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FINANCIAL REPORTING'S IMPACT ON SME GROWTH VIA
STAKEHOLDER RELATIONS AND FINANCE ACCESS IN
RUSAPE, ZIMBABWE.

BY

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A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF EXECUTIVE MASTER IN
BUSINESS ADMINISTRATION IN THE COLLEGE OF BUSINESS AND
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Abstract

This study investigates the role of financial reporting in promoting the growth of small and medium enterprises (SMEs) in Zimbabwe, with a specific focus on Murangle Enterprise, a beverage manufacturing firm based in Rusape Town. SMEs are critical to Zimbabwe's economic development, contributing over 50% to GDP and employing more than 60% of the workforce. Accordingly, there was a preliminary study focused on 10 purposively selected SMEs within Rusape primarily in the production and clothing sectors. The sample was designed to provide initial insights into financial reporting practices in a semi-formal business environment. The findings revealed that 60% of these SMEs do not follow formal financial reporting, underscoring the relevance of the research problem. Stakeholders, including potential investors and financial institutions, expressed concern over the enterprises inability to present credible financial data. Using a mixed-methods approach, the study collected primary data through stratified questionnaires and purposive in-depth interviews. Quantitative data revealed that a majority of stakeholders recognize the importance of financial reporting for decision-making, investment readiness, and operational transparency. However, Murangle lacks formal financial documentation such as income statements and cash flow records, resulting in missed investment opportunities and reliance on informal borrowing. Qualitative insights highlighted internal barriers including limited financial literacy, absence of trained personnel, and informal business practices. The analysis, guided by Agency Theory, Resource-Based View (RBV), and Greiner's Growth Model, revealed that Murangle is in the early stages of formalization, where leadership and structural systems are still evolving. The absence of financial reporting was found to negatively affect stakeholder relationships and hinder access to institutional finance from entities such as Bank ABC, Nedbank Zimbabwe, and the Zimbabwe Women's Bank, all of which require standardized financial documentation. The study concludes that financial reporting is not merely a compliance requirement but a strategic tool for SME growth. For Murangle, implementing robust financial reporting systems could enhance credibility, attract investment, and improve stakeholder engagement. The findings underscore the need for targeted interventions, including financial literacy training, capacity building, and digital accounting solutions tailored to SMEs. Moreover, the study provides actionable insights for policy makers, financial institutions, and development agencies seeking to support SME development in Zimbabwe. Through contextualizing financial reporting within Murangle's operational reality, the research contributes to a deeper understanding of the challenges and opportunities facing SMEs in Rusape Town. It advocates for localized solutions and emphasizes the transformative potential of financial reporting in unlocking SME growth and resilience.

Key words: Financial Reporting, SME Growth, Stakeholder Relations and Finance Access

Declaration Page

I declare that this dissertation is my original work except where sources have been cited and acknowledged. The work has never been submitted, nor will it ever be submitted to another university for the award of a degree.

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Dedication

This dissertation is dedicated to my family.

List of Acronyms and Abbreviations

| | |
|----------|---|
| SME | Small to Medium Enterprise |
| RBZ | The Reserve Bank of Zimbabwe |
| ACCA | The Association of Chartered Certified Accountants. |
| IASB | The International Accounting Standard Board |
| CFI | The Corporate Finance Institute |
| AUC | African Union Commission |
| GDP | Gross Domestic Product |
| SRM | Stakeholder Relationship Management |
| AFI | African Financial Inclusion Policy Initiative |
| ZIMSTAT | Zimbabwe National Statistics Agency |
| ZIMTRADE | Zimbabwe Trade Information Portal |
| NGO | Non-Governmental Organization |
| SEDCO | Small Enterprise Development Corporation |
| RBV | Resource Based View |
| VRIN | Valuable, Rare, Inimitable, and Non-substitutable |
| IASB | International Accounting Standard Board |
| IFRS | International Financial Reporting Standards |
| FRT | Financial Reporting Theory |
| MMSCR | Mixed Method Single Case Research |
| ZWB | Zimbabwe Women Bank |
| FASB | Financial Accounting Standard Board |
| CBZ | CBZ Holdings |
| MSME | Micro, Small, and Medium Enterprises |

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CHAPTER 1 INTRODUCTION

1.1 Introduction

This chapter provides details into the background information to the study, statement of the problem, the research objectives, research questions and significance of the study. The chapter go on to look at the delimitation, limitations and assumption of the study.

The Small to Medium Enterprises (SMEs) occupy an important role in the country such that the Government of Zimbabwe has constitutionally established a Ministry responsible for this sector of the economy. More so, the government of Zimbabwe continue supporting SMEs for the growth of the country's economy. However, Marunda (2014) noted that most SMEs fail to grow and sustain themselves due to a number of factors including tough competition, poor management systems and lack of proper financial management. According to a report by The Herald Business on February 8, 2025, the Governor of the Reserve Bank of Zimbabwe (RBZ) emphasized that while some enterprises possess financial resources, they are failing to manage them effectively, which may lead to business downscaling or closure. The report further noted that several small and medium enterprises (SMEs) have never utilized formal financial management systems since their inception (The Herald Business, 2025). Hence, this study is aimed at investigating the use of financial reporting systems as a tool to enhance growth and sustainability by Small to Medium Enterprises in the production industry in Rusape town.

1.2 Background to the Study

The entrepreneurial spirit drives individuals to establish businesses for diverse motivations, yet a universal aspiration unites them—that is, the pursuit of growth, expansion, and long-term sustainability (FasterCapital, 2024). In the Zimbabwean context, entrepreneurship has emerged as a strategic response to economic challenges, with many individuals motivated by necessity, opportunity, and the desire for self-reliance (Tendai et al., 2023). Studies show that SMEs in cities like Bulawayo and Masvingo are driven by both survival instincts and ambitions for scalability, despite limited access to formal support systems (Maponga & Khumalo, 2020; Jongwe, 2024).

The World Economic Forum (2022) admitted that while these objectives are widely acknowledged, a significant proportion of businesses, particularly Small and Medium Enterprises (SMEs), encounter premature closure and stunted growth. While the notion that initiating a business is the paramount hurdle may be conceptually sound, it must be tempered by the understanding that sustained success hinges on achieving desired outcomes (Sheppard, 2021). This perspective aligns with Naradda et al. (2020), who emphasize that entrepreneurial success depends not only on start-up efforts but also on strategic planning, resource management, and long-term sustainability. In the context of Rusape's production industry SMEs, a discernible pattern of limited growth has emerged. Many enterprises struggle to expand their operations in alignment with their initial expectations. This predicament is potentially attributable to the absence or inadequacy of robust financial reporting systems. According to Bragg (2018), effective financial reporting constitutes a cornerstone of business success, facilitating optimal resource allocation and fostering a conducive environment for

growth. Conversely, Nkwinika and Akinola (2024) posit that the lack of financial management systems can lead to financial instability, impeding expansion and jeopardizing sustainability. In Zimbabwe, this issue is particularly acute, where economic volatility and limited access to financial resources compound the challenges faced by SMEs (Makamanzi, 2024).

Recent studies have highlighted the persistent challenges faced by SMEs in Zimbabwe, with a strong emphasis on the role of financial management. For example, Where (2024) found that inadequate financial record-keeping and a lack of financial planning were significant predictors of SME failure. The specific challenges faced by SMEs in Rusape's production industry warrant focused attention. This study, therefore, aims to explore the contribution of proper financial management, focusing on financial reporting as a catalyst to the growth of SMEs in Rusape town, providing valuable insights into the factors influencing their success and sustainability.

By examining the relationship between financial reporting practice and SME growth, this research seeks to contribute to the development of strategies and interventions that can empower these enterprises to thrive in a challenging economic landscape. Accordingly, this research focuses on Murangle Enterprise, a specific SME operating in Rusape Town, Zimbabwe. While Murangle Enterprise may have experienced some level of growth, it remains unclear how much of that growth can be attributed to its financial reporting practices. Likewise, the specific financial reporting challenges faced by Murangle Enterprise, and how these challenges impact its growth potential, remain unexplored. This study seeks to address this gap by investigating the relationship between financial reporting

practices and the growth and survival of Murangle Enterprise in Rusape Town. In the town of Rusape, small and medium enterprises (SMEs) play a vital role in local economic development, particularly in the production and clothing sectors. However, a significant number of these enterprises, including Murangle Enterprise, operate without formal financial reporting systems. A field-based assessment of 10 production-oriented SMEs in Rusape revealed that only four maintain structured financial records, while the remaining six, including Murangle, rely on informal or ad hoc practices. This widespread lack of financial accountability undermines strategic planning, access to finance, and stakeholder confidence. Murangle Enterprise, despite its active engagement in social media marketing and local brand visibility, faces challenges in sustaining growth due to the absence of formal financial reporting. This situation reflects a broader pattern among SMEs in the region, highlighting the urgent need to explore financial reporting as a strategic resource for growth. While financial reporting is widely recognized as a critical tool for enhancing transparency, accountability, and strategic decision-making in businesses, its specific impact on SME growth through stakeholder relationships and access to finance remains underexplored in the Zimbabwean context, particularly in small towns like Rusape.

Existing literature tends to focus on broader financial constraints facing SMEs or on general business development strategies, often overlooking the nuanced role that structured financial reporting plays in building trust with stakeholders such as lenders, suppliers, and customers. Moreover, most studies emphasize urban or national-level data, leaving a gap in localized insights that reflect the realities of SMEs operating in semi-formal or informal environments. In Rusape, preliminary field data reveals that a majority of SMEs, especially in the production sector, do

not maintain formal financial records, which limits their ability to secure funding, attract partnerships, and scale operations. Despite this, there is limited empirical evidence linking financial reporting practices to measurable growth outcomes such as customer retention and investor confidence. This study addresses that gap by investigating how financial reporting influences SME growth specifically through the lenses of stakeholder engagement and access to finance, using Murangle Enterprise and other Rusape-based SMEs as focal cases. By grounding the research in a localized, real-world context, it contributes to both academic understanding and practical policy formulation for SME development in Zimbabwe.

1.3 Statement of the Problem

Small and medium enterprises (SMEs) constitute the backbone of Zimbabwe's economy, representing over 70% of registered businesses, employing more than 60% of the national workforce, and contributing upwards of 50% to GDP (ZIMSTAT, 2015; Chirwa, 2023). Despite their pivotal role in economic development, SMEs continue to face systemic barriers to accessing formal financing and achieving sustainable growth. A key constraint is the widespread absence of robust financial reporting practices, which impedes their ability to produce credible financial statements required by banks and investors (Chigumira, 2024; Mutasa, 2024).

These challenges are compounded by low financial literacy, informal operational structures, and the lack of institutionalized accounting systems. As a result, many SMEs operate without the financial transparency necessary to build stakeholder trust, secure external funding, or make data-driven strategic decisions (Dlamini & Sithole, 2022; Chirwa, 2024).

Murangle Enterprises, a beverage-producing SME based in Rusape, exemplifies these constraints. Although the enterprise has shown growth potential and participated in capacity-building initiatives such as ZIMTRADE workshops, it has yet to adopt formal financial reporting systems. This omission has hindered its ability to engage with financial institutions like Nedbank Zimbabwe and the Zimbabwe Women's Bank, both of which require documented financial records for SME financing. Murangle's reliance on informal borrowing and its inability to produce timely, accurate financial statements have resulted in financial vulnerability, missed investment opportunities, and stunted growth.

While existing literature affirms the positive relationship between sound financial reporting and SME profitability (Ncube & Ndlovu, 2023; Mwidege & Nyigu, 2024), there is a notable gap in localized case studies that examine this dynamic within under-researched regions such as Rusape. The absence of empirical insights into how financial reporting influences SME growth in these contexts limits the development of targeted interventions and policy frameworks.

A recent field-based assessment of ten production-oriented SMEs in Rusape revealed that only four maintain formal financial records, while the remaining six, including Murangle, rely on informal or ad hoc practices. Despite active engagement in social media marketing and growing brand visibility, Murangle continues to face growth constraints due to the lack of structured financial reporting. This pattern reflects a broader regional trend where informal operations dominate and financial transparency remains elusive.

The core problem, therefore, lies in the underutilization of financial reporting as a strategic tool for SME growth. Without reliable financial data, enterprises struggle

to evaluate performance, attract investment, and respond effectively to market dynamics. This study seeks to investigate the role of financial reporting in enhancing SME growth, using Murangle Enterprises as a focal case. It aims to assess the current state of financial reporting practices, their impact on stakeholder relationships and access to finance, and the operational challenges that hinder their implementation within the Rusape SME landscape.

Ratio Summary

Table 1 Financial Reporting compliance table

| Category | Count | Ratio |
|------------------------------|-------|-------|
| SMEs not following reporting | 6 | 3 |
| SMEs following reporting | 4 | 2 |

(Researcher, 2025)

1.4 Research Objectives

The aim of the study was to examine the financial reporting's impact on SME growth via stakeholder relations and finance access in Rusape, Zimbabwe. The researcher used Murangle Enterprise as a case study. Accordingly, this study was steered by the following specific objectives:

- i. To assess the current state of financial reporting practices at Murangle Enterprises and their impact on stakeholder relationships.
- ii. To investigate the relationship between financial reporting and access to finance for Murangle Enterprises.

- iii. To identify the challenges faced by Murangle Enterprises in implementing effective financial reporting practices.
- iv. To develop recommendations for improving financial reporting practices and enhancing stakeholder relationships and access to finance at Murangle Enterprises.

1.5 Research Questions

The objectives above were successfully addressed by answering the following research questions:

- i. What are the current financial reporting practices at Murangle Enterprises, and how do they impact stakeholder relationships?
- ii. Is there a significant relationship between financial reporting quality and access to finance for Murangle Enterprises?
- iii. What are the major challenges faced by Murangle Enterprises in implementing effective financial reporting practices, and how can they be addressed?
- iv. How can financial reporting practices be improved to enhance stakeholder relationships and access to finance for Murangle Enterprises?

The examination of these questions, gives this study aims to provide valuable insights into the role of financial reporting in SME growth within the specific context of Rusape Town and contribute to the body of knowledge on SME development in Zimbabwe. The findings are relevant to Murangle Enterprise, other SMEs in Rusape, policymakers, and financial institutions supporting SME development.

1.6 Assumptions of the Study

Primarily, the research assumed that Murangle Enterprise have provided access to accurate, reliable financial records and other relevant data necessary for this study. It also assumed that the information provided by respondents through interviews and questionnaires is truthful and reflective of their experiences. More so, the study assumed the cooperation of the management and staff of Murangle Enterprise in participating in the research process, including interviews, questionnaires, and access to records. Lastly, the research assumed that "growth" can be effectively measured and assessed using a combination of financial and operational indicators, such as profitability, revenue growth, market share, asset growth, and employment.

Hypotheses:

There is a positive relationship between effective financial reporting practices and the growth of Murangle Enterprise. Specifically, SMEs with stronger financial planning, budgeting, control, and investment analysis practices tend to experience higher rates of growth.

1.7 Significance of the Study

This study provides Murangle Enterprise with a comprehensive assessment of its current financial reporting practices, identifying both strengths and weaknesses. Given Murangle's informal operational structure, lack of financial documentation, and missed investment opportunities, the findings may offer specific, actionable recommendations for improving its financial reporting systems. These improvements may enable the enterprise to make informed financial decisions, enhance profitability, and achieve sustainable growth. Such direct feedback is

critical for Murangle's transition from informal survival mode to structured growth, especially as it seeks formal financing and institutional support.

Chikwati (2024), focusing on Zimbabwean SMEs, demonstrated that providing SMEs with tailored feedback and practical recommendations based on financial assessments significantly improved their financial management capabilities and growth prospects. This is supported by Sibanda (2024), who showed that in Zimbabwe, customized financial management training and assessments led to increased SME resilience in times of economic uncertainty and macroeconomic volatility.

The research may also benefit the researcher by furnishing a deeper understanding of the financial reporting requirements necessary for SME growth and their importance in strategic decision-making. Moreover, the researcher gain insight into how financial reporting influences stakeholder engagement and access to finance the two critical pillars of SME sustainability in Zimbabwe's economic climate.

