The Contribution of Financial Management Practices to the Growth of SMEs in Bulawayo CBD: A Case Study of BulawayoCentre, Imbali Mall and Haddon & Sly Complex.

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ABSTRACT

Financial management practices are ways of handling a company's finances in a bid to help it be successful and compliant with regulations. This study focused on the contribution of financial management practices to the growth of Small and Medium Enterprises (SMEs) in Bulawayo Central Business District (CBD), particularly those operating at Bulawayo Centre, Imbali Mall and Haddon & Sly Mall. Lately, sentiments have been suggesting that SMEs in Zimbabwe are failing due to a variety of reasons, and they generally need help in adopting and applying financial management practices effectively. The literature revealed the need for extensive research on how frequently these financial management techniques are employed and how they correlate with the expansion of SMEs. The study employed a mixed research method and utilized a survey conducted through questionnaires and interviews. The findings of the study revealed that SMEs are employing financial management practices effectively, however, a few are not keen to carry out financial reporting and audits as well as implement budgetary control systems. This study recommended that SMEs should develop a financial management plan that includes budgeting, cash flow management and financial reporting, and seek advice from professional financial advisors to ensure compliance with the best practices. It is also important for future researchers to explore the role of technology in improving financial management practices and the growth of SMEs and consider longitudinal studies to track changes in financial management practices over a long period of time and how they impact the growth of SMEs. This study concluded that it is beneficial to adopt professional financial management practice systems and use all methods of financial management as it contributes to growth. It is also important to note that the growth of SMEs is impacted by other factors, apart from financial management practices, which include competition and macro-environmental challenges.

Key words: Financial management, Growth, Practices, Financial performance, Mortality rate

INTRODUCTION AND BACKGROUND

According to the International Labour Organisation (ILO, 2019) two out of three jobs worldwide are created by SMEs. In many developing economies, more than 50 percent of total employment creation in the private sector can be attributed to enterprises with less than 100 employees. In developed economies, SMEs generate 55 percent of GDP (ILO, 2019). Further, small and medium-size enterprises (SMEs) are acknowledged globally for their unique contribution to economic development and creating employment opportunities. Both developed and developing countries realize that SMEs have become one of the key instruments to use in the face of economic and social problems and to achieve development objectives (Bouazza, 2015). The driving force behind Africa's optimistic growth is SMEs. Over 95% of businesses in Sub-Saharan Africa are SMEs (Hatega, 2007; Kauffmann, 2005). Notably, SMEs are considerably more significant because of their contribution to eradicating poverty, increasing GDP, and giving the majority of the people a job (Benzing & Chu, 2012). The sector is particularly significant since it takes a straightforward approach to meeting the requirements of the majority of Africans by providing inexpensive goods and

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services at fair terms and prices in addition to serving as a source.

All areas of industrial development, including mining, manufacturing, and services, as well as agriculture and fishing involve SMEs. SMEs growth began in the 1990s, and Odero (2006) noted that SMEs have significantly contributed to the expansion of Zimbabwe's economy in recent years. The manufacturing SMEs would have driven the economy, but they require more marketing, financial, and technical assistance. Odero (2006) further claims that trends show a decline in the SME sector. It is not unexpected that SMEs are contracting.

The Economic Structural Adjustment Programme (ESAP) was implemented by the government in 1991. According to the Government of Zimbabwe [GOZ] (1991), ESAP moved the economy from governmental control to market forces. SMEs now have a chance to grow as a result of this. According to Mumbengegwi *et al.* (1993), this was caused by the loosening of restrictions on local government by-laws and laws approving investments. SMEs began to proliferate as a result, and municipal governments set aside space specifically for them. Home businesses like the Siyaso Home Industry in Harare and the Makokoba Home Industry (Mkambo) in Bulawayo were developed as a result. Instruments designed to protect the domestic industry were introduced when the restrictive tariff laws were repealed. This helped SMEs establish themselves and grow even more (Mumbengewi et al, 1993).

