Financial Skills Impact on the Growth of SMEs in Masvingo, Zimbabwe, Masvingo Province Investigation

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ABSTRACT

This study explores the effect of financial literacy on the growth of small and medium enterprises (SMEs) in Masvingo, Zimbabwe, aiming to enhance understanding of how financial skills impact business performance. It has four main objectives: assessing the financial proficiency of SME staff in budgeting and debt management; examining the relationship between these skills and SME growth; identifying skill gaps that hinder development; and offering actionable recommendations to improve financial literacy. The research addresses a significant gap in existing literature regarding financial literacy's role in SME success in Zimbabwe, providing insights for policymakers, financial institutions, and business development organizations. This study adopts a positivist paradigm, emphasizing objective, empirical data collection through quantitative methods to investigate the impact of financial skills on the growth of SMEs in Masvingo. Utilizing a descriptive survey design, data were collected from 233 SME owners and employees via self-administered questionnaires, with analysis focused on correlations between financial skills and business growth outcomes. The results show a divide in perceptions regarding financial skills' impact on growth: 48% recognize a positive influence while 51% perceive little to no effect. This discrepancy suggests varying opinions on financial literacy's significance or indicates that other factors such as access to capital or market conditions may play a more prominent role in determining business growth. Enhancing financial literacy could improve decision-making and contribute to long-term success. There is a general recognition of the importance of financial skills in driving SME growth, significant areas for improvement exist across budgeting practices, debt management, investment decisions, and tax strategies. Addressing these gaps through enhanced financial literacy and training could foster better decision-making and support sustainable business development.

Keywords: Budgeting, Debt Management, Financial Skills, Investment Decisions

INTRODUCTION

Small and Medium Enterprises (SMEs) play a critical role in the economic development of many countries, including Zimbabwe. Mugano and Dorasamy (2024) concur by explaining that SMEs are even viewed as engines of innovation, employment, and economic diversification, contributing significantly to national GDP and social stability. In Zimbabwe, SMEs represent the backbone of the economy, particularly in the aftermath of economic challenges such as hyperinflation, limited formal sector employment opportunities, and political instability (Kurauone et al., 2020). In Masvingo, a province known for its agricultural and tourism activities, Nyagope and Nyagope (2024) explain that SMEs have become essential for local economic resilience. However, despite their importance, the growth and sustainability of SMEs in this region are often hindered by a lack of adequate financial skills (Nyanga et al., 2023).

Financial skills are essential for the survival and growth of any business (Muñoz-Céspedes et al., 2024). This is particularly factual with SMEs because, according to Martínez-Peláez et al. (2024), they support business owners and managers in making informed decisions that lead to profitability, sustainability, and long-term success. In the context of SMEs in Masvingo, effective financial management encompasses a variety of practices, including budgeting, debt management, investment decision-making, and tax optimization

(Tshabalala, 2023). According to Rahmah and Peter (2024), these financial skills are necessary for SME managers to allocate resources efficiently, manage cash flow, reduce operational costs, and mitigate financial risks. However, a gap exists between the importance of these skills and the actual proficiency levels among SME owners and their financial staff (Jerie et al., 2024).

This study aims to examine the impact of financial skills on the growth of SMEs in Masvingo, Zimbabwe, by investigating the proficiency levels in budgeting, managing company debts, making sound investment decisions, and reducing tax liabilities. The research seeks to understand how the financial practices of SMEs in Masvingo affect their growth trajectories and sustainability. The study, therefore, hopes to contribute to the broader understanding of financial literacy and its role in enhancing SME performance, particularly in developing economies such as Zimbabwe.

Background of SMEs in Masvingo

Masvingo, located in the southern part of Zimbabwe, is a province characterized by its diverse agricultural activities, with the farming sector serving as a key driver of the local economy. The region also has a burgeoning tourism sector, given its proximity to the Great Zimbabwe National Monument and other tourist attractions. SMEs in Masvingo operate in various sectors, including agriculture, retail, manufacturing, and services, and are vital to the economic development of the province (Dlamini & Schutte, 2020). These enterprises provide employment and contribute to the local supply chain, support rural development, and enhance economic diversification.