The insights gained from studying Murangle Enterprise can be generalized to other SMEs operating in similar environments within Rusape Town and beyond. By understanding the challenges and opportunities related to financial reporting, other SME owners and managers can learn from Murangle's experience and adopt best practices to improve their own financial performance and growth prospects (Sibanda, 2024). The study can serve as a valuable resource for local businesses seeking to enhance their financial recording capabilities, especially those transitioning from informal to formal operations (Chikomo, 2024).

Furthermore, the research may inform policy makers and regulatory bodies about the specific financial reporting challenges faced by SMEs in Rusape Town. Chitongo (2024), focusing on Zimbabwean SME policy, highlighted the importance of local-level research in informing national policy frameworks to address the specific needs of SMEs in different towns and regions. This information can be used to develop targeted support programs, training initiatives, and policy interventions aimed at strengthening the financial management skills of SME owners and managers. The study's findings may contribute to the creation of a more conducive environment for SME growth and development at the local, regional, and potentially national level.

Banks and other financial institutions that provide services to SMEs can benefit from the study's findings (Chirwa, 2024; Sibanda, 2024). By understanding the financial reporting needs and challenges of SMEs, these institutions can design and offer more appropriate financial products and services, including loans, credit lines, and financial advisory services. For example, Murangle's current banking relationship with Bank ABC could be leveraged to access SME-specific financial tools provided the enterprise improves its reporting practices. This can lead to improved access to finance for SMEs and stronger relationships between SMEs and financial institutions.

The study may contribute to the existing body of knowledge on SME development, financial reporting, and economic growth in developing countries. It provides empirical evidence from a specific context which is Rusape Town, Zimbabwe that can be compared and contrasted with findings from other studies conducted in different regions. This can help refine existing theories and models of SME growth

and contribute to a deeper understanding of the factors that influence SME success (Sibanda, 2024).

Organizations involved in promoting SME development, such as NGOs, local business associations, and international development agencies, can use the study's findings to design more effective interventions and support programs (Chikwati, 2024; Sibanda, 2024). By understanding the specific financial reporting needs of SMEs, these organizations can tailor their assistance to address the most pressing challenges and maximize their impact. For instance, ZIMTRADE'S workshops could be enhanced with modules on financial literacy and reporting systems tailored to manufacturing SMEs like Murangle.

In summary, this research is expected to generate valuable insights that benefits a wide range of stakeholders from individual SMEs to policy makers, financial institutions, and development organizations. By shedding light on the crucial role of financial reporting in SME growth, the study may contribute to the development of a more vibrant, resilient, and sustainable SME sector in Rusape Town and beyond.

1.8 Delimitation of the Study

The delimitations are acknowledged, and the research findings should be interpreted within these boundaries. They also highlight potential areas for future research to address the limitations of this study. This research, investigating the role of financial reporting as a catalyst to the growth of SMEs in Rusape Town, using Murangle Enterprise as a case study, focuses specifically on Murangle Enterprise. While insights may be transferable, the findings may not be fully representative of all SMEs in Rusape Town or other regions. The unique characteristics of Murangle

Enterprise, its industry, and its management team may limit the generalizability of the results. A larger sample of SMEs would provide a broader perspective, but this is beyond the scope of this research.

In addition, the study is limited to Murangle Enterprise, which operates within the geographical Rusape Town, Zimbabwe. The specific economic, social, and regulatory environment of Rusape may influence the findings. Therefore, the results should be interpreted within this specific geographic context, and caution should be exercised when extrapolating the findings to other locations.

The research relies on the availability and accuracy of financial records and other data provided by Murangle Enterprise. Limitations in record-keeping practices or incomplete data may affect the reliability of the findings. Furthermore, reliance on interviews and questionnaires introduces the potential for subjective biases in the data collected.

The study is limited by the available time for data collection and analysis. A longer study period would allow for a more in-depth examination of financial reporting practices and their impact on growth over time. The cross-sectional nature of the study provides a snapshot in time and may not capture the dynamic evolution of financial management practices and their long-term effects.

The study acknowledges that other factors like marketing, operations, human resources can influence SME growth, yet it primarily focuses on the contribution of financial reporting practices. This focus allows for a deeper understanding of the specific role of financial reporting, but it means that the influence of other factors

on growth is not explored in detail. This is a conscious choice to narrow the scope of the study to a manageable area.

This study's definition and measurement of SME growth are limited to specific indicators, such as profitability, revenue growth, market share, and asset growth. The reason being that other dimensions of growth, such as employment creation, innovation, and social impact, are not explicitly considered due to the difficulty in measuring these aspects within the given timeframe and resources.

The qualitative data collected through interviews and observations is subject to interpretation by the researcher. While efforts were made to ensure objectivity, some degree of subjectivity is inherent in the analysis of qualitative data.

1.9 Limitation of the Study

This research, investigating the role of financial reporting as a catalyst to the growth of Small and Medium Enterprises (SMEs) in Rusape Town, using Murangle Enterprise as a case study, faces several limitations including, potential for bias, as a case study, the research relies solely on information provided by Murangle Enterprise. Thus, there's potential for bias in the data provided by management and staff, as they might present a more favourable view of the company's financial practices and performance (Chirwa 2023). The researcher's own interpretations of qualitative data can also introduce bias, despite efforts to remain objective. Relying solely on Murangle Enterprise's information risks biased data, as management and staff might present a favourable view (Chirwa 2023). This is a common challenge in case study research, especially in SME contexts where formal data verification can be limited. Recent literature highlights the persistent challenge of data reliability in SME research, particularly in developing economies. For instance, in

a study on Zimbabwean SMEs, Chirwa (2023) noted the difficulty in obtaining accurate financial data due to informal record-keeping and a tendency to present optimistic figures. Moyo and Dube (2022) also emphasized the importance of acknowledging potential biases in case studies involving small businesses, where personal relationships can influence data provision.

Nevertheless, triangulation of Data may be used as a solution. Thus, supplement Murangle Enterprise's data with external sources. There is the use of industry-specific benchmarks from organizations like the Small Enterprise Development Corporation (SEDCO) in Zimbabwe. The data from the Zimbabwe National Statistics Agency (ZIMSTAT) on SME performance in Rusape. The study considered, where possible, comparative data from similar SMEs in the Rusape town. Triangulation is attributed to Kiprono and Omondi (2023), who advocate for using multiple data sources to enhance the validity of SME research findings.

Rahman and Hossain (2022), writing on SME research methodologies, cautioned against the potential for researcher bias in thematic analysis, particularly when dealing with subjective data. It is possible that the researcher's interpretations can introduce bias, even with objectivity efforts. To this Chen and Liu (2022), recommended collaborative analysis to mitigate researcher bias. So peer review and expert consultation may be of great help. This curbs the possible bias for the researcher falling into the trap of simply confirming what the researcher assumes or already knows while failing to observe and record what is actually a the setting. Thus, the researcher austerely observed the principles of honesty and academic transparency so there is belief that reliable results were obtained from the study.

It is also important to note that the study may not fully account for all external factors that can influence SME growth, such as changes in the economic environment, competition, government regulations, and access to external funding. While these factors are acknowledged, their complex interplay with financial reporting practices can be difficult to fully disentangle.

Research is always subject to resource constraints, including time, budget, and access to data. These limitations affect the scope and depth of the study, potentially limiting the number of participants, the range of data collected, and the extent of analysis.

1.10 Structure of the Study

This research is organized into five chapters, each contributing to a coherent exploration of the role of financial reporting in SME growth, with a specific focus on Murangle Enterprises. Chapter one lays the foundation for the entire study. It introduces the research topic, outlines the background and context, and presents the statement of the problem. The chapter also identifies the knowledge gap the study seeks to address, formulates the research objectives and questions, and highlights the significance and scope of the investigation.

Chapter Two provides a comprehensive review of relevant literature on financial reporting and SME development, including theoretical frameworks such as Agency Theory, Resource-Based View (RBV), and Greiner's Growth Model. The chapter critically examines previous studies and situates the current research within the broader academic discourse, establishing the relevance of financial reporting to SME growth and stakeholder engagement.

Chapter Three details the research methodology. It describes the research design, data collection instruments (questionnaires and interviews), sampling techniques (stratified random and purposive sampling), and procedures used to gather and analyse data. The chapter also outlines the ethical considerations observed throughout the study, in accordance with the guidelines provided by the Africa University Research Ethics Committee (AUREC).

Chapter Four presents and analyses the data collected from Murangle Enterprises and its stakeholders. Quantitative data is summarized using descriptive statistics and visual tools such as tables, pie charts, and bar graphs, while qualitative data is interpreted thematically. The analysis is integrated with Murangle's operational reality and guided by the theoretical framework to answer the research questions and assess the impact of financial reporting on growth, stakeholder relationships, and access to finance.

Chapter Five discusses the key findings, draws conclusions, and offers practical recommendations based on the research outcomes. The implications of the study are considered for Murangle Enterprises, other SMEs in similar contexts, policy makers, financial institutions, and development agencies. The chapter emphasizes the strategic importance of financial reporting and proposes actionable steps to enhance SME resilience and growth. Supporting materials including data collection tools, tables, and figures are provided. All ethical protocols were strictly followed, ensuring the integrity and credibility of the research process.

CHAPTER 2 REVIEW OF RELATED LITERATURE

2.1 Introduction

This literature review examines existing research on the relationship between financial reporting practices and the growth of Small-Medium Enterprises (SMEs), particularly within developing economies like Zimbabwe. It further explores the theoretical underpinnings of this relationship, reviews empirical evidence from various contexts, and identifies key themes relevant to the present study focusing on Murangle Enterprise in Rusape Town, Zimbabwe. Key themes can be drawn from the role of SMEs in economic development and these include SMEs as drivers of job creation, innovation, and economic growth in developing economies, the specific contributions of SMEs to the Zimbabwean economy as well as Challenges faced by SMEs in contributing to economic development. To have the same understanding of this study this chapter provides some working definitions of the terms.

2.2 Theoretical Framework: Financial Reporting and SME Growth

Ayyagari et al. (2011) discussion on the importance of SMEs provides a classic, relevant foundation. Recently, Moyo and Dube (2022) researched on the impact of SME growth on poverty reduction in developing countries, with a focus on African economies. Furthermore, Chirwa (2023) highlighted the role of SMEs in local economic development within Zimbabwe, and the difficulties they face.

Focusing on the financial management practices and SME growth brings to surface, the importance of financial planning, budgeting, control, and investment analysis for SME growth, the impact of financial literacy and managerial skills on financial reporting effectiveness and the role of technology in improving financial reporting

practices. Chronologically, Olawale and Garwe (2022) explored the relationship between financial planning and control and SME performance in developing economies. Nguyen et al. (2023) examined the effects of budgeting and investment analysis practices on SME growth and sustainability. Chakraborty and Sharma (2023) focused on the role of financial literacy and technology adoption in enhancing SME financial management. More recently, Mwidege and Nyigu (2024) emphasized the importance of financial management practices for SME survival and growth.

A review on financial management challenges faced by SMEs encompass issues to do with inadequate financial skills and knowledge, limited access to finance and credit as well as privation of access to sound financial information and technology. Driven by these challenges, Dlamini and Sithole (2022) studied the effects of financial literacy on SME performance. Ncube and Ndlovu (2023) also investigated the effect of financial management challenges on SME profitability in Zimbabwe. Onyango and Omondi (2023) investigated the impact of limited access to finance on SME growth in developing countries while Chirwa (2024) highlighted the challenges of inadequate financial information systems for SMEs. Mutasa (2024) focused his study on the effect of lack of financial information on SMEs in the informal sector of Zimbabwe.

External factors moderating financial reporting and growth, acknowledge Akinyemi et al. (2023) who examined the moderating effect of market competition on the relationship between financial reporting and SME performance. Li and Wang (2022) studied the impact of regulatory changes on SME growth. Furthermore, Mwangi and Kamau (2023) explored the influence of owner-manager

characteristics on financial management effectiveness. Chigumira (2024) valued the moderating role of access to external funding for Zimbabwean SMEs.

The use of case study research in SME contexts facilitates gaining in-depth insights into SME financial reporting practices. With that background Adeyemi and Oladele (2023) demonstrated the value of targeted financial assessments for SME growth through case studies. In addition, Chen et al. (2022) highlighted the use of case studies to identify best practices in SME financial management. More so, Chikomo (2024) and Sibanda (2024) showed the benefits of using local case studies in Zimbabwe.

Moyo and Dube (2024) have shown that SMEs who implement financial controls and planning are more likely to survive economic shocks. This reinforces the notion that effective financial reporting is not merely a procedural requirement but a strategic imperative for SME growth and sustainability

Specific financial management practices, such as budgeting and financial control, have a more significant impact on the growth of Murangle Enterprise than other practices like record-keeping. Chikomba (2023), in a study focusing on SMEs in Zimbabwe, observed that SMEs actively using budgeting and financial control mechanisms were more likely to secure external funding and expand their operations compared to those primarily focused on record-keeping. This suggests that while record-keeping provides a foundation, the strategic application of budgeting and financial control is crucial for driving tangible growth.

Financial reporting challenges, such as limited access to finance, inadequate financial skills, and lack of sound financial information, negatively affect the

growth of Murangle Enterprise. Ncube and Ndlovu (2023) observed that SMEs struggling with these financial reporting challenges often experienced lower profitability and reduced market share, reinforcing the direct correlation between these issues and growth limitations. This is further reinforced by Mutasa (2024), who showed that the lack of access to financial information, and financial training, was a large contributing factor to SME failure in the Zimbabwean informal sector.

The relationship between financial reporting practices and growth may be moderated by external factors, such as the business environment, for instance, competition, regulatory changes, access to external funding, and the owner-manager's characteristics like financial literacy, management experience (Chigumira 2024 and Dube 2024). In the context of Murangle Enterprises, stakeholder relationships are shaped by the enterprise's ability to communicate financial performance, demonstrate accountability, and respond to stakeholder expectations. Financial reporting serves as a bridge between the enterprise and its stakeholders, reinforcing trust and enabling informed engagement.

This theoretical framework aims to provide a structured understanding of the relationship between financial reporting practices and the growth of Small-Medium Enterprises (SMEs), using Murangle Enterprise in Rusape Town as a case study. It draws upon established theories and models to explain how financial reporting contributes to SME growth in a challenging economic context.

Recent literature, highlighted in the first chapter, emphasizes that finance access is not merely about the presence of financial institutions, but also about the affordability, suitability, and inclusivity of financial products and services. Yet the local Zimbabwean context, finance access is constrained by weak financial

infrastructure, limited credit information systems, and low levels of financial reporting among SMEs. For Murangle Enterprises, improving financial reporting practices is essential to enhance creditworthiness, attract investment, and build trust with financial institutions.

2.2.1 Key Theories and Models

2.2.2 Resource-Based View (RBV)

This theory dated as early as 1984 posits that a firm's internal resources and capabilities, including financial resources and management skills, are key drivers of competitive advantage and growth. According to Wernerfelt (1984) and Barney (1991) the original framework for RBV helps explain how Murangle Enterprise's financial reporting practices, as a resource, contribute to its growth.

RBV Theory focus on internal capabilities of a company. It emphasizes the strategic importance of internal resources such as financial systems, human capital, and organizational culture as drivers of competitive advantage. This is particularly relevant for SMEs like Murangle Enterprise, which may lack external market power but can leverage internal strengths to grow (Picincu, 2020).

RBV also considers sustainable competitive advantage. By identifying resources that are valuable, rare, inimitable, and non-substitutable (VRIN), RBV helps firms build long-term advantages. In Zimbabwe, Gutu and Cheresai (2023) found that SMEs with structured financial reporting practices were more likely to secure funding and outperform peers, demonstrating how internal capabilities translate into external success.

In addition, RBV has its strength in strategic resource allocation. RBV encourages firms to invest in and protect key resources. For Murangle, this means prioritizing financial expertise and systems as strategic assets that can unlock stakeholder trust and access to finance. RBV is also flexible across sectors. RBV is applicable to various industries and firm sizes, making it a versatile framework for SMEs in emerging economies like Zimbabwe (Nasrudin, 2025).

Nevertheless, though RBV has these strengths it is also necessary to look at its limitations. With RBV it is a difficult tool in identifying VRIN resources. This one major critique is the challenge of accurately identifying which resources meet the VRIN criteria. SMEs may struggle to distinguish between operational tools and strategic assets (Nasrudin, 2025).

