Business Support Services and Performance of Small Medium Enterprises in Rwanda: Case of BDF Supported SMEs in Gicumbi District

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Abstract- Small Medium Enterprises (SMEs) play a great role in the growth of economy and in job creation. However, they face different challenges that constrain their growth prospective. The current study investigated the role played by Business Development Fund (BDF) in providing business support services to the SMEs to improve their growth. It was guided by three specific objectives where data was collected from a sample of 83 SMEs using structured questionnaire. Descriptive research design was used to analyze data. The findings showed that BDF provides business support services to SMEs in Gicumbi district in the form of credit guarantees, advisory services and matching grant/credit line. These services have been availed to majority of the SMEs 60% to help them start-up and operate successfully. The relationship between Business Support Services and performance of SMEs was adjusted R square= 0.736 implying it was strongly positive and statistically significant. BDF is recommended to decentralize its services and products to sector level in order to meet with the lowest income group of people.

Key Words: Business Development Fund, Financial Support, Matching grant, SME growth performance, SMEs

I. Introduction

Small and medium enterprises (SMEs) have increased in numbers throughout the world, employing many people and have therefore turned to be regarded as engines of growth. Globally small and medium enterprises have a big impact in economic improvement as well as employment creation. SMEs have become drivers of economy where existing and upcoming entrepreneurs continuously provide fresh ideas, skills and innovations (Beck & Livine, 2005). As stated by Kongolo (2010) and Normah (2007), small and medium enterprises offer platform for the growth of economy in terms of providing job opportunities and bringing about innovation in an industry. They also form as sources of government funds through paying of taxes.

In Africa, the trend for SMEs is high with majority of the firms being SMEs. For instance in South Africa, more than 55% of the employed people worked in Small enterprises by 2003 and contributed to about 22% of the GDP. Similarly, micro and very small businesses contributed 16% jobs and production, medium and large contributing 26% employment and 62% of output. Similar picture is seen in Kenya where the number of people employed in the SMEs sector stood at

3.2 million in 2003 and contributing about 18% of the GDP in the country. At the time too, 90 per cent of all the firms operating in Kenya were small medium enterprises. Fifteen percent of the total formal job provision in Zimbabwe is by the small and medium enterprises (Ngui, 2014). According to a report by the Ministry of Trade and Industry (MINICOM, 2010) more than 72,000 SMEs operate in Rwanda with about 25,000 being registered formally. With respect to PSF study, Rwanda small and micro business enterprises is composed of 97.8 percent as private firms and attributed to 36% of employment in the private sector. However, these firms were found to be faced by challenges like improper accounting and financial systems. (MINICOM, 2010).

The significance of the SMEs segment and the features constraining the continued existence, progress and development of the sector remains to be at the pole position of policy discussions. This happens both to developing and to the developed countries. Government also ought to offer support and create supportive business environment for the SMEs to thrive in. In some of the empirical research conducted, (for instance, Mass & Herrington, 2006; Beek, 2007; Rogerson, 2008) the government support has been signaled out as the most influential factor for SMEs growth and development. It is also important to note that, majority of SMEs grow based on their relative competition in the market as well as the support to access credit from formal financial sector.

BDF was created in 2011 as an independent company by Development Bank of Rwanda (BRD) with partnership of the government of Rwanda for strengthening SMEs sector and facilitating creation of more jobs especially in younger entrepreneurs (BRD, 2011). BDF was initially started as only an institution offering credit guarantee. Later the government of Rwanda would get involved in the BDF and transformed it from just offering guarantee to also offering credit to small scale as well as to medium sized enterprises. The BDF therefore enlarged its operations and became an institution that offer credit guarantee, management of the grants, providing venture funds for starting up business, and also business advice services. BDF offer a wide range of services since the government interjections. This has come to be of help to many SMEs which were having diffculties in accessing these services. However, much need to be done

because the SMEs are still facing challenges in their operations and in their profitability.

One of the major challenge that face the SMEs is financial exclusion by formal financial institutions like banks. This has made it difficult for these SMEs to access credit or that they access at much higher rate. This has stifled their growth and development. Significant low figures of start-up Small and medium enterprises who apply bank loans succeed. This research therefore investigated the role of Business Development Fund (BDF) in supporting small and medium enterprises. These was guided by the following specific objectives

i) To examine the level of business support services provided to Small and Medium enterprises by BDF in Gicumbi District.
ii) To determine the level of performance of SMEs in Gicumbi District after obtaining support services from BDF.
iii) To establish the relationship between business support services and performance of SMEs in Rwanda

II. Literature Review

SMEs have a great potential of providing platforms for innovative ideas, technological advancement, product enhancement among others. Nevertheless, most of the SMEs end up underperforming due to the challenges that they face in their operations. Such challenges arise from lack of adequate finances, lack of skilled personnel, regulatory related issues, management challenges and lagging behind technological advancement, among others. It is therefore necessary to have the government interventions in creating a more competitive and supportive environment by providing mechanism like infrastructures and market accessibility. Consequently, need for establishing framework for sound regulations and financial support would auger well with the SMEs.