However, SMEs in Masvingo experience countless challenges that impede their growth and sustainability (Nhamo et al., 2021). One significant challenge, as hinted by Saifurrahman and Kassim (2024), is the lack of financial expertise. Many SMEs in Masvingo are managed by individuals with limited formal education in financial management, and business owners often lack the necessary knowledge and skills to manage their finances effectively (Mukwashi et al., 2024). Goutte and Sanin (2024) explain that this deficiency in financial skills leads to poor decision-making, inefficient resource allocation, and an inability to respond effectively to economic shocks. The deficiency eventually impedes business growth and profitability.

The lack of financial skills is not unique to Masvingo but is a widespread issue among SMEs in Zimbabwe. Studies have shown that many SMEs in Zimbabwe lack basic financial management practices such as keeping proper financial records, preparing budgets, managing cash flow, and making informed investment decisions. Without these fundamental financial skills, SMEs are more vulnerable to financial instability, which can lead to business failure.

The Importance of Financial Skills for SME Growth

Kusumawati et al. (2024) define financial skills as a set of abilities and knowledge necessary for managing financial resources effectively in business. For SMEs, effective financial management is a key determinant of growth and sustainability (Abdallah et al., 2024). The ability to make informed financial decisions impacts several critical areas of business (Alfiana et al., 2024), including *budgeting*, *debt management*, *investment decisions*, and *tax optimization*. Details of these are below.

Budgeting: Azami et al. (2024) describe budgeting as a primary financial skill to assist SMEs in effective planning and allocation of resources. According to Hasanudin (2024), a properly structured budget supports businesses to manage their income and expenses. They can prevent overspending and underspending. Effective budgeting ensures that sufficient funds are available for essential operations. It also permits SMEs to prioritize spending, plan for future growth, and ensure that they can meet their financial obligations (Banaag, 2024).

Debt Management: According to Feriandy (2024, managing company debts is another critical aspect of financial management. Many SMEs in Masvingo rely on loans and credit to finance their operations (Matsvai, 2024). However, without proper debt management skills, Behera et al. (2024), counsel that SMEs may struggle with high-interest payments, missed payments, or excessive borrowing, which could cause financial distress. Effective debt management can enable businesses to manage their debt obligations without risking their financial stability.

Investment Decisions: Many SMEs do not plan to invest because they trade from hand-to-mouth, but Samiun et al. (2014) point out that investment decisions are important for the long-term growth of SMEs. Financial staff should be proficient in assessing investment opportunities, weighing risks, and making decisions that are consistent with the business's financial goals. Poor or inadequate investment choices can cause financial losses (Wendy, 2024) On the other hand, Indrawati and Kuncoro (2021) explain that skillful investments can provide returns that stimulate business expansion.

Tax Optimization: Though tax planning is usually neglected, Feller and Schanz (2017 explain that it is necessary for financial management. Muslim (2024) rationalizes that SMEs that understand tax regulations and engage in tax planning can reduce their tax liabilities. Therefore, resources can be freed up for reinvestment in the business. Effective tax management helps SMEs improve their profitability and cash flow, which are critical for growth.

Mashiringwane and Roongtawanreongsri (2024) believe that in the context of Masvingo, the financial skills of SME managers directly impact their ability to navigate the challenges posed by Zimbabwe's economic environment, including inflation, currency devaluation, and limited access to financing. The lack of these skills can result in inefficiencies, financial mismanagement, and even business failure (Charmaine et al., 2024). Therefore, it is imperative for SMEs in Masvingo to develop and enhance their financial skills to ensure their long-term growth and success.

Purpose Statement

The purpose of this study is to explore the impact of financial literacy on business growth in Masvingo, Zimbabwe. By achieving the outlined objectives, the study aims to enhance the understanding of how financial literacy influences the growth of SMEs and to provide actionable insights for SME owners, financial managers, and policymakers. These insights will help improve financial management practices and support the sustainable growth of SMEs in Zimbabwe. Four-fold objectives are to:

1. Investigate the proficiency levels of SME financial staff in budgeting, debt management, investment decision-making, and tax optimization.
2. Examine the relationship between these financial skills and the growth of SMEs in Masvingo.
3. Identify gaps in financial skills that may be hindering the growth of SMEs in the region.
4. Provide recommendations for improving financial literacy and management practices among SMEs in Masvingo.