RBV is also accused of neglecting the external environment. RBV focuses heavily on internal resources and may underplay the role of external factors such as market dynamics, competition, and regulatory changes. In Zimbabwe, economic volatility and policy shifts can significantly impact SME performance, regardless of internal capabilities (Guti & Cheresai, 2023).

Critics argue that RBV offers a static view of strategy, assuming resources remain valuable over time. However, in fast-changing environments, resources must evolve to retain relevance (Picincu, 2020). It is also noted that while RBV identifies the importance of resources, it offers limited direction on how to acquire or develop them especially for SMEs with constrained budgets and expertise.

2.2.3 Financial Reporting Theory

Financial reporting theory offers a framework for understanding and analysing financial reporting practices. It takes its roots on the Conceptual Framework for Financial Reporting developed by the International Accounting Standards Board (IASB). The theory explores the principles, assumptions, and frameworks that guide the preparation and presentation of financial information. It is rooted in the need to provide stakeholders with relevant, reliable, and comparable data to support economic decision-making. The theory underpins standards such as the International Financial Reporting Standards (IFRS), including IFRS for SMEs, which aim to harmonize reporting practices globally while accommodating the unique needs of smaller enterprises. Defining points of financial reporting theory include

2.2.4 Objective of Financial Reporting

The primary objective of financial reporting is to provide relevant and reliable information to stakeholders including investors, creditors, regulators, and management to support informed decision-making IASB (2020). High-quality financial reporting enhances transparency, reduces information asymmetry, and fosters efficient capital allocation. This is why Geng and Zhang (2021) examined the relationship between financial reporting quality and investment efficiency, finding that firms with more transparent reporting practices tend to allocate resources more effectively (pp. 291–307). Recent studies further emphasize that financial reporting not only serves external stakeholders but is equally vital for internal strategic planning and performance evaluation. For instance, Al-Shattarat et al. (2022) argue that internal users, such as managers, rely on financial reports to

assess operational efficiency and guide growth-oriented decisions, particularly in emerging markets. In the context of Murangle, robust financial reporting can support internal reviews, facilitate strategic alignment, and promote sustainable growth by enabling data-driven decision-making across departments.

2.2.5 Qualitative Characteristics

Financial information should be relevant, faithfully represented, comparable, and understandable (IASB 15-18). For instance, Zhou thus researched on financial reporting quality and myopic investments (2023). The financial reporting done at Murangle should provide relevant information necessary for their growth.

2.2.6 Elements of Financial Statements

Assets, liabilities, equity, income, and expenses are the building blocks of financial reporting (IASB 20-25). Assad and Jaafar, examined the interplay between financial reporting quality and investment efficiency in the US context (2023). With this understanding it can be noted that a holistic approach is to be noted in the Murangle financial reporting.

2.2.7 Strengths of Financial Reporting Theory

Firstly, it enhances transparency and accountability. Financial reporting theory promotes the faithful representation of financial activities, which fosters transparency and accountability. This is especially critical for SMEs seeking to build trust with investors, creditors, and regulators (Moyo, 2024). Financial reports gives a glimpse of any company and this is important to interested shareholders.

The energy behind progress is the ability to make a decision. By emphasizing relevance and reliability, the theory ensures that financial reports serve as effective

tools for internal and external decision-making. For Murangle Enterprises, structured reporting can guide strategic planning and operational efficiency. In addition, FRT facilitates access to finance. Standardized financial reports improve the credibility of SMEs in the eyes of financial institutions. Gutti and Cheresai (2023) found that Zimbabwean SMEs with consistent reporting practices were more likely to secure loans and investment.

Given the existence of competition in the business jungle, FRT features to improve comparability across firms. Financial reporting theory enables comparability by encouraging uniform standards. This allows stakeholders to benchmark performance and assess risk across similar enterprises. Lastly, the theory provides a framework for compliance with tax laws, corporate governance, and financial regulations, reducing legal and reputational risks.

However, FRT has its own drawbacks. For SMEs like Murangle Enterprise, the technical complexity of financial reporting standards can be overwhelming. The cost of hiring qualified personnel or adopting accounting software may be prohibitive (Daka, 2023). Most financial institutions require audited financial. This results in SMEs like Murangle Enterprise to consider the price of hiring the right personnel.

Another drawback is that its relevance is limited in hyperinflationary economies. In Zimbabwe, inflation-adjusted financial reports have often been criticized for lacking relevance. Daka (2023) notes that such reports may fail to reflect the true economic substance of transactions, undermining their usefulness.

Financial reporting theory tends to prioritize quantitative metrics, potentially overlooking qualitative factors such as customer loyalty or brand value which are vital elements for SME growth. The standardized nature of financial reporting may not suit micro or informal enterprises that operate with minimal documentation and fluid structures.

2.2.8 Agency Theory

The theory examines the relationship between owners (principals) and agents (managers) and how agency problems can affect financial decision-making and firm performance (Jensen and Meckling, 1976). For Murangle Enterprise, agency theory can help to analyse how the alignment of interests between owners and managers influences financial reporting practices and growth.

Agency Theory is hailed for Clarifying Principal and Agent Relationships. The Theory provides a clear framework for understanding the dynamics between owners (principals) and managers or directors (agents). This is particularly useful in SMEs where ownership and control may be separated, as seen at Murangle Enterprises (Swarbrick, 2023). It also highlights the importance of monitoring and incentives. Agency theory emphasizes mechanisms such as financial reporting, audits, and performance-based incentives to align agent behaviour with principal interests. Structured financial reporting in Zimbabwean SMEs reduced agency costs and improved transparency Guti and Cheresai (2023).

Furthermore, the theory supports governance and accountability. Agency Theory underpins corporate governance practices by advocating for systems that ensure agents act in the best interest of stakeholders. This is vital for SMEs seeking

external funding or partnerships. Moreover, theories ought to be applicable across organizational sizes. Though originally developed for large corporations, the theory is adaptable to SMEs, especially those transitioning from founder-led to professionally managed structures.

However, Agency theory assumes self-interest and conflict. Agency Theory assumes agents are inherently self-interested and likely to act against the principal's goals unless monitored. This may not always reflect the collaborative nature of SMEs, where directors are often also owners, like the case of Murangle enterprise (Swarbrick, 2023). Additionally it overemphasis on normal controls. It was realised that the theory prioritizes formal mechanisms like contracts and audits, which may be costly or impractical for SMEs with limited resources. Murangle's lack of personnel and expertise illustrates this challenge.

Some criticise Agency Theory because it neglects informal relationships and trust. In a number of SMEs, especially in Zimbabwe, informal relationships and trust play a significant role in governance. According to Karedza and Govender, (2020) Agency Theory may overlook these cultural and relational dynamics. The Theory has also limited guidance on capacity building. While the Theory identifies the need for monitoring, however the theory offers little direction on how SMEs can build the necessary capacity such as financial literacy or reporting systems to implement these controls effectively.

2.2.9 Small Business Growth Models

Greiner growth model, explain the stages of SME growth and the challenges associated with each stage (Greiner (1972). The models can help understand

Murangle Enterprise's growth trajectory and identify the financial reporting challenges it faces at different stages.

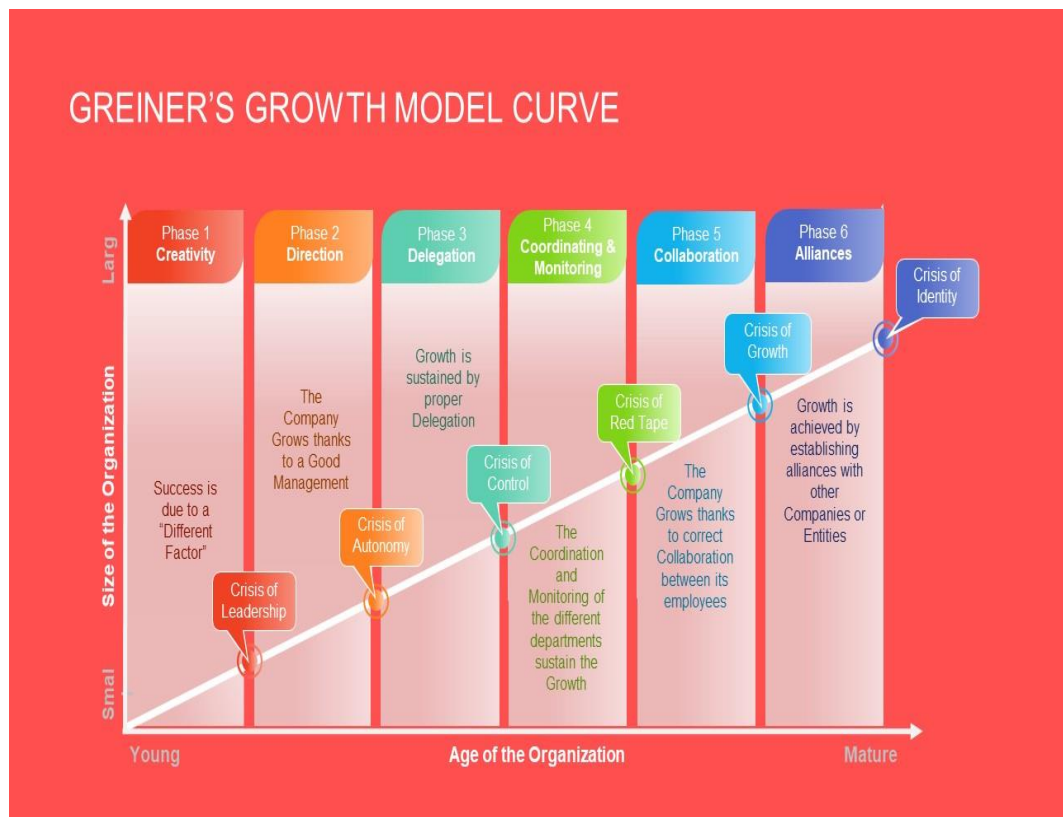


Fig 1 Greiner's Growth Model (2023)

2.2.10 Greiner's Growth Model and Murangle Enterprises

Greiner's Growth Model outlines six distinct phases of organizational growth, each marked by a period of evolution followed by a crisis that demands strategic change (Grzegorzec, 2025). These phases are Creativity, Direction, Delegation, Coordination, Collaboration, and Alliances. They are especially relevant for SMEs like Murangle that are navigating early-stage growth while grappling with structural and operational limitations.

2.3 Relevance of the Theoretical Framework to the Study

With this theoretical framework a crucial foundation is availed for investigating the contribution of financial management to SME growth, specifically in the context of Murangle Enterprise. Its relevance lie in its ability to:

i. Guide the Research Focus

The framework aims to clarify the meaning of financial reporting in this context. It outlines the specific financial practices relevant to SMEs, such as planning, budgeting, control, working capital management, and investment appraisal. This ensures the research focuses on the most impactful aspects of financial reporting. More so, it suggests how these financial practices are expected to influence SME growth. It hypothesises that effective financial reporting, by enabling efficient resource allocation and informed decision-making, positively contributes to growth indicators like profitability, revenue, and market share. Relevant factors that might influence SME growth alongside financial reporting are identified. This is going to include the business environment in Rusape, access to finance, and the owner-manager's characteristics. Recognizing these factors allows for a more nuanced analysis.

ii. Provide a Theoretical Lens

Resource-Based View (RBV): This theory suggests that strong financial reporting capabilities are valuable resources that can give Murangle Enterprise a competitive edge. By effectively managing finances, the enterprise can optimize resource utilization, leading to better performance and growth.

Agency Theory: This theory highlights the importance of aligning the interests of owners and managers. Sound financial management practices, like transparent reporting and control systems, can reduce information asymmetry and promote responsible financial behaviour, fostering trust and contributing to long-term growth.

iii. Structure the Research Process:

The framework guides the formulation of specific research questions. For example, 'How do Murangle Enterprise's budgeting practices contribute to its revenue growth?' or 'What financial reporting challenges hinder Murangle Enterprise's access to finance?' The framework further informs the choice of research methods. For instance, the framework emphasizes the importance of financial planning, where the research might include analysing Murangle Enterprise's financial plans and interviewing managers about their planning process. Accordingly, the framework provides a structure for analysing the collected data. It helps interpret the findings in light of existing theories and identify patterns or relationships between financial reporting practices and SME growth.

iv. Enhance the Study's Contribution:

Through grounding the research in established theories, the study contributes to the broader understanding of SME growth and the role of financial reporting. It provides empirical evidence from a specific context, of Rusape Town, that can be compared with findings from other studies. The framework helped to translate the research findings into practical recommendations for Murangle Enterprise and other SMEs. By understanding the link between financial reporting practices and growth,

businesses can make informed decisions to improve their financial performance.

2.4 Integrated Theoretical Framework

To comprehensively understand how financial reporting functions as a catalyst for SME growth, this study integrates four interrelated theories, Financial Reporting Theory, Resource-Based View (RBV), Greiner's Growth Model, and Agency Theory. Together, these frameworks offer a multidimensional lens for analysing Murangle Enterprise's internal challenges and external opportunities in enhancing stakeholder relationships and accessing finance.

2.4.1 Integration of Financial Reporting Theory

Financial Reporting Theory provides the foundational principles and conceptual frameworks that guide the preparation and presentation of financial information. It emphasizes relevance, reliability, comparability, and faithful representation to support economic decision-making (Moyo, 2024). For SMEs like Murangle, this theory underscores the importance of structured financial disclosures in building transparency and trust. Thus its relevance to Murangle Enterprise is that the absence of a formal financial reporting structure at Murangle limits its ability to communicate financial performance to stakeholders. Adopting Financial Reporting Theory principles such as consistency, objectivity, and full disclosure can enhance internal decision-making and external credibility (Daka, 2023).

2.4.2 Integration of Resource-Based View (RBV)

RBV posits that firms achieve sustainable competitive advantage by developing and deploying internal resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). Financial reporting, when treated as a strategic

resource, can differentiate Murangle from less transparent competitors. Therefore, through investing in financial reporting systems and expertise, Murangle can transform an internal capability into a growth-enabling asset that supports access to finance and stakeholder engagement (Guti & Cheresai, 2023).

2.4.3 Integration of Greiner's Growth Model

Greiner's Growth Model outlines six phases of organizational development, each marked by a crisis that requires structural adaptation. Murangle appears to be in the Creativity phase, where informal systems dominate. The lack of financial reporting and skilled personnel indicates a leadership crisis, which must be resolved to transition into the Direction phase, where formal systems and accountability structures are introduced (Grzegorzek, 2025). Financial reporting provides the structure and clarity needed to navigate growth transitions, enabling better coordination, planning, and performance monitoring necessary for Murangle Enterprise.

2.4.4 Integration of Agency Theory

Agency Theory explores the relationship between principals (owners) and agents (managers), highlighting the need for mechanisms that align interests and reduce information asymmetry. In Murangle's case, the absence of structured financial reporting increases the risk of agency problems, where decisions may not align with stakeholder expectations (Jensen & Meckling, 1976). According to Moyo, (2024) Murangle Enterprise's implementation of financial reporting systems can serve as a governance tool, enhancing accountability and ensuring that managerial actions are transparent and aligned with enterprise goals.

2.4.5 Synergistic Relevance to Murangle Enterprises

The integration of these four theories provides a robust framework for understanding the strategic role of financial reporting in SME growth. Each theory contributes a unique dimension:

Table 2 Theories Focus and Contribution

| Theory | Core Focus | Contribution to Murangle |
|-----------------------------------|---|---|
| Financial Reporting Theory | Principles of financial disclosure | Enhances transparency, comparability, and decision-making |
| RBV | Internal capabilities as strategic assets | Positions financial reporting as a growth-enabling resource |
| Greiner's Growth Model | Organizational evolution and crises | Identifies reporting as a structural solution to growth bottlenecks |
| Agency Theory | Governance and accountability | Reduces information asymmetry and builds stakeholder trust |

(Researcher, 2025)

Together, these theories underscore that financial reporting is not merely a technical or compliance function it is a strategic enabler of growth, governance, and stakeholder engagement. For Murangle Enterprises, this integrated framework offers a roadmap for overcoming internal limitations and positioning the business for sustainable expansion.