To achieve these, government can provide credit grantees. These refer to schemes whose main objective is to advance loans on guarantee basis to clients by sharing a portion or all the default risk that arise from the loan. In cases where the client fail to repay the loan, the lender generally cover up to the value of guarantee. The credit guarantee have some resemblance to other forms of credit like those with insurance and those with swaps (Ferrari *et al*., 2014). There are two forms of credit guarantee schemes (CGS) that define mostly whether it is a private one or a public one. A public CGS is usually provided for by the government or in the public sector by a government agent. An example where CGS is public is in the case of Rwanda where the scheme, BDF is publicly initiated to enhance access to credit for SMEs. These public schemes are more visible in the emerging markets. On the other hand, a private CGS is one whose operation are ran and managed by private sectors or individuals. These schemes are more seen in the developed countries and are usually in the form of mutual guarantee schemes. Lastly, international credit guarantee schemes can also be designed in which case they are in the protection or support of international organization (UNIDO, 2003).

BDF deal with credit guarantees and it provides securities for those borrowing funds and could not be able to access the same in the commercial banking. This could be because they are not eligible or due to lack of collateral to provide for the loan. In circumstances where an individual with a good business proposal approaches a bank for loan, he/she may not be given due to lack of enough collateral. In this case then, the bank can request the BDF scheme to cover as a guarantee the existing security gap (BDF, 2015).

According to UNIDO (2003) having credit guarantee schemes in an economy may act as a way of bridging existing financing gaps between small scale traders and large scale traders. They tend to enhance growth led by the private sectors as most of the SMEs are privately owned. The credit guarantee schemes may also end up reducing the lending risks to SMEs who in traditional lending are considered to be riskier and may at the same time lack the needed collateral for securing loans. The CGS may also be beneficial to the lending firms by providing necessary information about the borrower and at same time reducing the transaction costs on the side of lender as well as borrower.

SMEs can thus be able to reap benefits accruing from these CGS and be able to get finances to support their operations and their daily working capital. They can also be able to set aside the profit gained from their business to growth and development or even to other investment activities. In addition to these, the SMEs are able to compete favorably with other firms which do not have financing problems. They are also able to match competition with multinational companies operating with the country (Ferrari, Gąsiorowski & Gereben, 2014).

However, various criticism of this kind of scheme has been documented in literature. For instance Vogel and Adams (1997), argue that governments ought to spend their energy in correcting market imperfection instead of providing such funds to a particular segment of the economy. Further criticism is directed towards the government interventions on the normal operations of a bank. It is worth to note that banks are in a business of risk. Therefore the risk of default is inherent in their operations and should not be used as an excuse to provide guarantees. Banks should otherwise be able to deal with the risks they face including possible default from small scale borrowers (Seibel, 1995).

Another form of support for SMEs is through the provision of grants. These are provided towards investment activities that are at disadvantage of accessing funds elsewhere in the normal banking due to severe constrains like lack of collateral. It has also been directed to investments or sectors whose profitability are very unpredictable or whose risk are very high in comparison to other investment activities. These matching grant can be offered in liquid cash, in kind or as hybrid combing both cash and kind. In some cases such grant can be offered together with loans and or sometimes linked to other financial credit. These grant are much focused on provision of financial service towards socioeconomic infrastructure. They also target communally beneficial projects that will tend to gain more benefits to the more beneficiaries. They also differ from permanent transfers which target to provide services through channels like subsidies or safety nets. In Rwanda, BDF provides matching grants to the

best projects of startup entrepreneurs whom are unable to finance their business and it support such kind of financing for other SMEs for enhancing their growth and facilitating their performance.

According to Forbes (2015), a line of credit refers to loan advanced by a bank to individuals or to businesses whose terms are more flexible. The credit line offer the borrower an access to finance which he/she can repay at specified time or immediately on him/her finding ability to do so. Because, the line of credit is a form of a loan, it charges interest on borrowings and the borrower must meet the qualification criteria as set by the bank. In some occasion, the line of credit is granted based on the historical relation between the potential borrower and the bank.

With the existence of matching grants, the BDF offers guarantee to the bank such that the bank can be comfortable to extend the loan. It therefore acts as an investment cost subsidies for credit. For example, the BDF is currently managing rural investment facility which is being financed by the World Bank and through the Ministry of Agriculture.