To guide the investigation, the study will focus on the following research questions:

1. What is the level of proficiency in financial skills (budgeting, debt management, investment decisions, and tax optimization) among SMEs in Masvingo?
2. How do these financial skills impact the growth of SMEs in Masvingo, in terms of revenue, profitability, and sustainability?
3. What are the challenges faced by SME financial staff in applying financial skills effectively?
4. What strategies can be implemented to improve financial literacy and management practices among SMEs in Masvingo?

Justification of the Study

This study is important for several reasons. First, it addresses a critical gap in the literature on SME growth in Zimbabwe, particularly in the Masvingo region. While there is ample research on the challenges facing SMEs in Zimbabwe, limited attention has been given to the specific role that financial skills play in the success of these enterprises. Second, the findings of this study could have significant implications for policymakers, financial institutions, and business development organizations looking to support the growth of SMEs in Masvingo. By identifying the financial skills that are most lacking among SMEs, the study will inform the design of targeted interventions and training programs to enhance financial literacy. Finally, the study will

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contribute to the broader discourse on the importance of financial management in the development of SMEs in developing economies. By focusing on Masvingo, the study offers valuable insights into the local context, which can be used as a model for other regions in Zimbabwe and similar developing countries.

METHODOLOGY

A research paradigm serves as the foundational framework that guides researchers in their inquiry, encompassing their beliefs regarding knowledge (epistemology), reality (ontology), and the methodologies employed for data collection and analysis (Paudel, 2024). Villiers and Fouché (2015) note that these paradigms shape research questions, influence interpretations, and define the researcher conduct, including the relationship between the researcher and the subject matter. Among many paradigms, positivism and interpretivism are the most often discussed (Omodan, 2024). Positivism, which this study adopts, is rooted in the belief that knowledge should arise from observable phenomena and empirical evidence, emphasizing objectivity and measurable data through scientific methods (Shrestha & Sharma, 2024). Proponents of positivism assert that reality exists independently of human perception. It allows for quantitative investigations through use of experiments, surveys, and statistical analyses (Slater, 2024). According to Park et al. (2020), important features of positivism include an ontological stance of realism and epistemological approach of empiricism. The ontological stance of realism is where reality is viewed as objective and external while the epistemological approach of empiricism suggests that knowledge is derived from sensory experience (Braun & Clarke, 2024). In this paradigm, researchers maintain a detached role to avoid influencing the research process, aiming to uncover general laws or universal truths akin to natural sciences. The study utilized a descriptive survey research design, employing quantitative methods to evaluate how financial skills impact the growth of SMEs in Masvingo. This design was selected for its ability to gather data from numerous respondents and clarify relationships between financial skills and business growth. As noted by Luoma and Hietanen (2024), quantitative methods yield objective and reliable data while facilitating analysis across large samples for generalizable results. The study's population comprised SME owners and employees in Masvingo, with a sample of 233 participants selected through simple random sampling across various sectors. Data were collected using self-administered questionnaires featuring Likert-scale questions on financial skills' influence on business growth. Analysis involved descriptive statistics like frequency counts and percentages to explore correlations between financial skills and business growth outcomes.

RESULTS

Responses to the research questions were ‘strongly agree, ‘agree’, ‘neutral’, ‘disagree’ and ‘strongly disagree’. The first item seeking answers was, “Those in the finance department of the company budget the company’s resources efficiently”. The next was “Finance staff manage the company’s debts effectively”. The third item was “Finance teams assess investments risks and make sound investment decisions”. The last item was “Company finances are handled in ways that reduce tax liabilities”. The following frequencies were observed:

Figure 1: Influence of financial skills on growth of SMEs

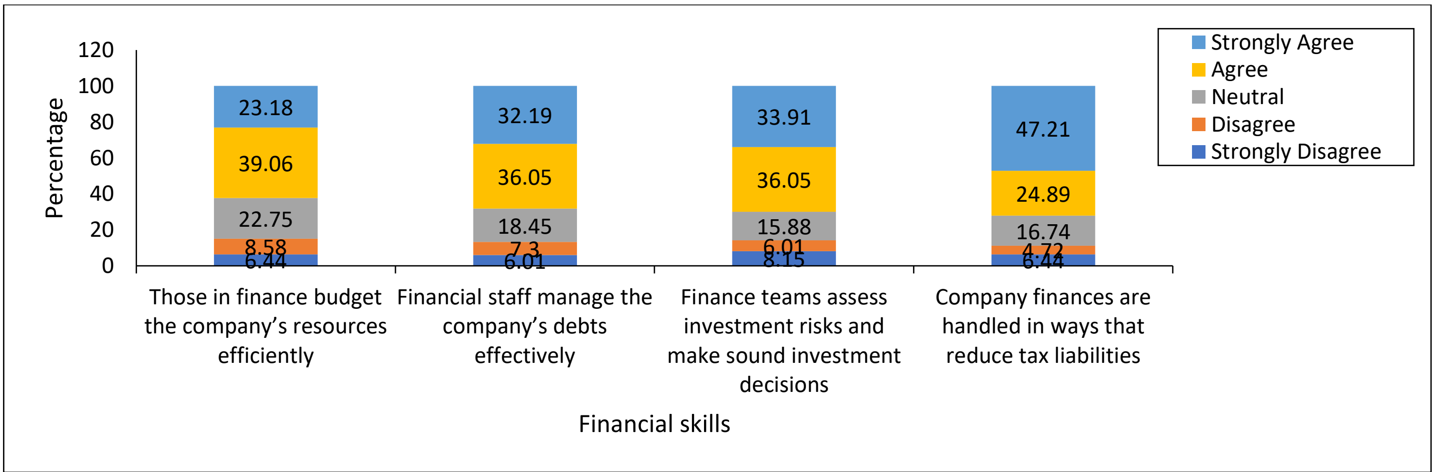

Table 1 on the influence of financial skills and their impact on SME growth show the following effects.

Efficient Budgeting (59.3% Recognition)

Table 1 reveals that about 59.3% of respondents, combining those who "agreed" and "strongly agreed," acknowledge that the financial staff in SMEs effectively budget the company's resources. This effective budgeting is essential for sustainable business growth. It enables SMEs to manage their resources efficiently, allocate funds towards growth initiatives, and maintain effective cash flow, thereby ensuring business continuity (Gew, 2024). However, there are areas for improvement, as indicated by the 15% of respondents who disagreed and the 22.6% who were undecided. These figures suggest that in some SMEs, financial staff may not be fully leveraging their budgeting skills. Such gaps in budgeting practices could hinder the efficient use of resources and potentially stifle growth opportunities for these businesses.

Managing Company Debts (69.3% Recognition)

The table shows that a substantial 69.3% of respondents realize that financial staff effectively manage company debts, with 36.1% agreeing and 33.2% strongly agreeing. Franquesa and Vera (2021 indicate that effective debt management is vital for any business, particularly for SMEs that often rely on loans or credit for their operations. Debt management ensures that these businesses do not overextend their financial obligations (Osei-Amoako & Aboagye-Debrah, 2024; Siddiqi, 2024). Overextending could lead to financial instability. However, despite this positive assessment, areas for improvement are proven by the 13.3% of respondents who disagreed and the 18.6% who were unsure about the effectiveness of debt management. This 31.9% suggests that while most businesses appear to manage debt well, there may still be challenges related to understanding or controlling debt. This could negatively impact growth prospects, especially in times of economic instability.

Sound Investment Decisions (70% Recognition)

The analysis specifies that nearly 70% of respondents, comprising 36.1% who agreed and 33.9% who strongly agreed, admit that finance teams effectively assess investment risks and make reliable investment decisions. Making informed investment choices is necessary for business expansion (Rao & Hossain, 2024). According to Lin (2024), SMEs that invest cleverly can accomplish quicker growth through positive returns. The ability to accurately assess risks and opportunities is a strong indicator of financial maturity within these SMEs (Fasone et al., 2024). Nevertheless, areas for improvement are demonstrated by the 14.3% of respondents who disagreed or strongly disagreed. This suggests that some SMEs may have a limited capacity to evaluate investment risks. Such SMEs may potentially be led to misguided investments and loss of capital.