2.5 Conceptual Framework

Grounded on the above theories, the conceptual framework proposes that, effective financial management practices like financial planning, budgeting, control, access to finance act as valuable resources that contribute to Murangle Enterprise's growth. Accordingly, the alignment of interests between owners and managers influences financial decision-making and growth. Murangle Enterprise's growth is influenced by the stages of its development and the associated financial management challenges.

2.5.1 Variables and Relationships

Table 3 Variables Relationships

| Independent Variables | Dependent Variable | Moderating Variables | Relationships |
|----------------------------------|--|----------------------------|--|
| Financial planning and budgeting | SME growth measured by revenue growth, | Economic volatility | Financial reporting practices are expected to have a positive relationship with SME growth. |
| Financial control and monitoring | profitability, asset growth | Access to external support | Economic volatility is expected to moderate the relationship between financial reporting and growth. |
| Access to finance | | Managerial experience | Access to external support is expected to moderate the relationship between financial reporting and growth |
| Financial literacy | | | |

(Researcher)

2.5.2 Application to Murangle Enterprise

This framework was applied to Murangle Enterprise through analysing the enterprise's financial reporting practices, assessing the impact of these practices on

the enterprise's growth, identifying the challenges and opportunities related to financial reporting and assessing how well the theoretical framework matches the reality of Murangle Enterprises situation.

2.6 Summary

In principle, this theoretical framework provides a roadmap for the research. It ensures the study is focused, relevant, and contributes meaningfully to the understanding of how financial management drives SME growth with the example of Murangle Enterprise. Moreover, this literature review provides a foundation for the research by highlighting the key concepts and theories relevant to the study. The next chapter will discuss the research methodology employed in the study.

CHAPTER 3 METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology employed in this study to investigate the contribution of financial reporting to the growth of Murangle Enterprise in Rusape, Zimbabwe. Given the complexities of small and medium enterprise research in developing economies, this study adopts a rigorous methodological approach to ensure the validity and reliability of the findings. By integrating qualitative and quantitative data collection and analysis methods, this research aims to provide a comprehensive understanding of the financial reporting practices and their impact on SME growth.

3.2 The Research Design

This study employed a case study research design to conduct an in-depth examination of the financial reporting as a catalyst for Small-Medium Enterprises Growth focussing on the role of enhancing stakeholder relationships and access to finance at Murangle Enterprises in Rusape, Zimbabwe. According to Harrison et al. (2020), case studies enable researchers to gain a detailed understanding of complex issues through contextual analysis of a limited number of events or conditions. This approach allows for the collection of meticulous information about a particular participant or small group, providing valuable insights into their experiences and perspectives (Thomas, 2021).

This study employs a single case study design, focusing on Murangle Enterprise. This choice is driven by time constraints and the need to manage data effectively, as outlined in the proposal. Nhokwara (2021) used a case study research design because it gives an in-depth study of a particular research problem rather than a

statistical survey or comprehensive comparative inquiry that is often used to narrow down a very broad field of research into one or a few easily researchable examples.

Moreover, single case studies are valuable for providing deep, contextualized insights into specific organizational practices, especially in SME contexts (Yin, 2018). Kratochwill et al. (2023) discussed single-case design intervention research methodology and guidelines for literature syntheses within a particular research domain. The design had been used by Mason et al. (2020), who utilized mixed methods single case research (MMSCR) to investigate child welfare inequalities, integrating single case experimental and qualitative case study methodologies. The case study design was chosen for its flexibility, as it can be used in qualitative, quantitative, or mixed-methods research studies (Creswell and Poth, 2018). Qualitative methods are used to gather in-depth insights from Murangle Enterprise's directors, employees, and stakeholders regarding perceptions, practices, and challenges in financial reporting. More so, quantitative methods are employed to analyse financial records, stakeholder surveys, and performance indicators to assess the impact of reporting on growth and access to finance.

This study utilized a mixed-methods approach, collecting data from Murangle Enterprises, its lenders, potential investors, its competitors, suppliers and customers.

The research utilized a descriptive study design, aiming to observe and describe the existing financial reporting attitudes and practices within Murangle Enterprise (Creswell and Creswell, 2025). This approach is suitable for providing a detailed picture of the current state of financial reporting without necessarily establishing

cause-and-effect relationships. Chirwa, (2023) emphasizes the importance of descriptive studies in understanding the complexities of SME financial reporting. While case studies offer many benefits, including the ability to formalize experimental knowledge and generate hypotheses (Benner, 1994), they also have limitations. These include being time-consuming and costly, as well as the potential for participant dropout (Yin, 2018). Despite these limitations, the case study design was deemed suitable for this research, allowing for an in-depth exploration of the research problem.

However, potential limitations of case study research design include being time-consuming and costly (Yin, 2018). Additionally, case study participants may drop out during the research due to disappointments or relocation.

3.3 Population and Sampling.

3.3.1 Population Definition

A population refers to the entire group of individuals, objects, or events that share specific characteristics and are of interest to the researcher (Creswell and Creswell, 2020). According to Given (2020), population is a term used to define the total quantity of cases of the type under study. To research a population effectively, it's ideal to gather data from every element within it, which is often feasible with small, defined, and accessible populations (Etikan and Bala, 2022). The minimum sample size is often considered to be around 10% of the target population (Bartlett et al., 2001).

The population for this study comprises all members, leaders, and staff of Murangle Enterprise and its stakeholders who possesses relevant financial reporting knowledge. This includes owner-managers, financial personnel and relevant staff

members. To ensure clarity and precision, the total number of individuals within each category was determined and documented. This comprehensive definition is crucial for accurate sample size calculation and representation. As Saunders et al. (2019) emphasize, a clearly defined population is essential for ensuring the validity and generalizability of research findings. The study used snowball to identify the competitors, lenders, including, banks and financial institutions, suppliers and customers working with Murangle Enterprise. This sampling method was discussed by Parker, Scott, and Geddes (2023) highlighting the snowball sampling strategy in social sciences as well as emphasizing its effectiveness in reaching hidden populations. Furthermore, Dragan and Isaic-Maniu (2022) propose a handicapping method to complement snowball sampling, providing a quantitative criterion for completing the survey. This approach aims to eliminate uncertainty and introduce objectivity in research. Rashid and Mohd Harif (2020) use snowball sampling to identify risk factors in SME lending, demonstrating its applicability in financial research.

3.3.2 Sample Size

To strengthen the study's validity and depth, questionnaires were distributed to 25 SME stakeholders, including owners, managers, and finance officers, and 6 in-depth interviews were conducted to capture qualitative perspectives. These participants were selected based on their operational roles and experience with financial decision-making, ensuring that the data collected was both relevant and representative of the local SME landscape.

Considerations:

The desired precision level (margin of error) was determined based on the study's objectives and resources. The sample was stratified based on subgroups within Murangle Enterprise (for example, members, leaders, staff) to ensure representation of different segments. Characteristics such as age, gender, education, and length of membership was taken into account to ensure the sample reflects the population's diversity.

3.3.3 Sampling Techniques

This study employed a combination of probability and non-probability sampling techniques to achieve its objectives:

Stratified Random Sampling (Probability Sampling):

To ensure representativeness and minimize sampling bias, this study employed Stratified Random Sampling, a probability-based technique that divides the population into distinct subgroups (strata) based on predefined characteristics in this case, enterprise roles such as directors, operational staff, and external stakeholders including suppliers, creditors, and customers. A random sample was then drawn from each stratum proportionally, ensuring that each group is adequately represented in the final sample.

This approach is particularly relevant for Murangle Enterprises, where stakeholder perspectives vary significantly depending on their role and level of engagement with financial reporting. For example, directors provided strategic insights into financial planning and growth aspirations. Staff members on the other hand reflected operational realities and internal challenges. Additionally, external stakeholders offered perspectives on trust, credibility, and access to finance. Thus, by capturing data across these strata, the study ensures a balanced and nuanced

understanding of how financial reporting influences SME growth, stakeholder relationships, and financial accessibility.

Stratified Random Sampling was of great relevance in this study because it enhanced representativeness. It ensures that all relevant subgroups within Murangle Enterprise's ecosystem were proportionally included, reducing the risk of overrepresentation or underrepresentation of any group (Saunders et al., 2019). It also improved comparability by facilitating subgroup analysis, allowing the researcher to compare perceptions and experiences across different roles like directors versus staff. Advocates for Stratified Random Sampling argue that it reduced sampling Error mainly by controlling for variability within strata, this method increases the precision of estimates and strengthens the validity of conclusions (Creswell and Creswell, 2023). Another crucial reality is its alignment with mixed methods. So, it supports both qualitative and quantitative data collection, making it ideal for studies that require thematic depth and statistical rigor.

However, Stratified Random Sampling has its own drawbacks and limitations. One of the limitations is its complexity in implementation. Stratified Random Sampling requires accurate identification and classification of strata, which may be challenging in informal or loosely structured SMEs like Murangle Enterprise. Stratified Random Sampling is resource intensive. This means that Stratified sampling demands more time and effort in planning, especially when dealing with small populations and limited access to stakeholder lists. More so, there exist the risk of misclassification. This mostly happens if strata are not clearly defined or if roles overlap (for example, a director also acting as a supplier), sampling accuracy

may be compromised. Critics also point to limited generalizability as a drawback. So, while stratified sampling improves internal validity, findings may still be context-specific and not easily generalizable beyond Murangle Enterprise or similar SMEs in Zimbabwe.

Purposive Sampling (Non-Probability Sampling):

In addition to stratified random sampling, this study employs purposive sampling, a non-probability technique used to deliberately select participants based on their relevance to the research objectives. This method is particularly suited for identifying key informants who are individuals with in-depth knowledge of financial reporting practices, stakeholder engagement, and SME operations within Murangle Enterprises and its broader ecosystem.

As noted by Palinkas et al. (2015), purposive sampling is valuable for gaining rich, detailed insights from individuals who possess specific expertise or experience relevant to the study. In the context of Murangle, this includes directors, finance officers (if any), long-serving staff, and external stakeholders such as suppliers and financial advisors who have interacted with the enterprise's financial systems or lack thereof.

3.3.4 Theoretical Justification

According to Kothari (2004), non-probability sampling does not provide a statistical basis for estimating the likelihood of inclusion for each element in the population. Instead, the researcher exercises judgment and discretion in selecting participants who are most likely to provide meaningful data. Mugenda and Mugenda (2019) reinforce this by stating that the researcher's choice remains

supreme, especially when the goal is to understand complex phenomena rather than generalize findings.

Yilin Chen et al. (2025) further argue that purposive sampling is appropriate when the selected sample is typical or representative of the population in terms of the issues under investigation. In this study, the 25 purposively selected respondents are expected to reflect the diversity of perspectives on financial reporting, stakeholder relationships, and access to finance within Murangle Enterprise's operational context.

3.3.5 Application in Murangle's Context

Given Murangle Enterprise's informal structure and limited documentation, purposive sampling was essential for locating respondents who could provide contextual depth. The researcher prioritized proximity and availability, selecting individuals who were accessible and willing to participate in interviews and discussions. This included the directors with strategic oversight of financial decisions, staff involved in day-to-day operations and recordkeeping as well as external stakeholders who have attempted to engage Murangle Enterprise financially for example, potential investors, bank representatives. The approach, then, ensured that the data collected was relevant, experience-based, and reflective of Murangle's internal and external realities, particularly regarding the absence of financial reporting and its implications for growth and credibility.

The choice of this approach is not by chance but firstly it is due to choosing depth over breadth. Purposive sampling enables the collection of nuanced, experience-rich data that might be missed in broader surveys. It also focuses on individuals who are directly involved in or affected by the phenomena under study. More so, it

is flexible and adaptive. Thus, it allows the researcher to adjust the sample based on emerging themes or access constraints. Finally, purposive sampling is ideal for exploratory research. It is particularly useful in SME contexts where formal structures and records may be lacking.

However purposive Sampling has limited generalizability. Findings may not be statistically representative of the broader SME population. In Purposive Sampling selection is based on judgment, which may introduce subjectivity so, it is Potential for researcher bias. In addition, the approach dependence on access and willingness. In the case that, some key informants may be unavailable or unwilling to participate, it affects the richness the data. There is also risk of homogeneity. The researcher needs to carefully manage, the sample since it may reflect similar viewpoints, limiting diversity of perspectives.

3.3.6 Minimizing Bias

Self-Selection Bias:

To minimize self-selection bias, clear and concise information about the study's purpose and objectives were provided to potential participants. Efforts were made to encourage participation from a diverse range of individuals within the enterprise.

Social Desirability Bias:

To minimize social desirability bias, interview questions were framed in a neutral and non-judgmental manner. Participants were assured of confidentiality and anonymity. The interviewer managed to build rapport with the participants, to make them feel comfortable to give honest answers.

3.4 Data Collection instruments

For the purposes of data collection and acquiring relevant information, the researcher employed primary data collection methods, which involved gathering first-hand information directly from respondents. This approach was essential for capturing both the quantitative and qualitative dimensions of the research problem namely, the role of financial reporting in SME growth, stakeholder relationships, and access to finance at Murangle Enterprises.

The study adopted a mixed-methods approach, combining structured questionnaires with in-depth interviews to ensure a comprehensive understanding of the research objectives. As Creswell and Plano Clark (2025) emphasize, mixed-methods research allows for the triangulation of data, enhancing the validity and richness of findings by integrating numerical trends with contextual insights.

The following instruments were used:

3.4.1 Questionnaires

Purpose and Design

Questionnaires were used to collect quantitative data from a broader sample of respondents within Murangle Enterprises and its stakeholder network. The questionnaire was structured with both closed-ended questions and a few open-ended prompts to allow for brief elaboration. The questions focused on:

- Awareness and use of financial reporting tools
- Perceptions of financial reporting's impact on business growth
- Stakeholder trust and engagement

- Access to finance and institutional requirements

Administration

The questionnaires were self-administered where possible, and researcher-assisted in cases where respondents required clarification or translation, for example, into Shona. This ensured inclusivity, especially for staff members with limited formal education.

Sample Size and Participants

A total of 25 questionnaires were distributed, targeting:

- 10 operational staff members
- 5 middle-level managers
- 5 external stakeholders suppliers, creditors
- 5 customers or community-based partners

This stratified distribution ensured that diverse perspectives were captured across the enterprise's internal and external environment.

3.4.2 In-Depth Interviews

Purpose and Design

In-depth interviews were conducted to collect qualitative data from key informants with deep knowledge of Murangle's financial practices and strategic direction. The interviews were semi-structured, guided by an interview protocol that allowed for flexibility and probing. Key themes included:

- Challenges in implementing financial reporting systems
- Perceived benefits of financial reporting for growth and credibility
- Institutional expectations from banks and investors
- Internal capacity gaps, for example, lack of financial expertise

Administration

Interviews were conducted face-to-face where possible, and via phone or WhatsApp voice notes when necessary due to scheduling or logistical constraints. Each session lasted approximately 30 to 45 minutes and was recorded with participant consent.

Sample Size and Participants

A total of 6 in-depth interviews were conducted with:

- 2 directors of Murangle Enterprises
- 1 senior staff member responsible for operations
- 1 representative from Bank ABC
- 1 ZIMTRADE workshop facilitator
- 1 potential investor who had previously engaged with Murangle

These participants were selected using purposive sampling, ensuring that only those with relevant experience and insight were included (Palinkas et al., 2015).

3.4.3 Justification for Instrument Selection

The combination of questionnaires and interviews allowed the researcher to:

- Quantify general trends and stakeholder perceptions

- Explore underlying causes and contextual factors affecting financial reporting
- Validate findings through data triangulation
- Capture both breadth and depth of information, which is critical for a case study approach

This dual-instrument strategy was particularly effective in the context of Murangle Enterprises, where formal records were limited and much of the insight resided in the lived experiences of staff and stakeholders.

3.5 Data Collection Procedure

To ensure the successful acquisition of relevant and reliable data, the researcher followed a structured data collection procedure that aligned with the mixed-methods approach adopted for this study. The procedure was designed to accommodate the realities of Murangle Enterprises, including its informal structure, limited documentation, and diverse stakeholder base.

