop data base on determinants of growth on women's small scale business growth in Rwanda along gender analysis. A better understanding of enterprises and entrepreneurs can make a major contribution to the development of improved approaches for promotion of efficient and equitable growth of women's small-scale business. From policy perspective, in the long run, effective policies and programs to support the development of small-scale enterprises depend critically on adequate knowledge of characteristics and constraints of women's small-scale business growth.

Furthermore, findings of the study revealed that small scale businesses provide employment to the poor people especially women, who have no other means of income. Women are highly represented in small scale businesses and operating small income generating activity. They are significant in terms of reducing poverty, creating job, contributing in the growth of the economy of any country especially in developing countries. The small-scale businesses, although their importance for

poverty reduction is recognized, there is little confidence among policy makers about their ability to contribute to the growth of the economy. Therefore, greater attention needs to be paid to the development of the sector in general to promoting women owned small scale businesses in the continent and ensure women's economic empowerment as a way to reducing poverty and promoting growth. However, the respondents came from various activities such as; retail trading, tailoring, weaving baskets cooperatives and hairdressing in salon. Small scale business women in Kicukiro district identified a lack of knowledge about business for example, financial management, business management, business innovation, resilience in doing business and market information. In addition, a number of factors have been identified as the reasons as to why women's small scale businesses in Kicukiro district fail to grow. On the whole, our result shows some differences and similarities between the studied countries with regard to firm growth barriers. The result also indicates that WSSB in Kicukiro and Gikondo sectors are inclined towards using external finance, however, certain limitations in access to finance may create a barrier to their business growth.

In addition, the business growth of respondent WSSB found that there was a strong relationship with innovation support and infrastructure, organizational workforce, and corruption practices. There is a negative relation of 'corruption practices' is one of the barriers of growth in WSSB in study area. This finding is inconsistent with the study of (Fisman, & Svensson, 2007) that provided some validation for firm-level theories of corruption, which posit that corruption retards the process of growth to an even greater extent than tax rate. Our result in this

context highlights that anticorruption and transparency indices in the respondent region are still not up to the standards of good governance.

The effect of innovation and tax rates is tested showing the mediation effect of innovation between predictors and SMEs' business growth. In the second variable 'tax rate', negative mediation is found. This extends the assumptions of Kenny and Judd (2013) who suggested, in such case, the mediator acts like a suppressor variable with variant effect on the endogenous variable.

The study has discussed these constraints in light of literature concerning factors influencing growth of small scale business and barriers to growth in small scale business. Comparing the results as obtained from the interviews that were conducted by the author; a few factors emerged stronger in limiting small scale business' growth as they were mentioned more times than the others by the interviewees. These constraints include capital constraint, high taxes, lack of a proper business plan, inadequate education and training and lack of infrastructure, lack of loan etc.

However, taxes for women's small scale business have been more harmful than beneficial as they increase running costs and slow down growth. Most of the women's small scale businesses surveyed are faced with the problem of high tax rates, multiple taxation, complex tax regulations and lack of proper enlightenment or education about tax related issues. In addition, empirical studies indicate that among the entrepreneurs' characteristics influencing small firm business growth, the most clearly influential propositions appear to center on the founder's growth motivation, level of education, previous experience with business ownership or management and

willingness to team up with other entrepreneurs. Furthermore, the respondents revealed that access to funding allows poor people to take advantage of economic opportunities and reduce poverty in all society. It allows also poor households to change from every-day survival to planning for the future. Thus, women should be sensitized, empowered and educated for maximization of revenues in the country.

5.3 Recommendations

Based on the findings made from this research study, the following recommendations are therefore made:

- a) There is a need to educate the women's small scale business in Kicukiro and in Gikondo sectors. WSSBs have to seek first an adequate knowledge of business into training programmes and courses on business administration before rushing into doing any kind of business idea they have.
- b) The government should facilitate access to credit by women entrepreneurs at the level of micro and small-scale enterprises, through innovative programs and financing arrangements. It is important for WSSBs to look for and maintain good relationships with credit providers like banks and other financial institutions in order to grow their businesses. The government should play its important role of ensuring reliable markets to women's small scale businesses found in Kicukiro and Gikondo sectors.

5.4 Areas for further Research

Future studies should put into consideration a wider geographic scope; extend the study to the country as a whole. Areas for further research include:

- a) Obstacles of growth among women's small scale business performance in Rwanda
- b) The role of infrastructure among the women's small scale business growth in Rwanda, and
- c) The impact of tax rate on the failure of small scale business growth in Rwanda.