Reduction of Tax Liabilities (72.1% Recognition)

The analysis reveals that a large 72.1% of participants, consisting of 24.9% who agreed and 47.2% who strongly agreed, accept that the finances of SMEs are managed in ways that effectively reduce tax liabilities. Gouthami and Student (2024) explains that effective tax management is essential for ensuring compliance and for optimizing financial performance by minimizing avoidable tax burdens. For SMEs, efficient tax management can free up additional resources for reinvestment into the business, thereby fueling growth. However, despite the positive consensus, the 12.1% of respondents who disagreed or strongly disagreed indicate that some SMEs may not be fully leveraging tax-saving strategies (Sánchez-Ballesta & Yagüe, 2024). They could potentially be missing out on valuable opportunities for financial optimization.

Overall Financial Skills Impact on SME Growth

The analysis reveals a notable divide in perceptions regarding the impact of financial skills on business growth among respondents, with almost 48% recognizing their positive influence while a slightly higher proportion, 51%, perceives little to no effect. This discrepancy may reflect varying opinions on the significance of financial literacy or suggest that other factors, such as access to capital, prevailing market conditions, or government policies, could be more influential in determining business growth (Amit et al., 2024). Bhatnagar et al. (2024) lament that although financial skills are admitted as important, their direct impact may not always be immediately evident across all cases. Nevertheless, enhancing financial literacy among SMEs is likely to foster improved decision-making and contribute to long-term success.

DISCUSSION

The findings highlight the perceptions of respondents regarding the financial management capabilities within SMEs, specifically focusing on budgeting, debt management, investment decisions, and tax liability reduction. Each area reflects a significant aspect of financial literacy's impact on SME growth.

Efficient Budgeting

About 59.3% of respondents acknowledged that financial staff budget resources effectively. This recognition is fundamental because efficient budgeting is essential for sustainable growth. It also allowed SMEs to allocate funds strategically and maintain cash flow (Gew, 2024). However, the 15% who disagreed and 22.6% who were undecided indicate that there are notable gaps in budgeting practices among some SMEs, which could hinder their growth potential.

Managing Company Debts

A substantial 69.3% of respondents believe that finance teams manage company debts effectively. This is particularly important for SMEs that often rely on loans (Franquesa & Vera, 2021). Despite this positive feedback, 31.9% of respondents expressed doubts about the effectiveness of debt management. This suggests potential challenges in understanding or controlling debt levels, which could affect growth during economic downturns (Osei-Amoako & Aboagye-Debrah, 2024; Siddiqi, 2024).

Sound Investment Decisions

Nearly 70% of respondents feel finance teams make sound investment decisions. Informed investment choices are essential for business expansion (Rao & Hossain, 2024). However, the 14.3% who disagreed suggest that some SMEs may struggle with risk assessment in investments, potentially leading to misguided financial decisions.

Reduction of Tax Liabilities

A large 72.1% of participants believe that SMEs manage finances to reduce tax liabilities effectively. Effective tax management can enhance financial performance by freeing up resources for reinvestment (Gouthami & Student, 2024). Nonetheless, the 12.1% who disagreed indicate that some SMEs might not fully utilize tax-saving strategies, missing opportunities for financial optimization (Sánchez-Ballesta & Yagüe, 2024).

Overall Financial Skills Impact on SME Growth

The findings reveal a divide in perceptions regarding financial skills' impact on growth: 48% recognize a positive influence while 51% perceive little to no effect. This discrepancy suggests varying opinions on financial literacy's significance or indicates that other factors such as access to capital or market conditions may play a more prominent role in determining business growth (Amit et al., 2024; Bhatnagar et al., 2024). Enhancing financial literacy could improve decision-making and contribute to long-term success. There is a general recognition of the importance of financial skills in driving SME growth, significant areas for improvement exist across budgeting practices, debt management, investment decisions, and tax strategies. Addressing these gaps through enhanced financial literacy and training could foster better decision-making and support sustainable business development.