3.5.1 Preparation and Planning

Prior to data collection, the researcher developed two key instruments: a structured questionnaire and a semi-structured interview guide. These tools were designed to capture both quantitative and qualitative data on financial reporting practices, stakeholder relationships, and access to finance. The instruments were reviewed for clarity, relevance, and cultural appropriateness, with translations into Shona provided where necessary to accommodate respondents with limited English proficiency.

Ethical clearance was obtained from the relevant academic authorities, and informed consent was sought from all participants. The researcher also secured permission from Murangle Enterprises' management to conduct interviews and distribute questionnaires within the organization.

3.5.2 Sampling and Participant Identification

Two sampling techniques were used:

Firstly, Stratified Random Sampling was applied to select questionnaire respondents from different strata within Murangle Enterprises directors, staff, and external stakeholders to ensure proportional representation.

Secondly, Purposive Sampling was used to identify key informants for in-depth interviews, including individuals with specialized knowledge of Murangle's financial practices and strategic direction. A total of 25 questionnaires distributed and 6 interviews were conducted.

3.5.3 Administering Interviews

In-depth interviews were conducted with Murangle Enterprise's directors, senior staff, a ZIMTRADE facilitator, a Bank ABC representative, and a potential investor. Interviews were scheduled in advance and conducted either face-to-face or via phone or WhatsApp voice notes, depending on availability and proximity. Each session lasted approximately 30 to 45 minutes and was recorded with participant consent. Notes were also taken to capture non-verbal cues and contextual observations.

3.5.4 Distributing and Collecting Questionnaires

Questionnaires were distributed physically at Murangle Enterprise's premises and electronically via WhatsApp for external stakeholders. The researcher assisted respondents who required clarification or translation. Completed questionnaires were collected within a one-week window to ensure timely analysis.

3.5.5 Editing and Organizing Data

Upon collection, all data were reviewed for completeness, consistency, and accuracy. Questionnaire responses were coded and entered into a spreadsheet for statistical analysis. Interview recordings were transcribed and thematically organized using qualitative coding techniques. Contradictions and anomalies were flagged and resolved through follow-up clarification where necessary. This step ensured that the data was clean, reliable, and ready for analysis.

3.6 Data Collection Process

The data collection process followed a structured sequence:

Preparation: Instruments were developed, reviewed, and translated into Shona where necessary. Ethical clearance and consent were obtained.

Sampling:

- Stratified Random Sampling was used for questionnaires, ensuring proportional representation across operational staff, managers, and external stakeholders.

- Purposive Sampling was used for interviews, selecting individuals with deep knowledge of Murangle’s financial systems and strategic direction.

Administration:

- Questionnaires were distributed physically and digitally, with researcher assistance provided where needed.
- Interviews were conducted face-to-face or via phone or WhatsApp, lasting 30 to 45 minutes each.

Editing and Organization:

- Questionnaire responses were coded and entered into a spreadsheet.
- Interview recordings were transcribed and thematically organized.
- Contradictions were resolved and inconsistencies flagged to ensure data integrity.

3.6.1 Link between Data Collection Procedure and Analysis

The structured data collection procedure directly informed the analytical approach. The stratified sampling enabled subgroup comparisons (for example, staff versus external stakeholders), while purposive sampling ensured depth from experienced informants. Cleaned and organized data was ready for integrated analysis, combining statistical summaries with thematic interpretation.

3.6.2 Description and Validation of Financial Reporting Practices

The first analytical step involved a descriptive assessment of Murangle’s financial reporting systems. This included evaluating the presence and structure of documents such as income statements and cash flow records. Given Murangle’s informal operations, this step identified significant gaps and inconsistencies.

Responses were cross-checked to validate stakeholder perceptions against internal realities.

3.6.3 Quantitative Analysis and Visual Presentation

Quantitative data from questionnaires was analysed using descriptive statistics, including:

- Frequency distributions of stakeholder responses
- Percentage breakdowns of financial reporting awareness
- Comparative analysis of growth indicators before and after financial interventions

Visual tools such as tables, pie charts, and bar graphs were used to present the data, accompanied by narrative explanations that linked findings to Murangle's operational context and research objectives.

3.6.4 Qualitative Analysis and Thematic Interpretation

Qualitative data from interviews was analysed using thematic coding. Key themes included:

- Barriers to financial reporting like lack of expertise, as well as, informal systems
- Stakeholder trust and engagement
- Institutional requirements for accessing finance for example Bank ABC, Nedbank, and ZWB
- Strategic aspirations versus operational constraints

This analysis was guided by the study's theoretical framework, including Agency Theory, Resource-Based View (RBV), and Greiner's Growth Model, to interpret how financial reporting influences stakeholder relationships and growth readiness.

3.6.5 Integration with Murangle's Reality

Findings were contextualized within Murangle's current operational reality. For example:

- The absence of financial reporting was linked to missed investment opportunities.
- Stakeholder feedback revealed concerns about credibility and transparency.
- Institutional expectations from ZIMTRADE and banking partners were compared with Murangle's current capacity.

This integration ensured that the analysis not only answered the research questions but also provided actionable insights for Murangle's strategic development.

3.7 Ethical consideration

As a standard, the research shall ensure that participants understand the research purpose and risks. The research highly considered respect for autonomy of the participants. The study obtained informed consent from owners and leaders. Confidentiality and anonymity were ensured. The researcher gave enough room to respect participant's decision regarding ethical issues. Ethical issues are one of the sensitive areas in research. As such the research was non-maleficence. It evaded causing harm to the Enterprise. Disclosing sensitive financial management issues was avoided. This research intended to improve financial reporting system to enhance Murangle Enterprise's growth. Thus it provides actionable

recommendations to the enterprise. The research also contribute to the enterprise's long-term well-being.

Justice guided through the research so as to ensure fair representation of diverse perspectives within the enterprise. Bias in data collection and analysis was avoided. The research maintained accuracy and transparency in data collection and reporting, avoided misrepresenting ethical information and disclose potential conflicts of interest. Privacy and confidentiality was guaranteed. Cultural sensitivity was another area to pay attention to, thus respecting Murangle Enterprise's values, beliefs, and practices. The research avoided imposing external financial reporting models. Participants were allowed to withdraw from research at any time, while ensuring no negative consequences for the withdrawal. Debriefing and feedback provided participants with research findings and implications. It offered recommendations for financial reporting and growth. The data is going to be stored and handled securely.

3.9 Summary

The zeal to effectively employ financial reporting system towards growth is a paramount move for Murangle Enterprise. This study enable Murangle Enterprise to efficiently deal with the financial issues as company. The research is meant to establish efforts made already to effectively report finances by Murangle Enterprise yet appreciation and implementation of these systems is still taken with reservations. Thus, this study explored the contribution of the financial reporting towards growth for Murangle Enterprise.

CHAPTER 4 DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Introduction

This chapter presents the discoveries of the study with the analysis and interpretation more narrative in relation to the key areas that were part of the questionnaire. These key areas are financial reporting awareness, communication and reporting exhibited by stakeholder relationship, as well as reporting as a catalyst to growth. A total of 25 questionnaires were distributed and the response rate was 80%. This chapter focuses on presenting the results, discussion of results, inference and conclusions based on what was obtained during the research.

4.2 Data Presentation

4.2.1 Structured Data Collected from Interviews and Questionnaires

| | |
|--|----|
| Total Number of Questionnaires distributed | 25 |
| Total Number of those that responded | 20 |
| Total Number of Non-Respondents | 5 |
| Total Number of Spoiled Questionnaires | 0 |

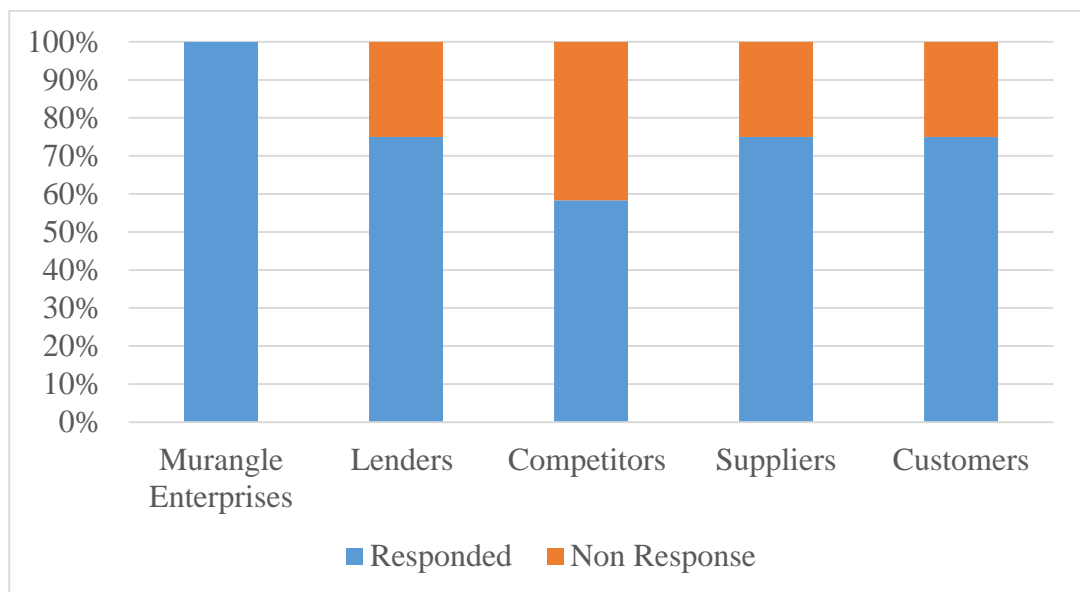


Figure 2 Distributed Questionnaire Responses

A total number of 25 questionnaires were distributed, and a total of 5 in-depth interviews were conducted simultaneously during the questionnaires distribution exercise. From the 25 questionnaires, 4 questionnaires were sent electronically and the respondents did not respond or reply, a follow-up was done where they professed ignorance and unwillingness to complete the questionnaires. One questionnaires came back without responses while the remaining 20 came back with responses. All the five in-depth interviews conducted, were successful.

4.2.2 Financial Reporting Awareness

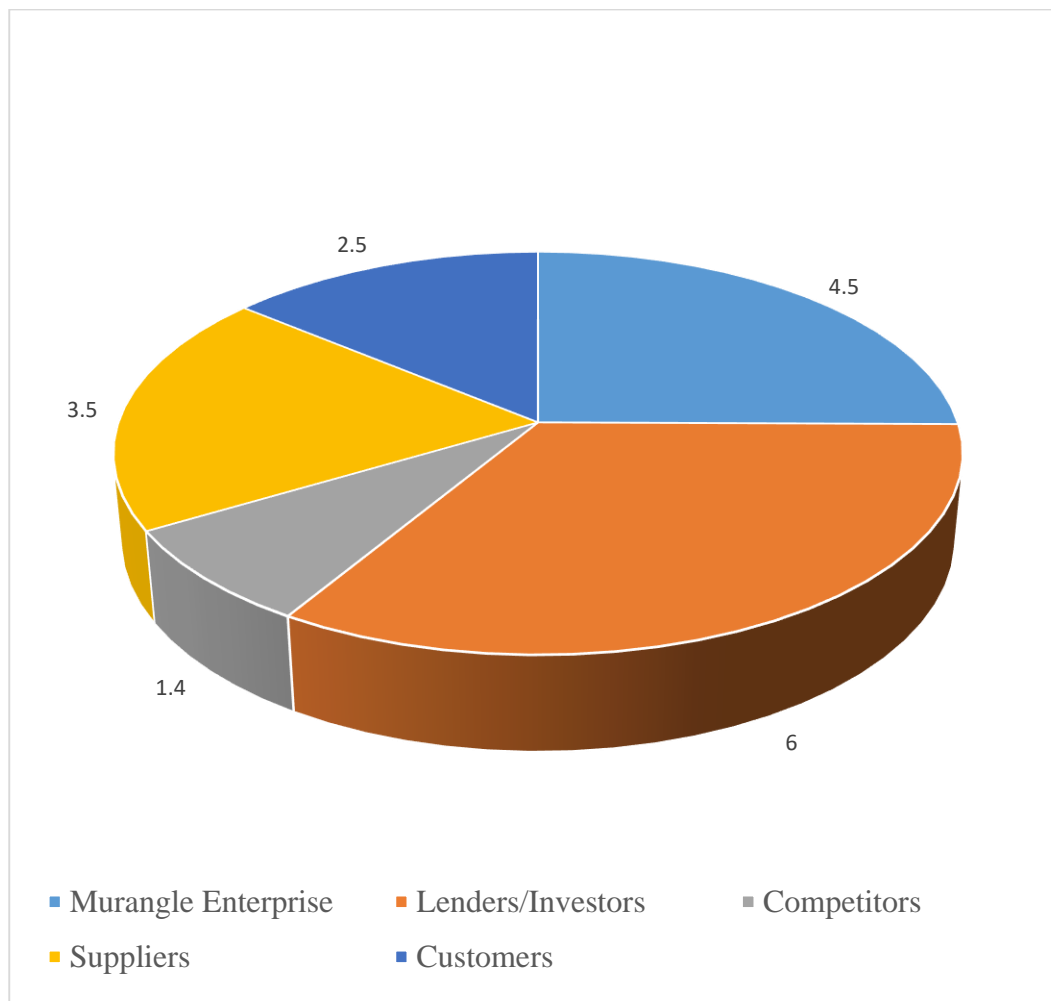


Figure 3 Financial Reporting Awareness

According to the International Financial Reporting Standards Foundation, (IFRS) financial reporting is a vital component of corporate governance, providing stakeholders with essential information about a company's financial position and performance. More so, Financial Accounting Standards Board (FASB) noted that the primary purpose of financial reporting is to provide information that is useful for making decisions about providing resources to an entity. However, from the responses it was observed that not everyone was aware of financial reporting and how it works. Figure 2 presents those who were aware of financial reporting according to each group. Murangle Enterprise had one member who was not aware of the financial reporting practices. The lenders and potential investors were all aware of how financial reporting work and how essential it is. Some competitors due to their level of production seem not interested in financial reporting as highlighted in the pie chart above. Three out of five suppliers knew what financial reporting is and only one customer out of five had the idea of financial reporting.

4.2.3 Financial Reporting and Communication

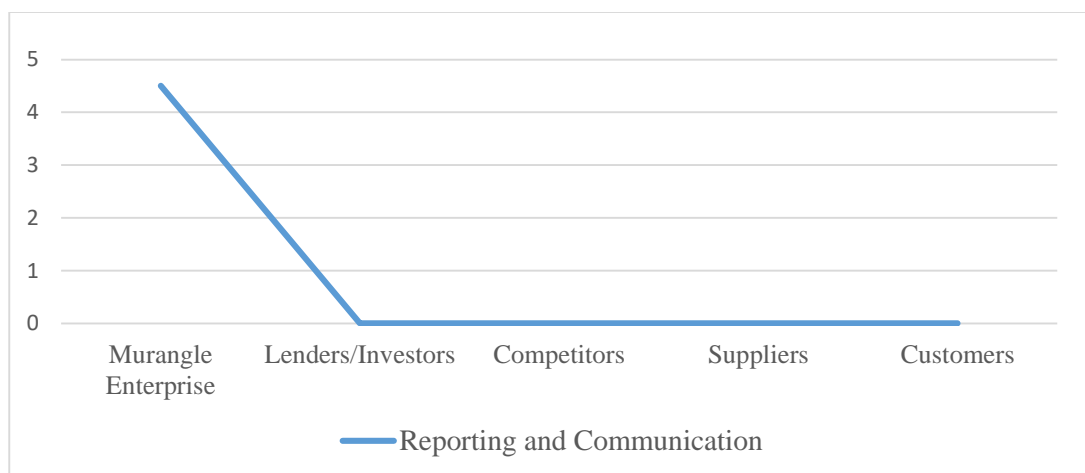


Figure 4 Financial Reporting and Communication

Murangle Enterprise has not shared with any of its stakeholders its financial reports. It is still work in progress and their aim as they look forward to growth. One of the major reasons for not communicating its financial reports is due to its production volumes. The management has the conviction that they have not reached the stage of reporting their finances. One of its members highlighted that the volumes they are producing does not give them the energy to go through the financial reports for the public and most of their stakeholders. The returned questionnaires showed that Murangle management has not shared with all its employees its financial reports.