Despite all of these attempts to support SMEs, Matsalaga (1998) found that the sector remained confined primarily as a result of intense competition from imports and well-established businesses. The Indigenization and Economic Empowerment Act was passed in 2008, and a number of funding mechanisms and facilities, including the Meikles Youth Empowerment Facility, the Kurera/Ukondla Fund, and the Youth Fund through the Commercial Bank of Zimbabwe (CBZ), were established. Kasukuwere (2013) was of the view that the Training for Rural Economic Empowerment (TREE) program, which is an informal apprentice training, aims to increase the skills and quality of products produced, boosting SMEs' capacity to compete locally, regionally, and occasionally worldwide. All of these efforts aimed to encourage the expansion of SMEs.

A survey conducted by the Confederation of Zimbabwe Industries (CZI) (2018) claimed that more than 400 businesses closed in just 2000, and it is anticipated that another 100 or so closed in 2001 as Zimbabwe's economy continued to deteriorate. The macro environment has a fundamental impact on the performance of many SMEs. The post hyperinflation period from 2010 till date in Zimbabwe made a significant change on the economy. According to the CZI (2018) survey there has been a continual decline of SMEs and the reasons include exchange rates and inflation rates that are agile.

With all this financial assistance, the SMEs are not growing; they have stunted growth in Zimbabwe. The purpose of this study is to explore how financial management practices are contributing to the SMEs' growth or failure because it is evident that they have the finances through either debt financing or personal savings or internal funding. The cause of failure of SMEs may be how they are using and managing their finances and this study focused on the contribution of financial management practices to the growth of SMEs.

Research Questions

1. What financial management practices are adopted by SMEs in Bulawayo CBD operating inBulawayo Centre, Imbali Mall and Haddon & Sly?
2. What are the causes of failure in many registered SMEs?
3. What methods are used by SMEs in implementing their financial management practices?
4. How does financial management impact the growth of SMEs in Bulawayo CBD operating in Bulawayo Centre, Imbali Mall and Haddon & Sly?

LITERATURE REVIEW

The Zimbabwean government adopted the socialist mindset to reduce the country's high unemployment rate, favouring the sponsorship of unemployed cooperatives while paying little to no attention to the SMEs sector (Chinembiri, 2011). The Economic Structural Adjustment Programme (ESAP) introduced in 1991 was not as successful as expected and this led to a closure of some big companies. The World Bank (2008) reports that during this time, due to high unemployment rate, people started small and informal firms and the SME sector took on a significant portion of those laid off from large-scale organizations.

An SME's sustainability is typically correlated with the time it has been engaged in market activity. Younger companies are typically more likely to fail than older ones (Cressy, 2006). According to Knaup *et al.* (2007), SMEs have a 31% chance of surviving for seven or more years if it is younger than one year. On the other hand, if an SME has endured for four years, it will likely survive for a further three years (for seven years), climbing noticeably to 70%. These authors consider the SMEs to be fully established if seven years have passed. The government has established SMEs assistance organizations like SEDCO and the Zimbabwe Enterprise Development Program, among others, to promote the expansion and survival of small enterprises (Knaup et al, 2007).

The World Bank (2020) estimates that a number of issues, such as a challenging economic environment, frequent droughts, a dearth of bilateral support, an unstable currency, and natural disasters, contributed to Zimbabwe's extreme poverty rising from 29% in 2018 to 34% in 2019. As a result, the SME sector serves as the primary driver of economic growth and societal comfort when huge firms close or reduce their activities. The need for the expansion and sustainability of SMEs to raise the welfare of the general populace does not disregard the high failure rate of SMEs in Zimbabwe. Reducing the high failure rate is important if the financial management practices largely contributed to this failure. It is vitally important to equip owner-managers of SMEs with knowledge of financial management (World Bank, 2020).