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APPENDICES

Appendix 1: Questionnaire for Respondents in Kicukiro and Gikondo sectors.

Dear Respondent,

My name is **Anathalie Niyigena NYIRAMUGWERA**, a student of PhD Programme at Open University of Tanzania. I am completing my studies and am doing research on the topic: “Effect of Taxation on women’s small scale business growth in Rwanda”: Case of Kicukiro district, Kigali town. I am therefore requesting to use at least 30 minutes of your time in answering these questions. Your assistance in filling out the questionnaire will help this study to achieve its objectives. I would like to assure you most sincerely that whatever information is supplied by you through these questions will strictly be confidential and used for the research purpose only.

Thank you!

Note: No need of writing your name: Si ngombwa kwandika izina ryawe

Section A: Demography Profile of the Respondent: Umwirondoro w’usubiza

A0: Number of questionnaire.....

a1. Sector/Umurenge.....

a2. Cell/Akagari... ..

a3. Age of Respondents/ Icyiciro cy’imyaka y’amavuko usubiza arimo

S/N	Age/Imyaka	Tick (√)
1	15-20	
2	21-25	
3	26-30	

4	31-35	
5	36-40	
6	41-45 and above	

a4. Level of education completed/Amashuri usubiza afite

S/N	Level of education	Tick (✓)
1	Illiterate/Ntayo	
2	Primary/Amashuri abanza	
3	Middle school/ icyiro cya mbere cy'ayisumbuye	
4	TVET/ Amashuri y'imyuga	
5	Secondary/Ayisumbuye	

a5. Marital status of Respondents/ Irangamimerere y'usubiza

S/N	Status	Tick (✓)
1	Single/Ingaragu	
2	Married/Arubatse	
3	Widow/Umupfakazi	
4	Divorced/Baratandukanye	

a6. Occupation of Respondents/icyo usubiza akora

S/N	Occupation/icyo akora	Tick (✓)
1	Agriculture/ubuhinzi	
2	Trade/ubucuruza	
3	Livestock/ubworozi	
4	Arts and crafts/ubukorikori	
5	Hairdressing/ gusuka cyangwa kogosha	
6	Tailoring/ Kudoda	
7	Others specify/sobanura niba hari ikindi ukora	

a6a. Why did you choose this type of business?

.....

.....

a7. At which age did you start your business?/ Watangiye gukora ufite imyaka

ingahe?

a8. How much did you invest in your business?/Watangiye amafaranga angana iki?

a8a. What is your income generation per month?/Wunguka angahe ku kwezi?

a8b. Are you in which categories of income? Uri mukihe cyiciro cy'inyungu?

a9. Does your business employ other people?/ Waba ufite abandi bakozi mukorana?

a10. If yes, how many people? /Niba bahari, ni bangahe?

a11. What was the source of startup capital for your business?/ Igishoro wagikuye he?

S/N	Source of startup capital for your business	Tick (✓)
1	Own savings/ Kwizigama	
2	Loans from micro finance institutions/inguzanyo	
3	Friends and Relatives/Impano	

a12. What is the size of your business?/Icyiciro cy'ibikorwa byawe?

S/N	Size of your business	Tick (✓)
1	Micro/Gito cyane	
2	Small/Giciriritse	
3	Medium/Kiringaniye	
4	Large/Cyagutse	

a12a. Which one of the following aspects is the most important for the success of your business? Ni iyihe mpamvu muri izi zikurikira zatuma ibikorwa byawe bibyara inyungu birushaho gutera imbere?

S/N	Aspects of success of your business/ impamvu yatuma ibikorwa byawe bitera imbere kurushaho.	Tick (✓)
1	Business plan/Gutegura neza umushinga cyangwa se icyo ugiye gushoramo amafaranga yawe	
2	Reduce taxes/Kugabanya imisoro	
3	Work in cooperatives/ kwibumbira mu makoperative	
4	Training in business skills/Guhugurwa mubyerekeye icyo ugiye gukora	

5	Business opportunities/ Kumenya igikenewe cyane mubyo ugiye gushoramo amafaranga	
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Section B. The Role of Women's small scale business in economic growth

b1. Which of the following is a role played by Small Scale Businesses in economic growth? Ibikorwa byawe biciriritse bigufitiye nyungu ki?