4.2.4 Financial Reporting as a Catalyst to Growth

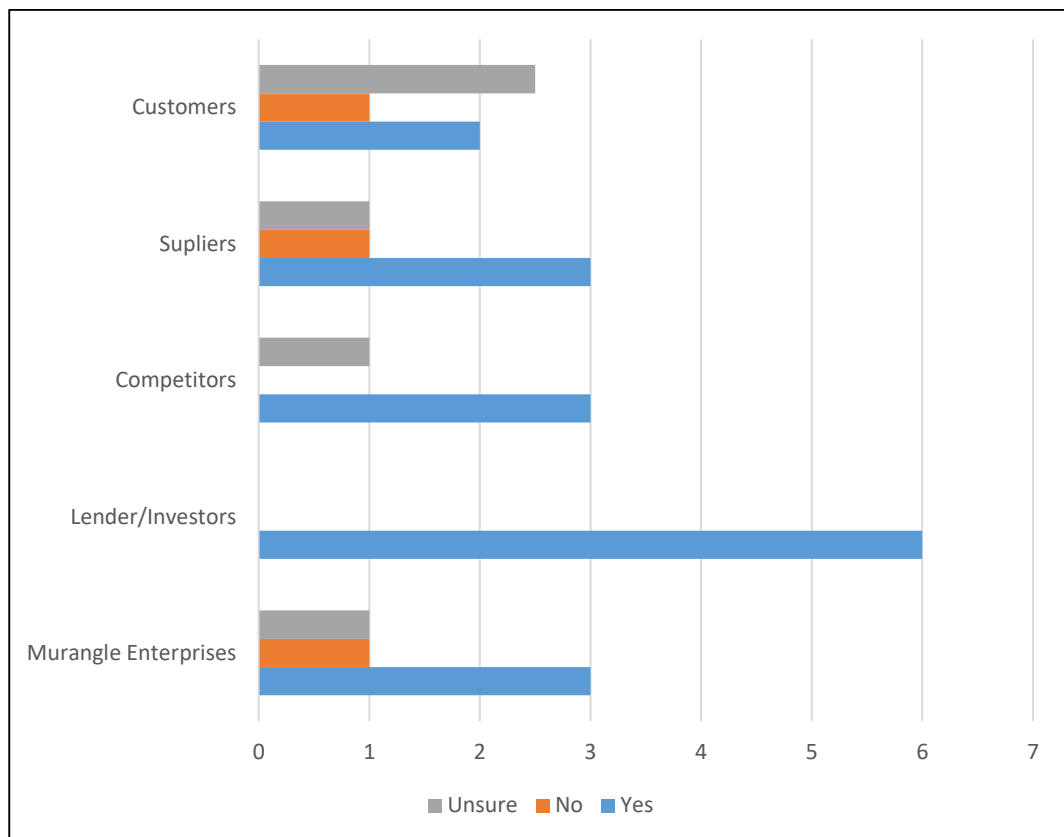


Figure 5 Financial Reporting as a Catalyst to Growth

Financial reporting was generally agreed to be a catalyst to SME growth. The responses that came from the questionnaires and the interviews show this reality. Only three respondents made it clear that financial reporting is not a catalyst to SME growth. Their conviction was that there are other factors that contribute to the growth of a company. They considered the internal and external factors. For the internal factors they included personal values and attitude, knowledge management and experience, relevant education, training, and experience as essential for effective management and decision-making. For the external factors they pointed out access to finance, local infrastructure availability as well as government policies and support. Given that some of the respondents were not fully aware of financial reporting, their responses on whether it is a catalyst to a company's growth was unsure. Accordingly, the majority of the respondents agreed that financial reporting is a catalyst to SME growth. One of the Murangle Enterprise highlighted that their hope is in financial reporting for them to be able to access funding. Murangle Enterprises' top management generally agree that financial reporting is still work in progress and it is essential to them as a company.

Furthermore, lenders and investors had a unanimous agreement that financial reporting is key to the growth of an SME. One of the arguments being that the ability of Small-Medium Enterprise to prepare financial reports is a millstone and a sign of growth of a business. Some Murangle Enterprise suppliers and customers had the same conviction of the lenders and investors. The financial institution and investors highlight that financial reporting is a requirement for a company to access funding. One of Murangle directors pointed out that as a company they are looking forward to a bigger and current machinery. This may help them to increase

production volumes and meet the current demand. The decision to having a new machinery comes from financial reporting. More so, options on how this machinery is going to be procured should have its foundation in financial reporting. For Murangle enterprise to choose applying for a loan for this machinery, the financial institution is going to ask for the cash flow statements. In case they may think of attracting investors, again they may require some financial reports.

Nevertheless, there is general agreement from the respondents that financial reporting as a pillar may not stand on its own but, require other pillars to sustain and facilitate the growth of an SME. One pillar that closely connected to financial reporting is access to finance. Murangle Enterprise and its competitors are in unison on the fact that access to finance is essential to company's growth. Murangle Enterprise management highlighted that they have been to workshops and had opportunity to know some of the financial institutions that provide funding to SMEs. These financial institutions include Nedbank, Women's Bank in Zimbabwe and CBZ. From these workshops held by ZIMTRADE emphasis was put on the fact that financial reports are crucial for access to Finance. SMEs need access to financial resources to invest in growth opportunities. The reason being that limited access to funding can hinder growth and innovation. Another crucial factor raised during the interviews is favourable government policies. One of the respondents generalised that, every government has policies, regulations, and tax laws that can foster SME growth. Thus, supportive policies can provide access to funding, training, and mentorship. Governments have regulatory environment so, a favourable regulatory environment may stimulate SME growth. A sample from Murangle Enterprise personnel appreciated the contribution and the role of ZIMTRADE on SMEs in production sector. They highlighted that the organisation

offers trainings, workshops that conscientise SMEs on available opportunities and the requirements for different goods and services from different providers. So also highlighted that the greatest opportunity was and is facilitating foreign markets. The conviction is that identifying and capitalizing on market opportunities is crucial for SME growth.

Furthermore, owners and directors' personal values and attitude was highlighted as another factor that contribute to SME growth. Most owners establish businesses with values and attitudes that drive them. Thus, business owners' values and attitudes play a crucial role in decision-making and growth. Respondents added that, knowledge management and experience, are key to the growth of a business. The point they emphasised was that those who have experienced how business is done have the technical knowhow which most people may not have. Most of the SME owners may have a bias that some issues are difficult to start yet starting the business was the major thing that was difficult. Preparing financial reports may not be an issue but without experience it may seem a mountain hiking experience. So, SMEs with skilled and experienced personnel are more likely to grow. As a result access to skilled workers enables SMEs to operate efficiently and effectively. Having noted the issue of experience some also pointed out the need for relevant education and training as essential for effective management and decision-making. ZIMTRADE representative noted that investing in employee training and development is vital. Employees need the help to develop entrepreneurial skills, such as strategic planning, marketing, and financial management, because it is essential for SME growth. From such trainings there may be better understanding of customer needs and preferences that in turn help SMEs to develop effective strategies.

4.3 Discussion

The Resource-Based View (RBV) posits that sustainable competitive advantage arises from a firm's ability to acquire and deploy resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). In the context of Murangle Enterprises, financial reporting should be conceptualized not merely as a compliance mechanism but as a strategic resource. Effective financial recording, budgeting, and control are intangible assets that enhance internal decision-making and external credibility.

Kraaijenbrink, Spender, and Groen (2010) expanded RBV by emphasizing the dynamic capabilities of firms to adapt and reconfigure resources in response to environmental changes. Murangle's failure to institutionalize financial reporting reflects a missed opportunity to convert internal capabilities into external advantages. As Guti and Cheresai (2023) found, Zimbabwean SMEs with structured financial reporting practices were significantly more likely to access credit facilities, reinforcing the strategic value of financial systems.

Moreover, RBV underscores the role of internal resources in building external relationships. Financial reporting enables transparency and trust with stakeholders such as banks, suppliers, and regulators. Murangle's inability to produce structured reports has hindered its engagement with institutions like Nedbank Zimbabwe and the Zimbabwe Women's Bank, which require documented financial statements for SME financing (Guti & Cheresai, 2023).

To align with RBV principles, Murangle must invest in financial expertise and adopt frameworks such as IFRS for SMEs. Moyo (2024) argues that IFRS for SMEs

enhances comparability and credibility, making it easier for enterprises to attract investment and scale operations. By transforming financial reporting into a strategic asset, Murangle can reposition itself for sustainable growth.

Financial Reporting Theory emphasizes the role of accounting information in decision-making, stewardship, and accountability. For Murangle Enterprises, the absence of a formal financial reporting structure has impaired its ability to make informed decisions and engage with external stakeholders.

Despite the directors' concerns about limited expertise, the theory provides a roadmap for building internal capacity. Accurate financial insights can guide resource allocation, pricing strategies, and investment decisions. As Nyagope and Nyagope (2023) highlight, access to financial products and services is strongly correlated with the quality of financial information provided by SMEs in Zimbabwe.

Furthermore, financial reporting enhances stakeholder confidence. Credible financial statements signal discipline and reliability, which are essential for attracting funding and partnerships. The adoption of IFRS for SMEs, as advocated by Moyo (2024), offers a simplified yet robust framework tailored to the needs of enterprises like Murangle. It facilitates alignment with national and international standards, positioning the firm for future growth.

Agency Theory, developed by Jensen and Meckling (1976), explores the relationship between principals (owners) and agents (managers), emphasizing the need for mechanisms that reduce information asymmetry and align interests.

Murangle Enterprises presents a textbook case of agency challenges due to its informal governance and lack of structured financial reporting.

Without reliable financial data, stakeholders cannot effectively monitor managerial decisions. This creates room for inefficiency, mistrust, and potential misallocation of resources. Gutti and Cheresai (2023) found that structured financial reporting in Zimbabwean SMEs significantly reduced agency problems and improved access to external funding.

Moreover, financial institutions demand audited financial statements as assurance of responsible management. The absence of such documentation at Murangle has led to reliance on informal borrowing, exposing the enterprise to financial vulnerability. Agency Theory suggests that implementing formal reporting systems can serve as a governance tool, helping to monitor performance and align managerial actions with enterprise goals.

Greiner's Growth Model outlines five phases of organizational growth, each marked by a crisis that must be resolved for progression. Murangle Enterprises appears to be in the Creativity Phase, characterized by product innovation and market entry. However, the lack of formal financial systems signals a leadership crisis the first major hurdle in this phase.

The directors' hesitation to implement structured reporting reflects uncertainty about formalizing roles and responsibilities. Without transitioning to the Direction Phase, where systems and leadership structures are introduced, Murangle risks stagnation. As Chikomo (2024) notes, many Zimbabwean SMEs fail to scale due to poor internal controls and reluctance to formalize operations.

Financial reporting is a key enabler of this transition. It introduces discipline, facilitates delegation, and supports strategic planning. By institutionalizing financial systems, Murangle can overcome its leadership crisis and move toward structured growth.

Murangle Enterprise's current reliance on informal borrowing and absence of financial documentation have constrained its growth trajectory. Interviews with management revealed that debts remain unpaid due to poor cash flow visibility, a direct consequence of weak financial reporting. This aligns with findings by Mutasa (2024), who observed that inadequate financial information in Zimbabwe's informal sector leads to poor financial decisions and limited scalability.

Furthermore, stakeholder engagement remains low. Suppliers and potential investors have expressed reluctance to engage due to the lack of transparency. Dlamini and Sithole (2022) emphasize that low financial literacy among SME owners contributes to poor reporting practices, which in turn erodes stakeholder trust.

Murangle Enterprise's participation in ZIMTRADE workshops demonstrates intent to grow, but without formal financial systems, these efforts may yield limited results. As Sibanda (2024) argues, capacity-building must be matched with internal reforms to be effective. Therefore, Murangle must prioritize financial reporting as a strategic reform area.

In Greiner's Growth Model, the Direction Phase marks a shift from entrepreneurial creativity to formalized leadership and operational systems. For Murangle Enterprises, this phase is critical yet underdeveloped. The business continues to rely

on part-time volunteers in key departments, particularly finance and operations, which compromises consistency, accountability, and strategic execution.

The autonomy crisis, where founders struggle to delegate is evident. Directors remain deeply involved in operational tasks they are not equipped to manage, leading to decision bottlenecks and inefficiencies. As noted by Chikomo (2024), many Zimbabwean SMEs fail to scale because they do not transition from founder-led operations to structured management systems. Murangle Enterprise's inability to recruit full-time personnel reflects both financial constraints and a lack of strategic prioritization of human capital.

To resolve this crisis, Murangle must empower specialized personnel, particularly in financial reporting and operations. According to Moyo and Chuma (2023), SMEs that invest in professional financial staff are more likely to institutionalize reporting systems, improve internal controls, and attract external funding. Delegation is not merely a managerial choice, it is a strategic necessity for growth.

The Coordination Phase introduces formal systems for planning, budgeting, and performance monitoring across departments. Collaboration follows, emphasizing cross-functional integration and shared goals. For Murangle Enterprises, these phases remain aspirational due to the absence of foundational financial structures.

Financial reporting is the backbone of coordination. It enables departments to align budgets, track performance, and forecast growth. Chilcott (2025) emphasizes that without reliable financial data, SMEs cannot synchronize operations or evaluate strategic initiatives. Murangle Enterprise's current informal systems limit its ability to coordinate activities across production, marketing, and finance.

Moreover, collaboration requires transparency and trust where both are fostered by structured reporting. As Gutti and Cheresai (2023) found, Zimbabwean SMEs with integrated financial systems were better able to foster internal cohesion and external partnerships. Murangle must therefore prioritize the development of reporting tools that support interdepartmental communication and strategic alignment.

Murangle Enterprises exhibits classic symptoms of early-stage growth crises, that is, lack of expertise, informal structures, and weak financial reporting. Greiner's model suggests that growth is not linear but punctuated by crises that require tailored responses. Murangle Enterprise's current position straddles the Creativity and Direction phases, with signs of an unresolved autonomy crisis and limited readiness for coordination.

Strategic alignment with Greiner's model demands proactive investment in leadership and financial expertise. As Sibanda (2024) argues, SMEs must build scalable systems early to avoid stagnation and prepare for future growth. Murangle Enterprise's directors must formalize reporting systems to support strategic direction and stakeholder engagement. This includes adopting IFRS for SMEs, training staff in financial literacy, and implementing digital accounting tools.

Furthermore, preparing for future phases means building governance frameworks that support delegation, accountability, and performance tracking. According to Nyagope and Nyagope (2023), SMEs in Zimbabwe that institutionalize governance structures are more resilient and attractive to investors. Murangle must therefore evolve from a founder-led enterprise to a professionally managed organization with clear roles, systems, and growth pathways.

4.4 Murangle Reality

4.4.1 Murangle Enterprise: A Reality Check on Growth, Reporting, and Financial Access

Murangle Enterprise, a small but ambitious business based in Rusape, Zimbabwe, exemplifies the entrepreneurial spirit that characterizes many Zimbabwean SMEs. The enterprise has demonstrated a clear zeal to grow, as evidenced by its participation in ZIMTRADE workshops and its interest in expanding operations and accessing formal financial support as well as allowing a study to be carried out in their company. However, despite this enthusiasm, Murangle faces several structural and operational challenges that must be addressed before sustainable growth can be realized.

4.4.2 Beyond Financial Reporting: Underlying Constraints

While financial reporting is a central theme in this study, Murangle Enterprise's inability to consistently produce structured financial reports is not merely a technical gap, rather, it is symptomatic of deeper, hidden constraints. These may include lack of financial literacy or trained personnel, informal business practices and weak internal controls limited digital infrastructure or accounting systems, unclear role definitions and leadership bottlenecks.

As defined by Moyo (2024), financial reporting is more than compliance, but a strategic tool that enhances credibility, supports access to finance, and aligns internal operations with external expectations. Therefore, Murangle's reporting gap suggests that the enterprise is still in the early stages of formalization, consistent

with the Creativity Phase of Greiner's Growth Model (Grzegorzek, 2025), where informal systems dominate and a leadership crisis often emerges.