Studies on the extent of adoption of financial management practices throughout the nation's provinces have shown that SMEs in Zimbabwe generally need help in adopting and applying these practices effectively. These studies focus on SMEs in various Zimbabwean provinces. However, more research needs to be done on how frequently these financial management techniques are employed and how they correlate with the expansion of SMEs.

THEORETICAL FRAMEWORK

Pecking order theory

The Pecking Order Theory or Model is an accepted framework which relates to a company's capital structure. It was made popular by Stewart Myers and Nicolas Majluf in 1984. The theory states that managers follow a hierarchy when considering sources of financing. It helps explain why companies prefer to finance investment projects with internal financing, debt, and equity respectively (Myers and Majluf, 1984).

The choices of financing by SMEs follow the hierarchy of internal financing first that includes retained earnings and personal savings. This is followed by debt which is financing from the money borrowed from the bank or any other creditors and pay interests. Lastly, equity is the last choice which involves venture capital.The pecking order theory, which emphasizes that equity financing is the most expensive and should only be utilized as a last resort to get finance, especially for SMEs, is a result of information asymmetry (Myers and Majluf, 1984). According to this approach, SMEs should give internal funding priority over debt and equity. The pecking order theory is a useful framework for analyzing whether an SME that prioritizes internal funding over debt and equity financing is leading to more sustainable growth.

Agency theory

This theoretical framework raises the issue of the relationships between owners and managers. It tries to explain to about the firm, control the election procedure to the Board of Directors, and the shareholders are widely dispersed. This phenomenon is called an agency problem. According to Jensen and Meckling (1976) an "agency problem" exists when managers own less than 100% of the firm, that is, to what extent do managers as agents act on their own behalf rather than the owners who are the principals as prescribed by the finance theory (Smith, 1986). Several studies indicate that managers substitute their own interests in place of the shareholders' interests. This is possible because managers possess more information means they do not own the firm so they are biased when it comes to decisions that are risky. With less than 100 per cent ownership, managers can shift part of the cost associated with decisions made in their own interest. Clearly these conditions are common in SMEs where some financial decisions and capital decisions are required to remain competitive.

This framework is important because the relationship between all stakeholders who are included in this study which are the owners of SMEs (principals) and managers (agents) of the businesses is analyzed. Analyzing the agency relationships (owners and agents) involves understanding how managers act as agents for owners and how conflict of interests may arise. These conflicts according to Jensen (1976) are managed by financial reporting systems and auditing systems which are part of the financial management practices. This framework is important because financial management practices such as financial reporting affect factors like profitability, revenue growth and market share of SMEs.

Resource-Based View

Teece and others (2015) assert that researchers have recognized organizational procedures and managerial choices that foster real growth capabilities as part of the resource-based paradigm. Financial management practices such as cashflow management, budgeting and financial analysis can help SMEs to effectively allocate their resources and enhance their competitiveness. According to Nelson and others (1982), repeated acts become routine and are defined as "repetitive, recognized patterns of interdependent behaviors, carried out by several actors." (Feldman *et al*, 2003).

This strategy results in business heterogeneity because each company develops its unique procedures (Hoopes*et al*, 2008). However, common and best practices are obvious, making them interchangeable from firm to firm (Eisenhardt *et al*, 2000). For instance, concentrating on budgeting and financial analysis might increase the effectiveness of businesses generating organic growth (Koryak *et al*., 2018). This theory will help in understanding that even though the strategies and practices used by SMEs can differ but the goal is to grow the SME and failure to grow is not intentional hence the causes of failure must be identified and dealt with.

There has been little research on financial management techniques directly related to the operations of SMEs from the review of some international and domestic empirical evidence presented above. There is need for more research that addresses the growth and economic sustainability of SMEs. In contrast, the most recent studies concentrated on the impact of financial management methods on the financial performance of SMEs. Research has never been done specifically on the financial management practices SMEs use in Bulawayo CBD particularly operating in Bulawayo Centre, Imbali Mall and Haddon & Sly.