According to Dyer and Ross (2008) SMEs face a lot of challenges that have made many of them fail in their operations. Some of these difficulties faced by SMEs include lack of marketing skills, poor planning management, lack of sound managerial skills and competencies, among others. Similarly Kamyabi and Devi (2011) cite these challenges and state that due to these challenges, SMEs are constrained in their operations as they seek to perform in their day to day operations. In addition to these, SMEs may find themselves constrained in their accounting and in their book keeping records (Evaraert et al., 2006, 2007, 2010).

Ardiana et al. (2010) pointed out that the measured performance of an organization is the outcome of so many interrelated decisions made at different levels of an organization and at different stages of the output process. In case of SMEs the main measures of performance include sale volume, ability to meet the business day to day expenses, ability of the business to support the entrepreneur or owner's consumption needs. Moreover, small and medium enterprises will gauge they performance on the premise that they are able to satisfy the business needs as well as meeting the costs of the owner (Sembiring, 2016). According to Suharto (2010) various factors are behind the working conditions within SMEs.

For industries and the firms thereof to grow and expand, the main determinant is the ability to access finance. The story in the developing countries bring more challenges to SMEs to access the needed finance. They tend to face more pronounced difficulties to accessing finance at the time needed and at the affordability levels they can manage. The main reasons behind this financial access problems lie in the financial systems within the developing world that tend to place a big financing gap between the SMEs and large corporation. There is also the problem of high transaction and administrative costs in managing loans advanced to SMEs as well as collateral requirement which blocks SMEs from accessing funds Dalberg report (2011).

Various empirical research have pointed out that access to funding is one of the main force that drives the ability for firms to perform and to increasing the level of economically viable activities. According to Beck (2011) the growth and the prosperity of the SMEs is tied up to their ability to access funds easily and at affordable rates. Access to finance also tend to improve the general performance and daily operations of the firms. This is because firms will depend on their working capital to build their businesses. If the working capital is always a constrained one, then some or majority of the activities will be strained. Beck and Demirgüç (2008) point out that it is through the financial access that firms are able to grow, to reduce their risk exposure levels through sound risk management and also enhance innovations and entrepreneurial activities. Further, to this those firms that have adequate financial abilities are able to expand further and seize business opportunities through research and development (Beck, et al., 2006). It can therefore be concluded that, the total production and economic activities are more enhanced in an economy that is able to provide funds for entrepreneurship (World Bank 2010) for reducing the greatest financial limitations particularly in low income nations.

The concept of growth of SMEs is indicated by the increase year by year of productivity and sales (Ronstadt, 2000). The growing business is characterized by generating enough cash, considerable high growth rates and market position, product performance, attracting repeat customers, competitive pricing, hiring skilled and experienced workers and market development (Klapper, et al,. 2006).The growth can either be internally instigated or externally instigated with the underlying firms being in a position to attend to both. In literature, growth of businesses has being studied by many and has led to various theories that try to explain these growth factor. On one side, some theories highlight the size and age as determinant of growth levels (Evans 1987; Heshmati 2001; Morone and Testa 2008). Mateev and Anastasov (2010) findings indicated that the enterprise growth is a function of its size, financial structure and level of productivity. Further, they suggested that asset base of a company determines how much it can grow especially in terms of sales volume with other intangible assets not having much influence.

In their research, Lorunka et al. (2011) pointed out that the founder's gender has an impact on the firm's growth prospective. In addition other factors like capital invested at startup stage and strategies adopted by the firm are key indicator of whether the firm is having potentials of growth or not. Similarly, another key pointer to the growth factor is ability or commitment coming from the owner/founder which is a higher indicator than the number of employees. Study done by Nguyen, Gan and Hu (2015) tested the effect of financial access on SMEs' growth while Adade and Ahiawodzi (2012) in their study on the how the access to credit affect SMEs found out that there is a significant impact on SMEs in Ghana. Olowe, Moradeyo and Babalola (2013) in their study in Nigeria was concerned with establishing the effect of microfinance on the SMEs performance and growth. Ombongi and Long (2018) investigating the factors affecting the financial performance of SMEs concentrated in manufacturing.

Theoretical Framework
Contingency theory

According Fiedler (1964) contingency theory states that there exist no static model or formula that can be used for all firm to achieve their objectives or to streamline their operations. What this means is that, for organizations to be able to structure itself along a given path, it has to employ the operating contingency that best fit its technology. SMEs can be able to make use of this theory by adopting structurally innovative designs in their daily operation specifically in order to react to the challenges that SMEs world face. In addition to this, SMEs can adopt fitting strategies that can increase the effective and efficient methods of operations in their business management (Krishna *et al*., 2012).