4.4.3 Financial Reporting as a Mirror of Readiness

The absence of structured financial reporting at Murangle is not just a barrier to finance, it reflects the enterprise's readiness for growth. According to the Resource-Based View (RBV), internal capabilities such as financial systems and reporting structures are essential for achieving competitive advantage (Barney, 1991). Without these, Murangle may struggle to convert its growth ambitions into tangible outcomes.

Moreover, from an Agency Theory perspective, the lack of transparent reporting increases information asymmetry between Murangle and its stakeholders, weakening trust and reducing the likelihood of external support (Jensen & Meckling, 1976).

4.4.4 Stakeholder Relationships and Institutional Support

Through ZIMTRADE workshops, Murangle has become aware of institutional actors such as Nedbank Zimbabwe and the Zimbabwe Women's Bank (ZWB), both of which offer SME-focused financial products. Nedbank, for instance, provides customized small business solutions designed to help SMEs expand, including working capital loans, asset financing, and business advisory services nedbank.co.zw. ZWB, on the other hand, focuses on empowering women-led enterprises and offers concessional loans, training, and financial literacy programs heraldonline.co.zw.

Nonetheless, both institutions require basic financial documentation including income statements, cash flow records, and business plans as prerequisites for funding. This reinforces the importance of financial reporting not just as a growth tool, but as a gateway to stakeholder engagement and institutional trust (Kujala et al., 2022).

4.5 Linking Discussion to Research Objectives and Research Questions

The preceding discussion, grounded in Resource-Based View (RBV), Financial Reporting Theory, Agency Theory, and Greiner's Growth Model, directly addresses the core research objectives and questions of this study. Each theoretical lens and empirical insight contributes to a nuanced understanding of Murangle Enterprises' financial reporting landscape and its implications for growth, governance, and stakeholder engagement.

The analysis revealed that Murangle Enterprises lacks a formal financial reporting structure, relying instead on informal and ad hoc practices. This has led to inconsistent record-keeping, limited transparency, and weakened stakeholder trust. As discussed under Financial Reporting Theory and Agency Theory, the absence of structured reports creates information asymmetry, making it difficult for stakeholders such as creditors, suppliers, and potential investors to assess the enterprise's viability (Guti & Cheresai, 2023; Dlamini & Sithole, 2022). The reliance on volunteers and lack of full-time financial personnel further compromises reporting quality, reinforcing stakeholder skepticism and limiting engagement.

More so, the discussion under RBV and Agency Theory strongly supports the hypothesis that financial reporting quality is a key determinant of access to finance. Murangle's inability to produce credible financial statements has excluded it from formal financing channels such as Nedbank Zimbabwe and the Zimbabwe Women's Bank. This aligns with findings by Moyo (2024) and Nyagope & Nyagope (2023), who emphasize that structured financial reporting enhances creditworthiness and financial inclusion. Murangle's reliance on informal borrowing, often with unpaid debts, illustrates the consequences of poor reporting on financial sustainability.

The study was also interested in identifying challenges and the study noted these including:

- Lack of financial expertise and trained personnel
- Absence of standardized frameworks (for example, IFRS for SMEs)
- Informal governance structures
- Limited financial literacy among directors

These challenges are consistent with broader SME trends in Zimbabwe, as noted by Mutasa (2024) and Sibanda (2024). Murangle Enterprise's position within the Creativity Phase of Greiner's Growth Model highlights a leadership crisis, where founders are hesitant to delegate and formalize systems. Without resolving this autonomy crisis, the enterprise cannot transition to structured growth.

4.6 Summary

This chapter concentrated on the analysis and interpretation of the gathered data as a way of accomplishing the objectives of the project as well as responding the

research questions. A number of gaps were acknowledged which called for immediate attention. The last chapter delivers the complete conclusion, an ephemeral discussion concerning the use of financial reporting as well as recommendations for the improvement of the established challenges affecting the manufacturing SMEs in general and the nation at large in as far as the financial reporting is concerned.

CHAPTER 5 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a synthesis of the research findings, with specific emphasis on the statement of the problem, the study's objectives, and the guiding research questions. It offers a concise discussion of the key results derived from the investigation. Furthermore, the researcher outlines a set of recommendations informed by the findings, aimed at addressing and enhancing the areas identified as needing improvement throughout the study.

5.2 Discussion

Financial reporting plays a pivotal role in the growth trajectory of small and medium enterprises (SMEs), serving as both a strategic and operational tool. For a business like Murangle Enterprises, which is actively seeking expansion in the beverages manufacturing sector, the implementation of robust financial reporting systems is not merely a compliance exercise but, it is a catalyst for sustainable development, stakeholder trust, and financial accessibility (Moyo, 2024).

The research findings revealed a general consensus among respondents that financial reporting is essential for business success. Accurate and timely financial reporting enables SMEs to assess their financial health, monitor performance, and make informed decisions. It provides a structured view of revenues, expenses, assets, and liabilities, which is critical for strategic planning, resource allocation, and operational efficiency (IASB, 2021).

However, looking into the reality of Murangle Enterprises, it is evident that financial reporting has not yet been prioritized within the company's operational

agenda. Despite the enterprise's zeal to grow, particularly through product diversification and market expansion, the absence of structured financial reporting reflects deeper organizational challenges. These include a lack of financial literacy, inadequate internal systems, and limited human capital and these are factors that must be addressed before financial reporting can be effectively implemented.

According to Parikh Financial Blog (2025), financial reporting helps SMEs manage cash flow, evaluate profitability, and identify growth opportunities. In Murangle's case, the lack of such systems has hindered its ability to present a coherent financial narrative to potential investors and lenders. During interviews, management disclosed that some investors withdrew their interest upon discovering the absence of formal financial records. This incident underscores the critical role of financial reporting in investment readiness and stakeholder confidence.

Although other departments within Murangle appear operationally sound, the lack of financial feedback has created a disconnect between performance and planning. This gap was reflected in the questionnaire responses, where staff expressed uncertainty about the company's financial direction and growth targets. Without financial transparency, internal decision-making becomes reactive rather than strategic, and external stakeholders may perceive the enterprise as opaque or high-risk.

Stakeholder relationships which is defined as the strategic interactions between a business and its interested parties, are deeply influenced by financial reporting. Creditors, suppliers, customers, and employees rely on financial statements to gauge the credibility and stability of a business (Kujala et al., 2022). Transparent reporting fosters trust, strengthens relationships, and enhances accountability. As

highlighted by Invensis (2025), financial reporting allows stakeholders to make informed decisions about their engagement with the enterprise, whether through investment, partnership, or continued service provision.

Murangle's directors have acknowledged the lack of expertise and personnel as a barrier to establishing a proper reporting framework. This recognition is a crucial first step toward reform. However, unless these structural deficiencies are addressed perhaps through hiring qualified professionals or outsourcing financial functions, the enterprise risks continued stagnation and missed opportunities.

One of the most significant benefits of financial reporting is its role in facilitating access to finance. Financial institutions and investors require standardized reports to assess creditworthiness and investment potential. XMC Asia (2024) emphasizes that reliable financial records are foundational for securing loans and attracting equity investment. Murangle Enterprise's current limitations in financial reporting, stemming from an underdeveloped structure and lack of skilled personnel, pose a challenge to its investment readiness.

Encouragingly, Murangle Enterprise has participated in ZIMTRADE workshops, where it learned about financing options available through institutions such as Nedbank Zimbabwe and the Zimbabwe Women's Bank. These institutions offer SME-focused financial products, but require basic financial documentation, including income statements and business plans as prerequisites for funding. Murangle's existing relationship with Bank ABC also presents opportunities, as the bank offers SME business accounts, invoice discounting, and digital platforms that could support financial recordkeeping and reporting.

In conclusion, while Murangle Enterprises demonstrates strong entrepreneurial intent and sectoral potential, its growth trajectory is constrained by the absence of financial reporting. Addressing this gap is not only necessary for internal governance but also for unlocking external funding and strengthening stakeholder relationships. Financial reporting, therefore, must be viewed not as a burden, but as a strategic enabler of SME growth in Zimbabwe's evolving economic landscape.

5.3 Conclusions

By recognizing financial reporting as a strategic asset rather than a bureaucratic burden, Murangle Enterprises can position itself for long-term success. The findings of this research underscore the urgency of building a solid financial foundation to support stakeholder engagement and unlock growth opportunities.

5.4 Implications

From analysing the data collected from respondents and the review of related literature, the following implications can be drawn:

- i. **Limited Growth Due to Reporting Gaps**

The lack of structured financial reporting at Murangle Enterprises implies a significant barrier to accessing external finance. Without credible financial statements, lenders and prospective investors may perceive the business as high-risk, limiting its growth potential.

- ii. **Stakeholder Distrust and Missed Opportunities**

Inadequate reporting can erode stakeholder confidence. Suppliers, customers, and partners may hesitate to engage in long-term contracts or credit arrangements without financial transparency.

iii. Internal Decision-Making Constraints

The absence of reliable financial data restricts the directors' ability to make strategic decisions. Growth planning, budgeting, and performance evaluation become guesswork rather than data-driven processes.

iv. Human Capital Deficiency

The identified lack of expertise and personnel highlights a broader issue of capacity building within SMEs. This gap suggests the need for targeted training and support mechanisms for SME owners and managers.

v. Policy and Institutional Support Needs

The findings point to a need for government and financial institutions to offer tailored support such as subsidized accounting services or simplified reporting frameworks for SMEs in rural and peri-urban areas like Rusape.

vi. Therefore, having noted these implications the study gives recommendations below.

5.5 Recommendations

To harness the full potential of financial reporting, Murangle Enterprises should consider the following steps:

- i. Capacity Building: Invest in training or hiring qualified accounting personnel.
- ii. Technology Adoption: Utilize affordable accounting software tailored for SMEs.

- iii. **External Support:** Engage financial consultants or bookkeeping services to establish reporting standards.
- iv. **Governance Structures:** Develop internal policies and procedures to guide financial reporting practices. The government should also consider increasing Research and Development funding to at least 1% of the GDP with a major focus on SMEs which for Zimbabwe are a key driver to the economy
- v. **ZIMSTATS:** They should continue journeying with ZIMSTATS opportunity and awareness programs.
- vi. **Institutionalize Financial Reporting:** The Enterprise need to adopt IFRS for SMEs to standardize reporting and improve comparability (Moyo, 2024).
- vii. **Invest in Financial Expertise:** Recruit full-time finance personnel and provide training to existing staff (Moyo & Chuma, 2023).
- viii. **Leverage Financial Reports Strategically:** Use financial statements to build stakeholder trust, support strategic decisions, and attract investment (Kaur & Kumar, 2024).
- ix. **Formalize Governance Structures:** Transition from informal operations to structured management systems to support delegation and accountability (Chikomo, 2024).
- x. **Integrate Reporting with Growth Strategy:** Align financial systems with Greiner's model to prepare for coordination and collaboration phases.

These recommendations align with RBV's emphasis on leveraging internal capabilities for external advantage and Agency Theory's call for transparency and accountability. They also reflect the strategic imperatives outlined in Greiner's Growth Model, positioning Murangle for scalable and sustainable growth.

5.5 Suggestions for Further Research

- i. **Impact of Financial Literacy on SME Reporting Practices**
Investigate how the financial literacy levels of SME owners influence their adoption and quality of financial reporting.
- ii. **Role of Technology in Bridging Reporting Gaps**
Explore how digital accounting tools, for example, QuickBooks and Zoho Books, can be leveraged by SMEs to improve reporting accuracy and efficiency, especially in resource-constrained settings.
- iii. **Comparative Study Across Regions**
Conduct a comparative analysis of financial reporting practices between urban and rural SMEs in Zimbabwe to identify structural and contextual differences.
- iv. **Effectiveness of Government and NGO Interventions**
Assess the impact of existing support programs, for instance, training workshops and grants grant, on improving financial reporting among SMEs.
- v. **Longitudinal Study on Reporting and Growth Correlation**
Track SMEs over time to measure how improvements in financial reporting correlate with access to finance, stakeholder engagement, and business expansion.
- vi. **Cultural and Behavioural Barriers to Reporting**
Examine how cultural attitudes, trust in formal systems, and behavioural economics affect the willingness of SME owners to adopt structured financial reporting.

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Appendices

Appendix 1: Questionnaire (Murangle)

QUESTIONNAIRE

Dear Sir/Madam

My name is Munyaradzi Emmanuel Murungu a final year student of EMBA at Africa University, Mutare. I am researching on the title bellow. I am kindly asking you to participate in this study by answering this questionnaire. Participating in this research survey is voluntary and you may opt out at any stage. Information provided will be treated with utmost confidentiality.

Title: Financial Reporting's Impact on SME Growth via Stakeholder Relations and Finance Access in Rusape, Zimbabwe.

Objective:

To examine the role of financial reporting in enhancing stakeholder relationships and access to finance for SME growth, focusing on Murangle Enterprises in Rusape, Zimbabwe.

Section A: Demographic Information

1. Position in the company: _____
2. Years of experience in the company: _____
3. Highest level of education: _____
4. Role in financial decision-making: Yes No

Section B: Financial Reporting Practices

1. How often does Murangle Enterprises prepare financial reports?
 - Monthly - Quarterly - Annually
 - Other (specify) _____
2. What financial reports are regularly prepared? (Tick all applicable)
 - Income Statement - Balance Sheet - Cash Flow Statement
 - Management Accounts - Other (specify) _____
3. How would you rate the quality of financial reporting at Murangle Enterprises?
 - Excellent - Good - Fair - Poor - Very Poor

4. Does Murangle Enterprises comply with Zimbabwean financial reporting standards (e.g., GAAP, IFRS for SMEs)? Yes No

Section C: Stakeholder Relationships

1. Who are the primary stakeholders Murangle Enterprises engages with regarding financial information? (Tick all applicable)

- Investors - Banks/Financial Institutions - Suppliers
- Customers - Government - Employees - Other (specify)

2. How does financial reporting influence relationships with stakeholders?

- Enhances trust - Improves communication - Facilitates decision-making

- Other (specify) _____

3. Have stakeholder relationships improved due to financial reporting practices?

Yes No

- If yes, how? _____

Section D: Access to Finance

1. Has Murangle Enterprises sought external finance in the past 3 years?

Yes No

2. What sources of finance have been accessed? (Tick all applicable)

- Bank loans - Microfinance - Investor funding - Government grants

- Other (specify) _____

3. Did financial reporting play a role in securing finance? Yes No

- If yes, how? _____

4. Do you believe improved financial reporting enhances access to finance for Murangle Enterprises? Yes No

Section E: SME Growth

1. How would you describe Murangle Enterprises' growth over the past 3 years?

- Significant growth - Moderate growth - Stable - Decline

2. Do you link financial reporting practices to the company's growth? Yes No

- If yes, explain _____

3. What challenges does Murangle Enterprises face regarding financial reporting?
(Tick all applicable)

- Lack of expertise - Resource constraints - Regulatory compliance
- Stakeholder communication - Other (specify) _____

Section F: Open-ended Questions

1. In your opinion, how does financial reporting contribute to SME growth in Zimbabwe?

2. What improvements would you suggest for financial reporting practices at Murangle Enterprises?

3. Are there any specific stakeholder relationships that financial reporting has significantly impacted? How?

Thank You

Your participation is greatly appreciated. Responses will be kept confidential and used for academic purposes only.

Appendix 2: Questionnaire (Supplier)

QUESTIONNAIRE

Dear Sir/Madam

My name is Munyaradzi Emmanuel Murungu a final year student of EMBA at Africa University, Mutare. I am researching on the title bellow. I am kindly asking you to participate in this study by answering this questionnaire. Participating in this research survey is voluntary and you may opt out at any stage. Information provided will be treated with utmost confidentiality.

Title: Financial Reporting's Impact on SME Growth via Stakeholder Relations and Finance Access in Rusape, Zimbabwe.

Objective:

To examine the role of financial reporting in enhancing stakeholder relationships and access to finance for SME growth, focusing on Murangle Enterprises in Rusape, Zimbabwe.

Introduction:

Thank you for participating in this study. Your responses will help us understand the role of financial reporting in enhancing stakeholder relationships and access to finance for Murangle Enterprises in Rusape, Zimbabwe. Please answer the questions honestly, and all responses will be kept confidential.