Therefore, the researchers concentrated on analyzing SMEs' financial management practices across several industries in Bulawayo CBD operating in Bulawayo Centre, Imbali Mall and Haddon & Sly. The researchers presented empirical data by filling up the gaps left by earlier researchers. Empirical evidence was sought to close the knowledge gap on how SMEs use financial planning to manage risks, prepare capital expenditure estimates, and take advantage of market possibilities to expand and sustain their businesses.

RESEARCH METHODOLOGY

Research design

The researchers used a convergent mixed method design in keeping with the pragmatic mindset that underlies this investigation. The researchers used a convergent mixed method approach which allows for gathering quantitative and qualitative data through interviews and questionnaires. Data was obtained from SMEs registered under the Ministry of Small and Medium Enterprises. Creswell (2018) asserts that a convergent mixed method design allows the researchers to blend quantitative and qualitative data to fully address the research objectives while concurrently gathering both types of data.

Research strategy

For this study, the researchers used a quantitative approach on a broader scale and then a qualitative approach as a complimentary. The researchers conducted a survey to collect information, measure and find connections between financial management practices and SMEs growth. A survey helps in identifying an individual's important beliefs and attitudes. It is an act of examining a process or questioning a selected sample of individuals to obtain data (Creswell, 2018). Therefore, the survey was most appropriate because it allowed the researchers to collect data and question SMEs through questionnaires to obtain data over a large population represented by a target population, as supported by Floyd (2009). For qualitative data the researchers used interviews so as to collect in-depth financial information from the SMEs.

Data collection and analysis

Interviews were used when collecting data, especially at the Ministry of Small and Medium Enterprises, for quick access to information. Close-ended questions were used to gather quantitative data and the open-ended questions and interviews were used to gather qualitative data. Five Ministry officials were interviewed while 65 questionnaires were sent to SMEs officials with 58 returning the questionnaires. Statistical Package for Social Science (SPSS) was used for data analysis to draw meaningful conclusions about the quantitative variables under study. SPSS is incredibly useful for descriptive and inferential analysis; as such it was employed in this study to analyze quantitative data (Bryman and Bell, 2009). Thematic analysis was used to analyse qualitative data. Thematic analysis allowed the researchers to analyse qualitative data by the identification of common themes and patterns in the data and it ensured that the data presented is reliable and valid for the study (Guest et al, 2021).

DATA PRESENTATION, FINDINGS AND DISCUSSIONS

To appreciate the findings of the study brief comments are given on key issues around the study problem. The survey data from questionnaires revealed that 72.4% of the respondents are degree holders and therefore have good understanding of financial management practices. More than half of the respondents (65.3%) held managerial positions within their respective SMEs, including CEO, Managing Director, Finance Manager and Operations Manager. This indicates that these SMEs are overseen by people with the knowledge and experience to manage their companies' money successfully and therefore aid in their expansion.

Additionally, 12.4% of the respondents had specialized skills, including data analysts, engineers, and accountants, while 22.3% were ordinary employees without administrative roles. Even though these people might not be directly in charge of financial management procedures, their knowledge and experience can help SMEs manage their finances effectively.

These findings imply that SMEs operating in Bulawayo Centre, Imbali Mall and Haddon & Sly depend on people with various backgrounds and talents to manage their finances and foster growth. Small and medium-sized enterprises (SMEs) in the area may be better able to implement efficient financial management practices that support their long-term development by drawing on the knowledge and experience of people in managerial and specialized roles. Further, the sampled SMEs came from four sectors, namely, service industry, manufacturing industry, retail and hospitality. The age of the sampled SMEs ranges from one year to more than five years distributed as follows: 1 year 22.4%; 2 years 19%; 3 years 24.1%; 4 years 13.8% and 5+years 20.7%. This means that most SMEs sampled have not matured (reached 7 years and above). Financial planning and management in the majority (70.7%) of the sampled SMEs is done by owners while 27.3% employed personnel to deal with financial issues. This is in line with Nketsiah and others (2018) who noted that poor financial management by owners and managers is the main cause underlying the problems of SMEs.