Resources based theory

According to Barney (1991), if a business is to grow or is to improve its performance, all it has to do is to look at the resources available to it. With the resources that a firm has, it can be able to create a competitive edge over its competitors and enhance performance. The focus here is on the resources that a firm has in terms of material resources, financial resource and human resources. This theory can be applicable in SMEs related cases of growth. This is because for SMEs to grow and expand their operations they must always start by enhancing the resources at their disposal in an efficient manner. As a matter of fact, an SME should not complain about inability to access funds if what it has it is unable to maximize on it. The theory fit well with the growth strategies that an SME can adopt. Such strategies should focus from first within and then externally. However, due to their strained resources, SMEs can as well seek resources outside but should be able to effectively utilize any resource that it acquires.
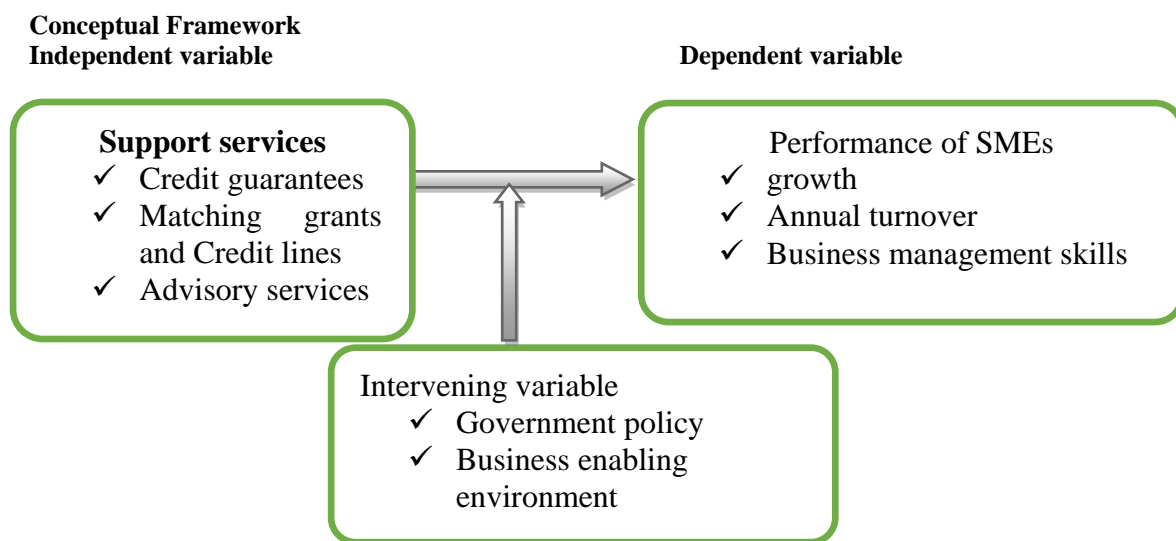
Conceptual Framework
Independent variable   **Dependent variable**

Support services
- ✓ Credit guarantees
- ✓ Matching grants and Credit lines
- ✓ Advisory services

Performance of SMEs
- ✓ growth
- ✓ Annual turnover
- ✓ Business management skills

Intervening variable
- ✓ Government policy
- ✓ Business enabling environment

Figure 1: Conceptual frameworks

III. Materials and Methods

The study was conducted in Gicumbi district, and it involved a descriptive research design. The researcher used both quantitative and qualitative methods of data collection and analysis; this is involving the collection of data from the respondents and analyzes their response with the relation to the topic and area of the study. The target population was composed of 505 SMEs. For estimating the sample from population, the researcher used the following Yamane T. (1967) formula: $\square = \frac{N}{1+N*(e)^2}$ Where n is the sample size, N is

the total population and e is the error

$$\frac{N}{1+N*(e)^2} = \frac{505}{1+505*(0.1)^2} = \frac{505}{6.05} = 83.4 \cong 83.$$

Respondents were selected using purposive sampling technique based on size and location. The researcher collected primary data through use of questionnaire. Descriptive statistics were used to present data. In addition, Pearson's coefficient correlations were used to determine the relationship between BDF and performance of SMEs in

Gicumbi district, Rwanda. Further regression analysis were conducted to give better analysis of the study variables.