S/N	Role of Small scale business	Tick (✓)
1	Distribute Money among workers/ Haboneka amafaranga mu bakozi	
2	Develop other industries in the country/bishobora kubyara inganda nini	
3	Improve your income/inyungu iriyongera	
4	Reduce poverty/Bigabanya ubukene	
5	Increase respect by husband/ kubahwa n'umugabo wawe	
6	Provide work to the unemployed persons/ bitanga akazi bubatagafite.	

b.2. Please indicate the degree to which you agree with the following statements concerning the determinants of Small Scale Businesses growth in your businesses?

S/N	Determinants of Small Scale Businesses growth in Rwanda	Tick (✓)
1	Infrastructure	
2	Access to capital	
3	Corruption	
4	Workforce	
5	Access to training	
6	Creativity	
7	Innovation	
8	Location	
9	Firm age	
10	Tax rate	
11	Firm size	

Section C. Problems affecting Women's small scale business growth in Kicukiro district

c1. What are the major problems do you encounter in doing your business?/ nizihe ngorane muhura nazo mu mirimo yanyu ibyara inyungu?

.....

.....

.....

c2. How can these problems be solved?/ ibyo bibazo byakemuka bite?

.....

.....

Thanks a lot, May God bless you all!/ Murakoze cyane, Imana ibahe umugisha!

Appendix 2 : Interview questions (personal and focus group discussions)

1. At which age did you start your business? Watangiye gukora ufite imyaka ingahe?

2. How much did you invest in your business? Watangiye igishoro kingana gute?

3. Do you do which kind of business? Ukora umurimo bwoko ki?

4. Does your business employ other people? Ese waba ukoresha abandi bantu?

Yes/Yego

Not/Oya

5. If yes, how many people? Niba ari yego, ni bangahe?

6. What is the size of your business? Umurimo ukora uri muruhe rwego?

7. Why did you choose this type of business? Kubera iki wahisemo uyu murimo?

.....

.....

8. What was the source of startup capital for your business? Igishoro watangiye wagikuye he?

9. Do you have any challenges in your business? Ese hari ibibazo uhura nabyo?

Yes/Yego

Not/Oya

10. If yes which one? Ni ibihe?

.....

11. Is your business registered? Ese ibikorwa byawe birabaruye? Yes/Yego

Not/Oya ☐

12. What are the major problems do you encounter in doing your
 business? Ese muhura n'izihe ngorane mu bikorwa byanyu?

.....

13. How can these problems be solved? Ese ibyo bibazo byakemuka bite?

.....

Thanks a lot, May God bless you all

Appendix 3: Research clearance letter

THE OPEN UNIVERSITY OF TANZANIA

DIRECTORATE OF RESEARCH, PUBLICATIONS, AND POSTGRADUATE STUDIES

P.O. Box 23409 Fax: 255-22-2668759 Dar es Salaam, Tanzania,
<http://www.out.ac.tz>



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19/04/2014

The Executive Secretary,
 (Attention Mr. Niyireba Achille),
 Kicukiro & Gikondo Sectors,
 Kicukiro District, Kigali,
 Rwanda.
 Tel. No: (+250) 783097321

RE: RESEARCH CLEARANCE

The Open University of Tanzania was established by an act of Parliament no. 17 of 1992. The act became operational on the 1st March 1993 by public notes No. 55 in the official Gazette. Act number 7 of 1992 has now been replaced by the Open University of Tanzania charter which is in line the university act of 2005. The charter became operational on 1st January 2007. One of the mission objectives of the university is to generate and apply knowledge through research. For this reason staff and students undertake research activities from time to time.

To facilitate the research function, the vice chancellor of the Open University of Tanzania was empowered to issue research clearance to both staff and students of the university on behalf of the government of Tanzania and the Tanzania Commission of Science and Technology.

The purpose of this letter is to introduce to you Mrs. Anathalie Niyigena Nyiramugwera Reg. No. HD/B/1107/R.13 is a PhD student at the Open University of Tanzania. By this letter Mrs. Anathalie Niyigena Nyiramugwera has been granted clearance to conduct a research in respect of her PhD studies. The title of her research is "The Impact of Business Law on Poverty Reduction among Vulnerable Women in Rwanda: A Case Study of Kicukiro District". The research will be conducted in Kicukiro and Gikondo Sectors of Kicukiro District in Kigali Rwanda. The period which this permission has been granted is from 22nd April 2014 to 30th August 2014.

In case you need any further information, please contact: The Deputy Vice Chancellor (Academic), The Open University of Tanzania, P.O. Box 23409, Dar es Salaam. Tel: 022-2-2668820. We thank you in advance for your cooperation and facilitation of this research activity.