Financial management practices adopted by SMEs in Bulawayo CBD.

The following information is presented and analyzed to address the first research question of the study which aimed to investigate the financial management practices adopted by SMEs in Bulawayo CBD.

Source of financing in relation to growth

There are different forms of financing that SMEs can adopt so as to grow and manage their businesses. These forms include internal funding or personal funding, equity financing as well as debt financing. According to the respondents 70.7% of SMEs are not on credit, that means that most SMEs are financing themselves using internal funds and do not rely on credits or debt financing, 29.3% have applied for credits from either the bank or other creditors that means they are using debt as a financing source. This is because most SMEs have not amassed assets that can be used as collateral in bank loan applications. This study shows that most SMEs operating in Bulawayo Centre, Imbali Mall and Haddon & Sly are using their own funds such as personal savings or retained revenues to fund their operations. It is in line with the research done by Liedholm and others(1999) that concluded that initial investments in developing nations are partly or entirely funded by personal savings, retained earnings and those of family and friends. It is in line with the pecking order theory by Steward Myers (1984) which suggests that SMEs must prioritize internal funding over debt and equity.

It is important to note that, of the SMEs in the study, a sizable minority (29.3%) stated that they had applied for credit from banks or other creditors. This shows that for certain SMEs in the area, loans may still be a significant source of financing and a business can grow if it has affordable loans that it is able to repay because those SMEs are performing well even if they are few of them that used credits. According to the Pecking Order Theory (Myers & Majluf, 1984) debt financing is the second option that is cheap in financing after internal funding. This means that since there is a sizeable number of SMEs who have 5 years and more of operation then they may be the ones going for debt financing as they may have some assets to use as collateral.

Measurement of performance in relation to growth

Respondents were asked if they measure performance in their organisations. A significant (94.8%) percentage of SMEs measure performance and this is part of financial management practices that are important. Only a few (5.2%) respondents highlighted that they do not measure performance. Its just a blind

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move. It raises the possibility that these SMEs may not have a comprehensive knowledge of their financial situation or the efficacy of their business plans, which is alarming. These SMEs can be working in the dark without performance assessment, which could reduce their chances of achieving sustainable growth.

The findings indicate that the majority of SMEs operating in Bulawayo Centre, Imbali Mall and Haddon & Sly understand the need of assessing their performance to monitor their development and pinpoint areas for improvement. SMEs can review their strategic choices, acquire insights into their financial health, and make necessary operational improvements by monitoring performance. It is in line with Schuck et al (2015) who highlight that performance measurement systems are developed and implemented to support the accomplishment of objectives of an organization or organizational initiative such as growth and customer satisfaction.

Financial Reporting in relation to growth

Financial reports are the reports presented in the form of statements for example statement of financial position, statement of profit or loss and statement of cashflows. Financial management practices such as cash flow management, budgeting and financial analysis can help SMEs to effectively allocate their resources and enhance their competitiveness (Teece et al, 2014). It was important for this research to know how regular these financial reports are required for attention by SMEs because that is how growth is traced.

The result showed that 60.3% require financial reports monthly, which means most SMEs require their reports more regularly. Twenty-four percent (24.1%) require the reports quarterly, 12.1% require them semi-annually, 1.7% want them annually, and another 1.7% require them weekly. The last two are extreme ends because a few do weekly reporting and also annual reporting. This shows that most SMEs require their reports monthly, semi-annually and quarterly. The majority of SMEs in the area demand monthly financial reports. Particularly, 60.3% of the SMEs polled said they needed financial reports every month. By obtaining monthly reports, SMEs can keep a closer eye on their financial performance and quickly spot any problems or areas for improvement. This is supported by Botosan (2006), when he suggests that financial reporting is needed frequently for stewardship purposes irrespective of the size and whether privately or publicly owned.