IV. Results and Discussions
Part I: Demographic characteristics of the respondents
Table 1: Gender of respondents

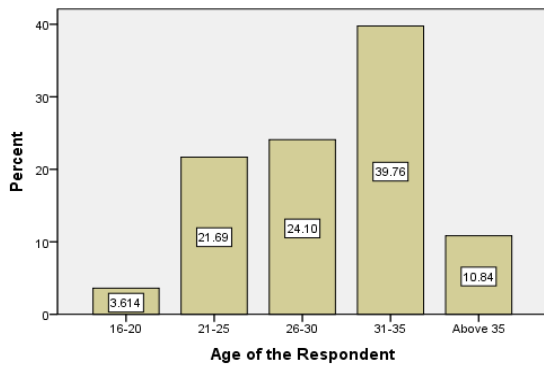| Gender	Frequency	Percentage
Male	57	68.7
Female	26	31.3
Total	**83**	**100**

Source: Primary data

Figure 2: Age of the Respondents
Source: Primary data

The finding shows that the majority of respondents (39.76%) were aged between 31 to 35 years, followed (24.1%) respondents were aged between 26 to 30 years, 21.69% had years ranging from 21 to 25 years.
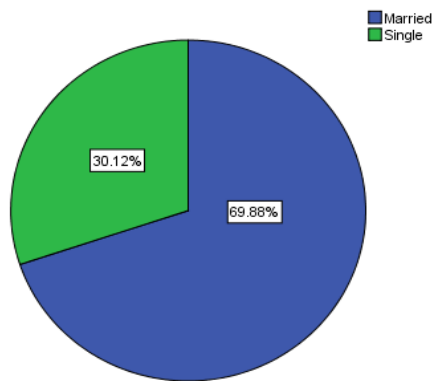

Figure 3: Marital Status of respondents
Source: Primary data

Figure 3 shows that majority of the respondents are married.

Table 2: Distribution of respondents by Educational level

	Frequency	Percent
Primary	7	8.4
VTC Certificate	19	22.9
Secondary Certificate	37	44.6
University	17	20.5
Master	3	3.6
Total	**83**	**100.0**

Source: Primary data

Table 2; the majority of the owners of the sampled SMEs were educated at secondary level as stated by 37 (44.6%) respondents, 19 (22.9%) had attending vocational training centers, 17 (20.5%) had university education, primary educated people were 7 (8.4%) while 3 (3.6%) SMEs had masters' degree.
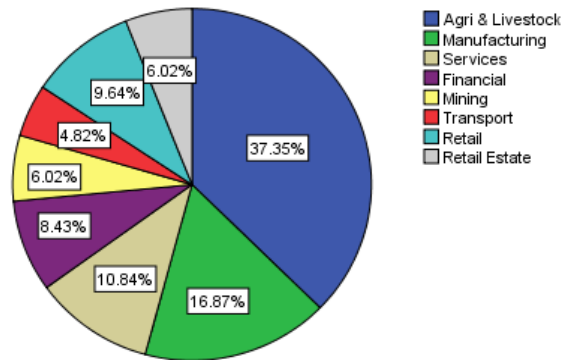presented in Figure 4.3.

Figure 4: Primary Business
Source: Primary data

The majority (37.35%) of surveyed SMEs were involved in the businesses of agriculture and livestock product and 16.87% of them were manufacturing SMEs as represented in Figure 4.3. Gicumbi district is rural district where agriculture and livestock are the major economic activities of its population. Those Activities were agricultural production, while manufacturing SMEs were in agricultural food processing and beverages making and bottling. Gicumbi district registered over 76% engagement in Agriculture and this was the highest employing sector as per the 2012 census (NISR, 2012a) and the finding in this study is in agreement and reflecting the national status.

Part II: Findings based on the objectives

Figure 5: Did you start your business with support of BDF?
Source: Primary data

As represented in Figure 4.4 the majority, 53 (63.86%) of SMEs started their operations under BDF support. Consequently, BDF is assisting the startup businesses than existing ones because most of starting up businesses lacks collateral for getting bank loan as confirmed by manager of BDF Gicumbi in interviews with researcher. The remaining, 30 (36.14%) of the respondents did not start their business with the support of BDF.

Table 3: which of the following financial support have you received?

	Responses N	Percent of Cases
Credit Grant	45	57.7%
Matching Grant	36	46.2%
Credit Line	27	34.6%
Advisory Service	55	70.5%

Source**:** Primary data

Most (70.5%) of surveyed SMEs have received advisory services and 57.7% of the SMEs received credit grants while only 27% of them have received credit line, as clarified by Table 4.

Table 4: Level of growth of sales volume and profitability since BDF support

	Frequency	Percentage
Less Than 10%	26	31.3
10%-20%	34	41.0
20%-30%	14	16.9
30%-40%	5	6.0
40%-50%	2	2.4
Above 50%	2	2.4
Total	**83**	**100.0**

Source**:** Primary data

The findings showed that 41.0% of concerned SMEs had increased their sales volume and profitability in a range of 10% to 20%, while 31.3% had less than 10% of total sales volume and growth of profitability. A total of 16.9% realized an increase of 20% to 30%. A few SMEs made growth of 30% and above indicating that majority experienced growth of up to 30% in their first year of operation. This finding is consistent with findings that suggest SMEs struggle in their

first years and may not realize profits (Petkovic, Jager, & Sasic, 2016).