Contribution of the Study

The study contributes an extensive analysis of financial management practices among SMEs in Masvingo. It identifies strengths such as effective debt management, sound investment decisions, and strategies for reducing tax liabilities. It also highlights critical areas for improvement, particularly in budgeting skills and the overall influence of financial acumen on business growth. These insights are essential for guiding policymakers, financial advisors, and SME owners in prioritizing improvements for sustainable growth within the sector. The findings underscore the importance of financial skills as paramount to the success of SMEs while revealing existing gaps that need to be addressed to enhance stability and growth.

Consider efficient budgeting (59.3% recognition). As a contribution, the recognition that around 59.3% of SMEs have effective budgeting practices underlines the value of resource management for business sustainability. This result highlights that budgeting skills are essential for allocating funds wisely, which directly influences the company's ability to grow and manage cash flow.

The contribution from managing company debts (69.3% recognition), the study's high recognition rate reflects SMEs' awareness and implementation of debt management strategies. Managing debt effectively ensures that SMEs do not experience financial instability, which is crucial for long-term sustainability.

Sound investment decisions (70% Recognition) contribution stems from the high recognition of sound investment practices that emphasizes the importance of making informed decisions when allocating resources. This is crucial for SMEs looking to expand or diversify their operations.

The reduction of tax liabilities (72.1% Recognition) is also another contribution, as it reflects the effectiveness of financial management in reducing tax burdens for SMEs. Reducing tax liabilities is an essential strategy for increasing cash flow and freeing up resources for reinvestment.

The contribution on the overall financial skills impact on SME growth comes from that financial skills are generally important for SME growth, with a near-equal split between those who believe financial skills have a positive impact and those who experience no effect. This disparity suggests that while financial skills are recognized as important, their actual impact on growth might vary depending on other factors such as access to capital, market conditions, and government policies.

IMPLICATIONS FOR PRACTICE AND RECOMMENDATIONS

Implications for Practice

The research findings provide valuable insights into the financial management practices of SMEs, highlighting both strengths and areas needing improvement. Understanding these implications can help practitioners, such as SME owners, managers, and financial advisors, to enhance financial practices and contribute to business growth (Innocent, 2024). The main implications for practice, which are *efficient budgeting, managing company debts, sound investment decisions, reduction of tax liabilities* and *overall impact of financial skills on SME growth,* are discussed below.

Efficient Budgeting: The findings signal that although most respondents recognize the importance of effective budgeting in SMEs, a notable number are either uncertain or dissatisfied with current practices. Roffia and Dabić (2024) indicates that this suggests that many SMEs may not be fully optimizing their budgeting potential, which could result in poor resource allocation and missed growth opportunities. To address this, SMEs should focus on improving their budgeting processes by investing in finance team training, adopting advanced budgeting tools, and regularly reviewing financial statements to ensure efficient resource distribution. Participating in budgeting workshops or seeking advice from financial experts could also prove valuable.

Managing Company Debts: Most respondents accept the importance of effective debt management within SMEs, yet a significant number still perceive challenges in this area. According to Brown (2024), poor debt management can lead to severe consequences, particularly for SMEs that rely heavily on external financing. To address this, SMEs should regularly track their debt levels and repayment plans, while implementing strategies to prevent overleveraging. Financial teams should be equipped with the necessary tools to assess the sustainability of their debt and identify the best financing options. Furthermore, training programs on debt management can help finance staff better understand risk management techniques.

Sound Investment Decisions: Most respondents believe that SMEs are making well-informed investment decisions, though some raised concerns about their ability to accurately assess investment risks. Mo (2024) warns that poor investment choices can result in large financial losses and hinder growth. To address this, SMEs should focus on developing the skills of their finance staff in areas such as risk assessment, financial forecasting, and due diligence. Adopting investment evaluation frameworks or collaborating with financial consultants can help reduce risks, while promoting a risk-aware culture within the company is crucial for improving investment decision-making.