Internal Auditing in relation to growth

The Institute of Internal Auditors (2020) defines aninternal audit as “an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes”. Internal auditing is done at different times depending on the organisation and it was important in this study to analyse how many SMEs operating in Bulawayo Centre, Imbali Mall and Haddon & Sly do internal auditing and how frequently they do this auditing.

It is important to have audit systems because of the agency problem which is highlighted in the one of the underpinning theories of this study which is the agency theory by Jensen and Meckling (1976). The study revealed that most (41.38%) SMEs in the area regularly undertake internal audits and they said that they conducted internal audits annually, while 36.21% said they did so every other year. This result implies that many SMEs operating in Bulawayo Centre, Imbali Mall and Haddon & Sly know the value of routine internal audits as an essential part of their financial management procedures. Internal audits are important for the growth of SMEs as they help SMEs in identifying and mitigating any risks and vulnerabilities in their financial systems and operations and confirming that they are abiding by all applicable rules and regulations.

However, it is noted that 12.06% of the SMEs surveyed said they never perform internal audits. Due to a lack of internal checks and balances, these SMEs may be vulnerable to financial fraud, mistakes, and other problems that could jeopardize their financial stability and possibilities for growth. If internal auditing is appropriately done according to Milan (2020), it leads to a healthy organisation and promotion of success of SMEs.

Analysis of budgeted reports vs. actual performance in relation to growth

Most SMEs probed by this study compare budgeted reports to actual reports and they do this for several reasons. First and foremost, they conduct it to identify variances and compare them to the projected numbers, particularly if the variances are unfavourable. Second, they do it to gauge advancement and evaluate the company's financial performance. Thirdly, they use it to aid decision-making because doing so gives them a clear picture of the organization's financial situation when comparing budgeted reports to actual reports.

Most literature on SMEs in developing economies suggest that SMEs can utilise scarce financial resources by implementing robust budgetary controls because it leads to the growth of the small businesses into becoming better medium to large scale businesses, (Aren & Sibindi, 2014; Nwanyanwu & Ogbonnaya, 2018). Overall, the results of this study point to the critical financial management practice of comparing budgeted reports to actual reports as one that supports the expansion of SMEs. It helps SMEs make decisions, gives them a comprehensive image of their financial performance, and allows them to track their development. Consequently, SMEs should prioritize investing in skilled individuals and technology that allow them to evaluate their financial data successfully.

Causes of failure in many registered SMEs

The following information is presented to respond to research question 2 of this study which is to assess the causes of the failure of SMEs.

Factors pulling the organizations down

The SME representatives' comments disclosed several issues harming the organizations. The main issue SMEs operating in Bulawayo Centre, Imbali Mall and Haddon & Sly were facing competition. According to the respondents, there is fierce competition in the market, making it challenging to set one's goods or services apart from those of one's rivals. The economic climate and inflation, which make it challenging for SMEs to function and turn a profit, further worsen this competitiveness. The lack of capital was also mentioned as another major problem SMEs had to deal with. The respondents stated that it is tough to obtain finance and that repaying loans is also challenging due to the high-interest rates. The inability to raise money affects SMEs' ability to expand their operations. Respondents noted that some SMEs lack accountability and transparency, weak internal controls were also mentioned as a problem. The financial mismanagement resulting from this lack of control may harm the organization's chances of growing further. Njanike (2019) came up with factors affecting SMEs in developing countries and he mentioned technology, start-up funds, poor management skills, education level, social networks, age of the owner, government and financial support. Therefore, the current study mirrors factors that Njanike (2019) identified as leading to a high mortality of SMEs in developing countries.

Representatives from the Ministry of SMEs highlighted that many registered SMEs operate well in the first five years and then collapse before 8 years. The major challenge is that SMEs are operated by one person, the owner. As a result, even when the SME tries to grow the owner does not change the way they manage the organization and this leads to failure to adapt after surviving for less than 10 years. They further

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highlight that those SMEs that are surviving for a long time are not growing to become large organisations because of the challenges that included poor management, poor marketing, government policies and a need for more professional hiring. These elements may hinder SMEs' ability to develop and compete in the market.