The annual turnover of the SMEs was measured by asking them to indicate the range of average turnover they make. The findings are presented in Table 6.

Table 5: Annual turnover before getting BDF support

	Frequency	Percent
Less than 4 Million	69	83.1
More than 5 Million	14	16.9
Total	**83**	**100.0**

Source: Primary data

The majority (83.1%) of surveyed SMEs agreed that their annual turnover was less than 4 Million but 16.9% responded otherwise.**Table 6: Annual turnover after getting BDF support**

	Frequency	Percent
Less than 4 Million	31	37.3
More than 5 Million	52	62.7
Total	**83**	**100.0**

Source: Primary data

According to Table 7 SMEs that made average turnover of less than 4 Million were 31 (37.3%) while those whose turnover were more than 5 Million were 52 (62.7%). The difference between BDF support and non BDF supported period is 38 (45.8%) increment in SMEs that earned more than 5 Million average turnover. This shows that BDF support helped these SMEs to improve in their production and sales. The finding is in line with that of Wekesa, Gladys, Bwisa, and Namusonge (2014) in which SMEs that received business management skills were able to improve their marketing strategies and customer satisfaction and in return increased their returns.

Table 7: Business management skills before BDF support

	Highly Increased		Increased		Slightly Increased		No Change	
	N	%	N	%	N	%	N	%
Increased my employee numbers	0	0.0%	15	18.1%	16	19.3%	52	62.7%
Customers are satisfied	0	0.0%	0	0.0%	13	15.7%	70	84.3%
Market development	0	0.0%	3	3.6%	43	51.8%	37	44.6%

Highly increased (1) Increased (2) Slightly increased (3) no change (4)
Source: Primary data

The business management skills of the SMEs owners was determined by their ability to expand their employee numbers and even retain them, ability to satisfy their customers and ability to develop market. According to the findings, 52(62.7%) of the SMEs had no increase in their employee numbers, 70(84.3%) had no change in their customer

satisfaction while 43(51.8%) slightly developed their market. The finding shows that majority of the respondents did not manage to increase their employees and this affected the ability to satisfy their customers. Though majority managed to develop their market, the number that had not done so was also high.

Table 8: Business management after BDF support

	Highly Increased		Increased		Slightly Increased		No Change	
	N	%	N	%	N	%	N	%
Increased my employee numbers	14	16.9%	69	83.1%	0	0.0%	0	0.0%
Customers are satisfied	0	0.0%	31	37.3%	39	47.0%	13	15.7%
Market development	14	16.9%	60	72.3%	9	10.8%	0	0.0%

Highly increased (1)   Increased (2)   Slightly increased (3)   no change (4)
Source: Primary data

According to the finding, 14(16.9%) highly increased the number of their employees, 69(83.1%) increased their employees. A total 31(37.3%) increased customer satisfaction, 39 (47.0%) slightly increased customer satisfaction and 14(16.8%) did not do so. About market development, 14(16.9%) highly developed their market, 60(72.3%) increased and the remaining nine (10.8%) slowly developed their market. Business support services such as advisory services, training services among others are key for SMEs' success. These help them to manage their business through difficulty times like death stage (Modeer, 2013).

Table 9: Factors that caused your business to fail

	Frequency	Percent
Poor Management	20	24.1
Lack of Market	13	15.7
Natural Factors	18	21.7
Higher Competition	7	8.4
Government Policy (Taxes)	25	30.1
Total	**83**	**100.0**

Source**:** Primary data

The major causes of poor performance for SMEs were government policies that are related to taxes as agreed by 30.1% of poor performers' SMEs and poor management by 24.1% as well as natural factors by 21.7% for each. In the deep analysis with the help of interviewee, it was discovered that poor management is the most common cause of failure, and some financed projects were not well implemented due to various reasons; the will of loan holder where loan were deviated and being used in the other non-business concerned projects. In addition the cost of doing business in Rwanda is still high especially for new entrepreneurs who do not have sufficient funds to finance their businesses. Because the most financed projects were agriculture and livestock related businesses and much of them depending on climate conditions; climate change was also a cause of failure of some financed project.

The relationship between business support services and performance of SMEs was established through Pearson's coefficient of correlation and multiple regression analysis.