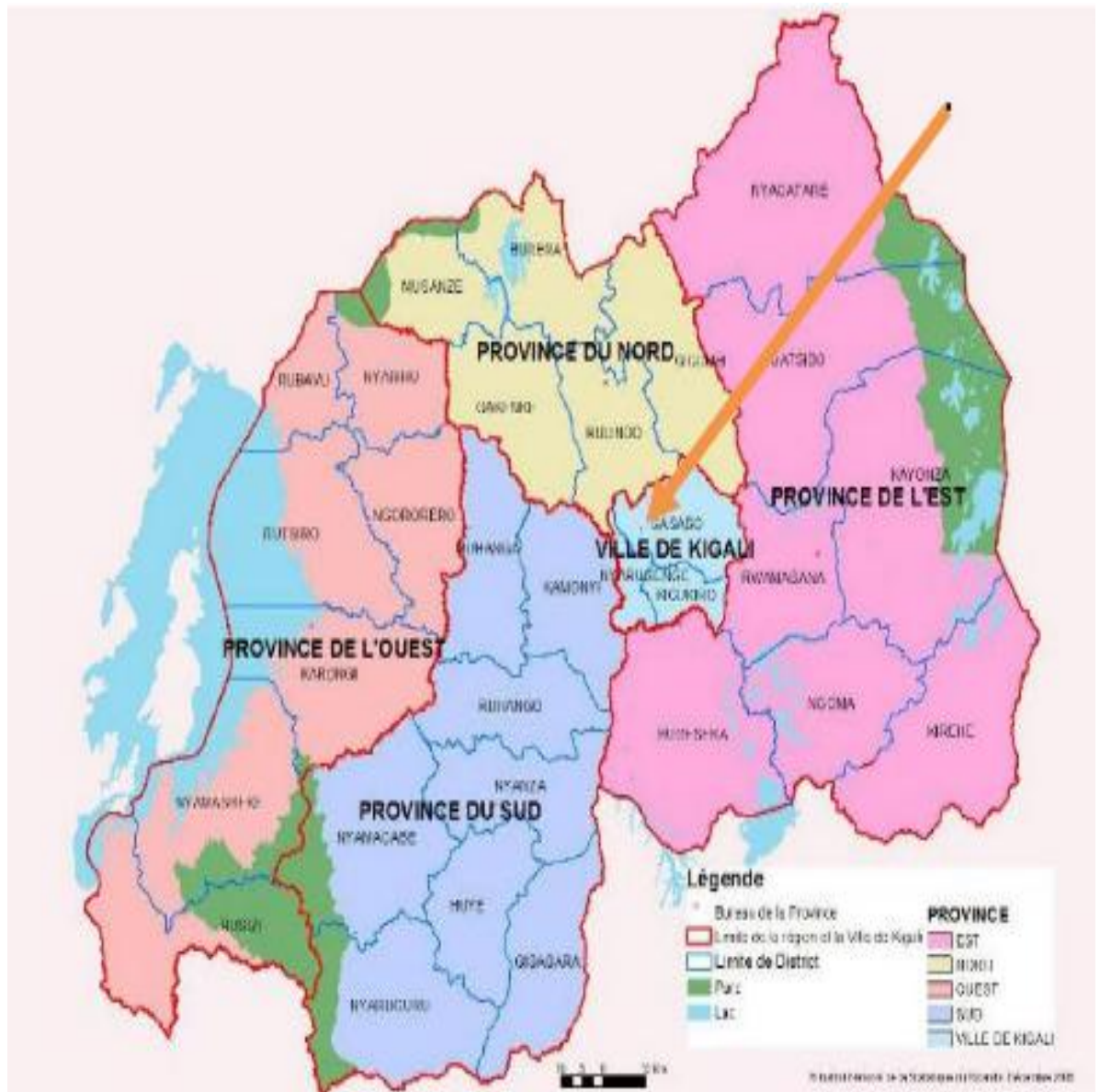
Yours sincerely,

Prof Shaban Mbogo

For: VICE CHANCELLOR

THE OPEN UNIVERSITY OF TANZANIA

Appendix 4 : Map of Rwanda showing Kigali town



Appendix 5: Women retail trading in Gikondo and in Kicukiro sectors

Appendix 6: Agaseke Cooperative in Kicukiro Sector of Kigali Town**Preparation of raw materials for handcraft activities by women****Handcrafts/products made by cooperatives women.**

Appendix 7: Tailoring activities

Appendix 8: Hairdressing activities