The Ministry officials further indicated that government policies also lead to the collapse of SMEs as it does not support their growth. Musabayana (2022) asserts that the government policy framework provides the road map that is used to support their performance. The Zimbabwean government developed sound policies that were designed to improve the performance of SMEs, but their communication, structure, implementation, and support posed the biggest obstacles because their impact was so minimal. As mentioned by Block (2013) empowerment policies have a negative impact on foreign direct investment but that Zimbabwe's economic environment cannot support SMEs on its own, the indigenous policy is an example of a policy that was designed to promote SMEs but the policy did not do much because of the state of the Zimbabwean economy.

The study's findings reveal that SMEs operating in Bulawayo Centre, Imbali Mall and Haddon & Sly encounter several difficulties that impede their ability to expand which include government policies, competition, management skills and marketing skills. To overcome these obstacles, SMEs, the government, and other stakeholders must work together to establish an environment that fosters SME expansion and development.

Methods of financial management practices used by SMEs

Information presented below is to help respond to the third research question which is to find out the methods of financial management practices that are used by SMEs in Bulawayo CBD. This helps the researchers to know the methods valued and employed by SMEs.

The findings indicate that the most popular type of financial management practiced by SMEs operating in Bulawayo Centre, Imbali Mall and Haddon & Sly is financial controls and reporting systems. However, it is crucial to remember that a sizable fraction of SMEs continue to use only capital budgeting or working capital management techniques, suggesting that these approaches may also be efficient for handling money in a small business setting.

How financial management practices have affected the Growth of SMEs.

Information gathered on the fourth research question was trying to evaluate the impact of financial management practices on the growth of SMEs. It is to review whether having solid financial management practices as well as qualified personnel to do the job helps in the growth of SMEs or it is not important to have financial management practices that are solid. These issues were addressed in open ended questions so as to allow respondents to give their own opinions as to what benefits they see sound financial management bringing to the growth of their SMEs.

Importance of having qualified personnel in doing financial management

The consensus among all respondents was that the expansion of SMEs depends on having qualified employees in financial management. They listed a number of advantages of hiring professionals in financial management, such as better planning, cost and time savings, increased organization professionalism and efficiency, creation of competent financials, and decreased risks of poor financial management.

One of the main advantages of having qualified staff in financial management was better planning. Planning well enables SMEs to manage their finances, distribute resources, and make educated financial decisions.

This could then aid in the expansion of the company. Other advantages of having qualified financial management people include time and money savings. SMEs may maximize their financial resources, streamline their financial management procedures, and eliminate errors with the right professionals in place. This may result in significant cost savings and improved efficiency, which may help the company develop.

Having qualified financial management employees was said to improve the organization's professionalism and efficiency. Financial management procedures can be professionally carried out per industry standards and best practices by qualified individuals. The organization's growth and reputation may both benefit from this. Business owners and management must have financial knowledge, financial attitude and financial awareness so as to increase the performance of the business because these are not only prerequisites for performance of SMEs but entrepreneurial characteristics in decision making and relationship to financial attitudes have comparison with financial literacy (Eniola, 2017). The literature supports the hiring of qualified personnel to do financial work as it brings the benefits that lead to the growth of SMEs.

Benefits to have professional financial management practice systems

SME representatives were further asked if it benefitted the business to have professional financial management practice systems as well as explain how it benefitted it. This helped the researchers to know whether financial management practices have helped in the growth of SMEs because it might not be beneficial to have professional financial management systems in place as it might not add any value in terms of growth to SMEs. Only a few respondents highlighted that it is not important to have professional financial management practice systems, and their reasons were that it is costly, tiresome, and time-consuming given that the business is still small. They suggested that the business must grow big first so that they will be able to hire professionals to do the professional work. This view is not supported by the resource-based view because the theory argues that having financial management systems in place that deals with financial management practices such as cash flow management, budgeting and financial analysis can help SMEs enhance their competitiveness. According to Nelson *et al.* (1982), repeated acts become routine and are defined as "repetitive, recognized patterns of interdependent behaviors, carried out by several actors" (Feldman *et al*, 2003). This implies that if the SME choose not to be professional in every aspect of business, then it will become a repeated action and sometimes that SME will never adopt any professional financial system even if it grows because repeated actions become a routine.