Table 10: Pearson's Coefficients Correlation Matrix

		Growth	Turnover	MgtSkills	CreditG	Advisory	MGCL
Growth	Pearson Correlation	1	.533**	.361**	.610**	.668**	.636**
	Sig. (2-tailed)		.000	.001	.000	.000	.000
	N	83	83	83	83	83	83
Turnover	Pearson Correlation	.533**	1	.759**	.585**	.773**	.746**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	83	83	83	83	83	83
MgtSkills	Pearson Correlation	.361**	.759**	1	.555**	.628**	.528**
	Sig. (2-tailed)	.001	.000		.000	.000	.000
	N	83	83	83	83	83	83
CreditG	Pearson Correlation	.610**	.585**	.555**	1	.621**	.476**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	83	83	83	83	83	83
Advisory	Pearson Correlation	.668**	.773**	.628**	.621**	1	.778**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	83	83	83	83	83	83
MGCL	Pearson Correlation	.636**	.746**	.528**	.476**	.778**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	

N		83	83	83	83	83	83

**. Correlation is significant at the 0.01 level (2-tailed).
CreditG=Credit grant, Advisory=Advisory Services, MGCL= Matching grants and credit lines, MgtSkills= Management Skills
Source: Primary data

The researcher first presented the correlation matrix for all the study variables in this research. The results are as shown in Table 11 where all the variables were found to be positive and significant at 0.05 since the p-values obtained were less than 0.05.

Table 11: Model Summary between BSS and Growth

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.737a	.544	.526	.31234

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.178	3	3.059	31.360	.000b
	Residual	7.707	79	.098		
	Total	16.885	82			

a. Dependent Variable: Growth
b. Predictors: (Constant), MGCL= Matching grants and credit lines, CreditG= Credit grant, Advisory=Advisory Services
Source: Primary data

The first regression model that was determined was in relation between the business support services and growth of SMEs in Gicumbi District. According to the results displayed in Table 12, the R square was 0.544 while the adjusted R square was 0.526. This revealed that 52.6% of the changes in growth of SMEs in Gicumbi district are as result of the BDF support services matching grant and credit line, credit grant and advisory services. In addition to this, the model is found to be significant since the p-value is found to be less than 0.05 according to the analysis of variance (ANOVA) output.

Table 12: Regression Coefficient between BSS and Growth

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.188	.259		4.591	.000
	CreditG	.209	.063	.321	3.314	.001
	Advisory	.173	.101	.233	1.718	.090
	MGCL	.230	.092	.301	2.490	.015

a. Dependent Variable: Growth
CreditG=Credit grant, Advisory=Advisory Services, MGCL= Matching grants and credit lines, MgtSkills= Management Skills
Source: Primary data

Further, the researcher presented the regression coefficients for the first model between the Business Support Services (BSS) and growth of SMEs in Gicumbi district. According to the findings presented in Table 13, the coefficient for credit grant and matching grant and credit lines were found to be significant since the p-values were less than 0.05. However, the coefficient for advisory services was not significant to the growth of SMEs in Gichumbi district.

Table 13: Model Summary between BSS and Annual Turnover

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.818a	.669	.656	.31296

ANOVAᵃ

Model		Sum of Squares	df	Mean Square	F	Sig.
2	Regression	15.633	3	5.211	53.203	.000ᵇ
	Residual	7.738	79	.098		
	Total	23.371	82			

a. Dependent Variable: Turnover
b. Predictors: (Constant), MGCL= Matching Grant and Credit Line, CreditG=Credit Grant,
Advisory= Advisory Services
Source: Primary data

Table 14 shows the second regression model between business support services and annual turnover. According to the results, the R square was found to be 0.669 while the adjusted R square was 0.656. This implied that 65.6% of the changes in annual turnover of SMEs in Gicumbi district are as a result of the changes in in business support services offered by BDF. Similarly, the regression model was found to be significant since the p-value in the ANOVA analysis was less than 0.05.

Table 14: Regression Coefficients between BSS and Annual Turnover

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	.686	.259		2.644	.010
	CreditG	.134	.063	.175	2.114	.038
	Advisory	.331	.101	.378	3.269	.002
	MGCL	.331	.093	.368	3.570	.001

a.   Dependent Variable: Turnover
b.   *MGCL= Matching Grant and Credit Line, CreditG=Credit Grant, Advisory= Advisory Services*
Source: Primary data

The regression coefficients for the second model were also determined and displayed in Table 15. According to the regression analysis conducted, all the coefficients for business support services were found to be positive and significant to annual turnover. This is because the p-values obtained were all less than 0.05. Hence, credit grant, advisory services and matching grants and credit lines were significant to the annual turnover.

Table 15: Model summary between BSS and Management Skills

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
3	.665ᵃ	.443	.422	.50867

ANOVAᵃ

Model		Sum of Squares	df	Mean Square	F	Sig.
3	Regression	16.237	3	5.412	20.917	.000ᵇ
	Residual	20.441	79	.259		
	Total	36.677	82			

a. Dependent Variable: MgtSkills= Management skills
b. Predictors: (Constant), MGCL= *Matching Grant and Credit Line, CreditG=Credit Grant,*
Advisory= Advisory Services
Source: Primary data

The third regression model was concerned about the relationship between business support services that is, matching grant and credit lines, credit grant and advisory services on one hand and the management skills on the other hand. The results for this analysis were displayed in Table 16. The table shows that the R square obtained was 0.443 while the adjusted R square was 0.422. This revealed that 42.2% of the changes in management skill was due to the business support services offered by BDF. The analysis of variance, further showed that the third regression model was significant since the p-value obtained was less than 0.05.