Reduction of Tax Liabilities: Tax management is an area where many SMEs perform well, as most respondents agree that their companies effectively handle tax liabilities. However, some SMEs may not be fully utilizing all available tax-saving strategies, therefore, according to Slávik and Bednárová (2024), potentially missing out on savings. To optimize their tax position, SMEs should collaborate with tax professionals to identify all possible tax-saving opportunities and ensure compliance with relevant laws. Regularly reviewing tax strategies and participating in tax workshops or seminars can help finance teams stay up-to-date with changes in tax regulations and identify further opportunities for improvement, thereby enhancing overall financial efficiency.

Overall Impact of Financial Skills on SME Growth: The findings suggest a significant split in respondents' views on the role of financial skills in SME growth, with about half acknowledging a positive impact, while the other half perceives minimal effects. This divide implies that while financial skills are valuable, other factors such as market conditions and access to capital may be more influential in driving business growth. SMEs should therefore recognize that financial skills alone are not sufficient, and a comprehensive strategy for growth is required. This strategy should focus on improving access to financing, fostering innovation, and adapting to market shifts. Additionally, enhancing financial literacy throughout the organization can help ensure that all team members understand the financial consequences of their decisions.

Recommendations for SMEs

Based on the findings and the implications for practice above, several recommendations can be made for SMEs seeking to improve their financial management practices and promote business growth:

Recommendation 1. Invest in Financial Training and Education

Continuous professional development in financial management should be encouraged. Workshops, online courses, and professional certifications can enhance the financial literacy of SME staff, improving budgeting, debt management, investment assessments, and tax planning capabilities.

Recommendation 2. Leverage Technology for Financial Management

SMEs should utilize modern financial management software to track budgets, monitor cash flow, assess investment opportunities, and manage debts. These tools can offer real-time insights into financial health, making it easier to make informed decisions.

Recommendation 3. Focus on Debt Management Strategies

SMEs must develop clear debt management policies to avoid excessive borrowing. This includes setting limits on debt-to-equity ratios, regularly reviewing repayment plans, and seeking advisory services to ensure that debt obligations are manageable.

Recommendation 4. Enhance Tax Efficiency

SMEs should work with tax experts to take full advantage of tax-saving measures, such as deductions, credits, and deferments. Regularly reviewing tax policies and staying up to date on changes in tax laws will help reduce unnecessary tax burdens.

Recommendation 5. Create a Risk-Aware Investment Culture:

SME leaders should foster a culture that prioritizes careful risk evaluation before making investment decisions. This could include using radvisors andt tools, consulting with financial advisors, and establishing clear criteria for investments.

Recommendation 6. Adopt a Holistic Growth Approach

While financial management skills are essential, SMEs should not overlook other factors impacting growth, such as market conditions, innovation, and networking. Ensuring that the business has access to adequate capital, stays adaptable, and invests in customer relationships will also drive long-term success.

Recommendation 7. Regular Financial Reviews and Strategic Planning

Conducting regular reviews of the company's financial health and aligning financial strategies with business goals is critical. Finance teams should work closely with other departments to ensure alignment between financial planning and operational needs.

CONCLUSION

The investigation into the financial skills of SMEs in Masvingo reveals a generally positive correlation between financial skills and growth, although there are some gaps and uncertainties that need addressing. Improving financial literacy and providing consistent support can improve Masvingo SMEs' financial management practices. This can lead to elevated business success and growth. In conclusion, financial skills are essential for the growth and sustainability of these SMEs. The study highlights the value of strong financial management skills in driving the growth of SMEs. The effective management of finances, including budgeting, debt management, investment decisions, and tax optimization, can significantly impact an SME's ability to thrive in a challenging economic environment. This study sought to fill the gap in understanding the role of financial skills in SME growth and provide actionable insights to enhance financial literacy and management practices in Masvingo's SME sector. The study contributed to promoting economic development through the growth of SMEs in Zimbabwe. However, the findings also highlight areas for improvement, especially in budgeting, debt management, and investment decisions. Addressing these gaps and implementing the recommendations above can help SMEs to optimize their financial practices, reduce risks, and enhance their growth prospects. Moreover, promoting a broader understanding of financial literacy within the organization can empower employees at all levels to contribute to the financial success of the business.

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