The majority of respondents agreed that professional financial management practice systems should be in place and cited several advantages. Ensuring that financial management procedures are carried out competently and in accordance with best practices first aids in reducing financial risks. Giving SMEs accurate and timely financial information also assists SMEs in making educated decisions. It is supported by Muneer (2017) that robust financial management practices can predict financial activities of the future and the SME can gain a deeper insight into its financials. He further notes that it also enables SMEs to plan for future activities and take necessary course of action which leads to growth.

Thirdly, it aids in managing cash flows, preventing pointless withdrawals, and lowering the likelihood of suffering pointless losses. Fourthly, it lessens the likelihood of fraud and improper financial management. Finally, using professional financial management practices offers the firm a decent attitude to finances and improves its reputation (Muneer, 2017).

RECOMMENDATIONS

Recommendations to the SMEs owners and management

1. SME owners should develop a financial management plan that includes budgeting, cash flow management and financial reporting.

2. SME owners should seek professional advice from financial advisors to ensure compliance with the best practices.
3. SME owners and management should regularly review and analyse financial data to identify areas that need improvement and to make informed decisions.
4. Owners and management should consider alternative sources of financing such as debts financing and equity financing to support growth.

Recommendations to the government

1. The government should provide training and support programmes for SMEs on financial management practices.
2. The government should foster a culture of entrepreneurship and growth of SMEs by promoting innovation, creativity and risk taking.
3. There should be increased access to finance through loan guarantee schemes or venture capital funds. This will help SME owners and managers to consider other sources of finance apart from self-funding.
4. The regulator should ensure that financial institutions mainly banks and micro finance firms come up with credit structures or facilities that accommodate SMEs.
5. The Reserve Bank of Zimbabwe as a regulator under the government should ensure that banks come with credit structures that accommodate SMEs especially those with less than 3 years of operation.

Recommendations to future researchers

1. Conduct further research on the contribution of financial management practices to the growth of SMEs in the whole of Bulawayo not only in the CBD.
2. Explore the role of technology in improving financial management practices and the growth of SMEs.
3. Consider longitudinal studies to track changes in financial management practices over a long period of time and how it impacts the growth of SMEs.

CONCLUSION

The focus of the study was to investigate the contribution of financial management practices in relation to SMEs growth in Bulawayo CBD. The study was influenced by pragmatist philosophy and therefore used mixed methods research. Data was collected through interviews and questionnaires. According to the study it is beneficial to have professional financial management practice systems as it contributes to growth of SMEs, it is important to use all methods of financial management and it reviewed factors that are pulling SMEs down apart from financial management practices which are competition and macro environmental problems. The benefits of having professional financial management practice systems, how financial management practices have helped in the growth of SMEs, the methods of financial management practices that are used by SMEs operating in the CBD, the factors that are pulling the organizations down, analysis of budgeted reports vs. actual performance, regularity of internal audits and financial reports and measuring performance in relation to growth were given to achieve the objectives of the study.

SMEs owners and management are recommended to develop a financial management plan that includes budgeting, cash flow management and financial reporting. SME owners should seek professional advice from financial advisors to ensure compliance with the best practices. SME owners and management should regularly review and analyse financial data to identify areas that need improvement and to make informed decisions. Consider alternative sources of financing such as debts financing and equity financing to support growth. Government is recommended to provide training and support programs for SMEs on financial management practices. Foster a culture of entrepreneurship and growth of SMEs by promoting innovation, creativity and risk taking. Increase access to finance through loan guarantee schemes or venture capital funds. This will also help SME owners and managers to consider other sources of finance apart from self-funding.

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