Table 16: Regression Coefficients between BSS and Management Skills

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		

		B	Std. Error	Beta	t	Sig.
3	(Constant)	.674	.422		1.599	.114
	CreditG	.258	.103	.269	2.513	.014
	Advisory	.414	.164	.378	2.519	.014
	MGCL	.119	.151	.106	.792	.430

a. *Dependent Variable: MgtSkills= Management Skills*
b. *Predictors: (Constant), MGCL= Matching Grant and Credit Line, CreditG=Credit Grant,*
   Advisory= Advisory Services
Source: Primary data

Table 17 shows the regression coefficients between business support services and management skills that were obtained in this research. According to the results, the p-values obtained for credit grant and for advisory services were found to be significant at 0.05 since they were less than the threshold of 0.05. However, the coefficient for matching grants and credit lines was more than 0.05, hence found not to be statistically significant to management skills for SMEs in Gicumbi district.

Table 17: Regression model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
4	.863[a]	.746	.736	.23963

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
4	Regression	13.296	3	4.432	77.182	.000[b]
	Residual	4.536	79	.057		
	Total	17.833	82			

a. Dependent Variable: Performance
b. Predictors: (Constant), MGCL, CreditG, Advisory

Source**:** Primary data

The last regression model that is the fourth model was to analyze the relationship between business support services and the overall performance of SMEs in Gicumbi district. The results for the model summary and ANOVA are represented in Table 18. According to this table, that R square was found to be 0.746 while the adjusted R square was 0.736 showing that 73.6% of the changes in performance of the SMEs is influenced by the business support services provided by BDF. Moreover, the p-value obtained in the analysis of variance was found to be less than 0.05 showing that the model was significant at 5%.

Table 18: Regression Coefficients between BSS and Perfomance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
4	(Constant)	.849	.199		4.277	.000
	CreditG	.200	.048	.300	4.138	.000
	Advisory	.306	.077	.401	3.952	.000
	MGCL	.227	.071	.289	3.197	.002

a. Dependent Variable: Performance
Source: Primary data

The final analysis that was conducted in relation to the regression coefficients between the business support services offered by BDF and the performance of SMEs in Gicumbi district. The analysis, as displayed in Table 19, revealed that all the coefficients were significant to the performance of the SMEs because the p-values obtained were less than 0.05. This shows that the business support services, namely, credit grant, advisory services and matching grants and credit lines are

statistically significant to the performance of SMES in Gicumbi district.

The support given to SMEs have been found to significantly help SMEs to thrive beyond startup stage and business management skills positively affected performance of SMEs (Ofunya Afande, 2015). This finding supports the findings of the current study thereby establishing that a positive, strong and significant relationship does exist between Business Support Services provided by BDF and performance of SMEs operating in Gicumbi district.

V. Conclusion

BDF provides business support services to SMEs in Gicumbi district in the form of credit guarantees, advisory services and matching grant/credit line. These services have been availed to majority of the SMEs to help them startup and operate successfully. Through the services the SMEs have experiences significant growth, increased annual return and developed their business management skills. Majority of the SMEs are in position to increase their sales volume and profits, greased their average annual return to above 5 million and increase the number of employees, customer satisfaction and develop their markets after joining BDF. The support provided to the SMEs have positively and significantly increased the performance of the SMEs in Gicumbi district.

VI. Recommendations

Government of Rwanda is recommended to reduce taxes related to business stages in order to strengthen growth of SMEs. Throughout this study it has been identified that BDF weakened by its supervisory system to financed SMEs; some financial support were not used by SMEs what is requested for which is caused some of them to fail. For this reason BDF is recommended to strengthen its supervisory system in order to ensure best use of its financial support.

BDF is also recommended to decentralize its services and products to sector level in order to meet with the lowest income group of people who live in upcountry and have lower level of education; this was provided because to date BDF has direct employees at district level this cause lowest income group and lower educated people to feel BDF services as they are not concerned with. Small and medium enterprise were recommended to use guaranteed finance what is requested for and following the management advise given by BDF through advisory services. For young entrepreneurs and early stages SMEs are recommended to join BDF and learn how to successfully obtain finance for their projects.

The present study was carried out in the one branch of BDF among 30 branches countrywide; this allow other similar studies to be conducted in the other branches in order to get big picture of contribution of BDF and financial support of SMEs in Rwanda and the obtained results would be used for broader perspectives.

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