Section 1: Company Information

- Company Name: _____
- Your Position: _____
- Length of Relationship with Murangle Enterprises: _____
- Type of Goods/Services Provided: _____

Section 2: Financial Reporting and Communication

- How often do you receive financial reports from Murangle Enterprises?

1. Regularly 2. Occasionally 3. Rarely 4. Never

- How would you rate the quality of financial reports provided by Murangle Enterprises?

1. Excellent 2. Good 3. Fair 4. Poor

Section 3: Stakeholder Relationships

- How would you rate your relationship with Murangle Enterprises?

1. Strong 2. Good 3. Neutral 4. Weak

- Have you experienced any issues with payment or communication from Murangle Enterprises? If yes, please elaborate.

Section 4: Access to Finance

- Do you think financial reporting affects Murangle Enterprises' ability to access finance?

1. Yes 2. No 3. Unsure

- Would improved financial reporting enhance your confidence in Murangle Enterprises?

1. Yes 2. No 3. Unsure

Section 5: Additional Comments

- Do you have any suggestions for improving financial reporting and stakeholder relationships at Murangle Enterprises?

Appendix 3: Questionnaire (Customer)

QUESTIONNAIRE

Dear Sir/Madam

My name is Munyaradzi Emmanuel Murungu a final year student of EMBA at Africa University, Mutare. I am researching on the title bellow. I am kindly asking you to participate in this study by answering this questionnaire. Participating in this research survey is voluntary and you may opt out at any stage. Information provided will be treated with utmost confidentiality.

Title: Financial Reporting's Impact on SME Growth via Stakeholder Relations and Finance Access in Rusape, Zimbabwe.

Objective:

To examine the role of financial reporting in enhancing stakeholder relationships and access to finance for SME growth, focusing on Murangle Enterprises in Rusape, Zimbabwe.

Introduction:

Thank you for participating in this study. Your feedback will help us understand the role of financial reporting in enhancing stakeholder relationships and access to finance for Murangle Enterprises in Rusape, Zimbabwe. All responses will be kept confidential.

Section 1: Customer Information

- How long have you been a customer of Murangle Enterprises?

1. Less than 6 months 2. 6 months to 1 year 3. 1-2 years 4. More than 2 years

- How would you rate your overall satisfaction with Murangle Enterprises' products/services?

1. Very satisfied 2. Satisfied 3. Neutral 4. Dissatisfied 5. Very dissatisfied

Section 2: Financial Reporting and Transparency

- Have you ever requested financial information from Murangle Enterprises?

1. Yes 2. No

- If yes, how would you rate the responsiveness of Murangle Enterprises to your request?

1. Very responsive 2. Somewhat responsive 3. Not very responsive
4. Not at all responsive

- How important is financial transparency to you when dealing with a business?

1. Very important 2. Somewhat important 3. Not very important
4. Not at all important

Section 3: Stakeholder Relationships

Appendix 4: Questionnaire (Competitor)

QUESTIONNAIRE

Dear Sir/Madam

My name is Munyaradzi Emmanuel Murungu a final year student of EMBA at Africa University, Mutare. I am researching on the title bellow. I am kindly asking you to participate in this study by answering this questionnaire. Participating in this research survey is voluntary and you may opt out at any stage. Information provided will be treated with utmost confidentiality.

Title: Financial Reporting's Impact on SME Growth via Stakeholder Relations and Finance Access in Rusape, Zimbabwe.

Objective:

To examine the role of financial reporting in enhancing stakeholder relationships and access to finance for SME growth, focusing on Murangle Enterprises in Rusape, Zimbabwe.

Introduction:

Thank you for participating in this study. Your insights will help us understand the role of financial reporting in enhancing stakeholder relationships and access to finance for Murangle Enterprises in Rusape, Zimbabwe. All responses will be kept confidential.

Section 1: Company Information

- Company Name: _____
- Your Position: _____
- Industry: _____
- Years of Operation: _____

Section 2: Competitor Analysis

- How would you rate Murangle Enterprises' financial reporting practices compared to your own company?

1. Better
2. Similar
3. Worse
4. Unsure

- Do you think Murangle Enterprises' financial reporting practices give them a competitive advantage?

1. Yes 2. No 3. Unsure

Section 3: Stakeholder Relationships

- How do you think Murangle Enterprises' financial reporting practices affect their relationships with stakeholders (For example, suppliers, customers, investors)?
- Have you noticed any differences in how Murangle Enterprises engages with stakeholders compared to your company?

Section 4: Access to Finance

- Do you think Murangle Enterprises' financial reporting practices impact their ability to access finance?

1. Yes 2. No 3. Unsure

- How important is financial reporting transparency when evaluating potential partners or competitors?

1. Very important 2. Somewhat important 3. Not very important
4. Not at all important

Section 5: Additional Comments

- Do you have any suggestions for how Murangle Enterprises could improve their financial reporting practices to enhance stakeholder relationships and access to finance?

Appendix 5: Questionnaire Lenders/ Investor

QUESTIONNAIRE

Dear Sir/Madam

My name is Munyaradzi Emmanuel Murungu a final year student of EMBA at Africa University, Mutare. I am researching on the title bellow. I am kindly asking you to participate in this study by answering this questionnaire. Participating in this research survey is voluntary and you may opt out at any stage. Information provided will be treated with utmost confidentiality.

Title: Financial Reporting's Impact on SME Growth via Stakeholder Relations and Finance Access in Rusape, Zimbabwe.

Objective:

To examine the role of financial reporting in enhancing stakeholder relationships and access to finance for SME growth, focusing on Murangle Enterprises in Rusape, Zimbabwe.

Introduction:

Thank you for participating in this study. Your insights will help us understand the role of financial reporting in enhancing stakeholder relationships and access to finance for Murangle Enterprises in Rusape, Zimbabwe. All responses will be kept confidential.

Lender Perspectives on Financial Reporting

1. What financial reporting requirements do you typically impose on SME borrowers like Murangle Enterprises?
2. How do you assess the quality of financial reports submitted by Murangle Enterprises?
3. Do you consider financial reporting transparency a critical factor in your lending decisions for SMEs? **Yes** **No**

- **If yes, why?** _____

Access to Finance and Financial Reporting

1. Has Murangle Enterprises' financial reporting practice influenced your decision to extend credit/loan facilities? **Yes** **No**

- **If yes, how?** _____

2. What specific financial reporting elements do you focus on when evaluating loan applications from SMEs like Murangle Enterprises? (Tick all applicable)

- Income statement
- Balance sheet
- Cash flow projections
- Debt service coverage
- Other (specify) _____

3. Do you perceive SMEs with robust financial reporting as having lower credit risk? Yes No

- Explain _____

Stakeholder Relationships and Lending

1. How does the lender's relationship with Murangle Enterprises impact lending terms or decisions?

2. Do you engage with Murangle Enterprises beyond financial reporting for business relationship purposes? Yes No

- If yes, how? _____

3. Have you observed financial reporting enhancing Murangle Enterprises' relationships with other stakeholders (like investors, suppliers)? Yes No

- Comments _____

SME Growth and Financial Reporting

1. In your experience with SMEs like Murangle Enterprises, does improved financial reporting correlate with business growth? Yes No

- Explain _____

2. Do you offer financial products tailored for SMEs with strong financial reporting practices? Yes No

- Describe _____

3. What challenges do lenders like you face in assessing financial reports of SMEs in Zimbabwe? (Tick all applicable)

- Limited reporting standards - Lack of auditing - Currency fluctuations
- Economic instability
- Other (specify) _____

Zimbabwean Context

1. How do Zimbabwe's economic conditions impact lending decisions to SMEs like Murangle Enterprises?

2. Are there specific regulatory or policy factors in Zimbabwe affecting SME access to finance linked to financial reporting? Yes No

- Explain _____

Open-ended Questions

1. From a lender's perspective, how can financial reporting be improved to better support SME growth in Zimbabwe?

2. What advice would you give Murangle Enterprises regarding financial reporting to enhance access to finance?

3. Do you see financial reporting as a key differentiator for SMEs seeking finance in the Zimbabwean market? Why?

Appendix 6: Interview Guide

Interview Guide

Purpose of the Interview

To explore how financial reporting practices at Murangle Enterprises influence stakeholder relationships, access to finance, and overall SME growth. The guide aims to gather perspectives from management, employees, financiers, regulators, and customers.

Target Interview Groups

| Stakeholder Group | Role in Study |
|-----------------------------|--|
| Murangle Management | Strategic decisions, financial reporting practices |
| Finance/Admin Staff | Day-to-day reporting, compliance, record keeping |
| External Auditors | Independent assessment of financial statements |
| Bank/Financial Institutions | Lending criteria, trust in financial reports |
| ZIMRA/Zimbabwean Regulators | Compliance, policy alignment |
| Customers | Trust, transparency, and service expectations |

Section A: General Information

- Name:
- Position:
- Organization:
- Years of experience with Murangle or SMEs:
- Relationship to Murangle (internal/external):

Section B: Financial Reporting Practices

For Internal Stakeholders (Management, Finance Staff):

1. How would you describe Murangle Enterprise's current financial reporting system?
2. What accounting standards or frameworks do you follow?
3. How frequently are financial reports prepared and reviewed?
4. What challenges do you face in preparing accurate financial reports?
5. How do financial reports influence strategic decisions?

For External Stakeholders (Auditors, Financiers, and Regulators):

1. How would you assess the quality and reliability of Murangle Enterprise's financial reports?
2. What improvements would you recommend?

3. How do these reports affect your willingness to engage with Murangle Enterprise (For example, lending, compliance)?

Section C: Stakeholder Relationships

1. How does financial reporting affect your trust in Murangle Enterprise?
2. Are financial reports shared transparently and in a timely manner?
3. Have you observed any changes in stakeholder engagement due to improved reporting?
4. What role does financial reporting play in conflict resolution or accountability?

Section D: Access to Finance

1. Has Murangle ever applied for external funding or loans?
2. What financial documents were required during the application?
3. Did the quality of financial reporting influence the outcome?
4. What barriers exist for SMEs like Murangle in accessing finance?

Section E: SME Growth and Development

1. In your view, how has financial reporting contributed to Murangle Enterprise's growth?
2. Are there specific examples where reporting led to new opportunities or partnerships?
3. What internal or external factors hinder growth despite good reporting?
4. What recommendations would you make to improve financial reporting for SME growth?

Section F: Theoretical Reflections (Optional for Experts)

1. How relevant is the Resource-Based View (RBV) in explaining Murangle Enterprise's use of financial reporting?
2. Do you see elements of Greiner's Growth Model in Murangle Enterprise's development stages?
3. How can financial reporting be used as a strategic resource in SME contexts?

Closing Questions

1. Is there anything else you'd like to share about Murangle Enterprise's financial practices?
2. Do you have suggestions for improving stakeholder engagement through reporting?
3. Would you be open to a follow-up discussion or review of findings?

Appendix 7: Informed Consent

INFORMED CONSENT

My name is Munyaradzi Emmanuel Murungu, a final year (EMBA) student from AU. I am carrying out a study on investigating on the extent to which Financial Reporting Impact on SME Growth via Stakeholder Relations and Finance Access in Rusape, Zimbabwe. I am kindly asking you to participate in this study by answering the questionnaire.

Purpose of the study:

The purpose of the study is to establish the contribution of financial management systems to the SME's growth. You were selected with other 99 participants for the study because you have the expected experience necessary for the study.

Procedures and duration

If you decide to participate you will be interviewed. It is expected that this will take at most ten minutes of your time.

Risks and discomforts

Potential Risks and Discomforts

- Confidentiality Concerns: Participants may be hesitant to share sensitive financial information about their businesses.
- Time Commitment: Participants may need to dedicate time to complete surveys, interviews, or other data collection activities.
- Emotional Discomfort: Discussing financial challenges or struggles may cause emotional discomfort or stress for some participants.
- Perceived Risk of Exposure: Participants may worry about being identified or having their business information exposed.

Mitigation Strategies

- Confidentiality and Anonymity: I will ensure participants' confidentiality and anonymity by using coded data, secure storage, and anonymizing results.
- Informed Consent: Clear information about the research purpose, risks, and benefits, and obtain informed consent from participants will be provided.
- Flexible Data Collection: The researcher will offer flexible data collection methods including online surveys, phone interviews to accommodate participants' schedules.

- **Support and Resources:** Participants will be provided with support and resources, such as financial management guidance or referrals to relevant organizations.
- **Secure Data Storage:** Data will be stored securely, using encryption and password protection, to prevent unauthorized access.

Addressing Potential Risks

- **Legal Risks:** I will ensure compliance with relevant laws and regulations, such as data protection and confidentiality agreements.
- **Health Risks:** Potential emotional discomfort by providing a safe and supportive environment for participants to share their experiences will be minimized.
- **Economic Risks:** The research will avoid asking sensitive financial questions that may cause undue stress or discomfort.
- **Psychological Risks:** I will be aware of potential emotional triggers and provide resources or support as needed.

Participant Protection

- **Clear Communication:** The research purpose, risks, and benefits will be clearly communicated to the participant.
- **Voluntary Participation:** Voluntary participation is ensured and participants can withdraw at any time.
- **Respect and Empathy:** As a participant you will be treated with respect and empathy, acknowledging your time and experiences.

Benefits and/or compensation

There will be no compensation for participating in this research. However, the gathered information and outcome will be shared with your company for your benefit and consideration.

Confidentiality

Any information that is obtained in the study that can be identified with your participation will not be disclosed without your permission. Names and any other identification will not be asked for in the questionnaires.

Voluntary participation

Participation in this study is voluntary. If you decide not to participate in this study, your decision will not affect your future relationship with your organization or other authority. If you chose to participate, you are free to withdraw your consent and to discontinue participation without any penalty.

Appendix 8: Aurec Approval



**AFRICA
UNIVERSITY**

"Investing in Africa's future"

AFRICA UNIVERSITY RESEARCH ETHICS COMMITTEE (AUREC)

P.O. Box 1320 Mutare, Zimbabwe, Off Nyanga Road, Old Mutare-Tel (+263-20) 60075/60026/61611 Fax: (+263 20) 61785 Website: www.african.edu

Ref: AU3430/25

3 September, 2025

MUNYARADZI EMMANUEL MURUNGU

C/O Africa University

Box 1320

MUTARE

RE: INVESTIGATING THE EXTENT TO WHICH FINANCIAL MANAGEMENT AFFECTS THE GROWTH OF SMALL-MEDIUM ENTERPRISES IN RUSAPE TOWN: THE CASE OF MURANGEL ENTERPRISE

Thank you for submitting the above-titled proposal to the Africa University Research Ethics Committee for review. Please be advised that AUREC has reviewed and approved your application to conduct the above research.

The approval is based on the following.

a) Research proposal

- **APPROVAL NUMBER** AUREC 3430/25
This number should be used on all correspondence, consent forms, and appropriate documents
- **AUREC MEETING DATE** NA
- **APPROVAL DATE** September 3, 2025
- **EXPIRATION DATE** September 3, 2026
- **TYPE OF MEETING:** Expedited
After the expiration date, this research may only continue upon renewal. A progress report on a standard AUREC form should be submitted a month before the expiration date for renewal purposes.
- **SERIOUS ADVERSE EVENTS** All serious problems concerning subject safety must be reported to AUREC within 3 working days on the standard AUREC form.
- **MODIFICATIONS** Prior AUREC approval is required before implementing any changes in the proposal (including changes in the consent documents)
- **TERMINATION OF STUDY** Upon termination of the study a report has to be submitted to AUREC.



Yours Faithfully

**MARY CHINZOU
FOR CHAIRPERSON**

AFRICA UNIVERSITY RESEARCH ETHICS COMMITTEE

Appendix 9: Supervisor Approval



COLLEGE OF BUSINESS AND MANAGEMENT SCIENCES

06/08/2025

Africa University Research Ethics Committee

Ref: Approval for AUREC Proposal Submission

Munyaradzi Emmanuel Murungu has worked on the proposal with the assistance of the supervisor and I confirm that it is ready for reviewed by your esteemed committee.

Respectfully submitted,

Patrick C. Korera
Supervisor's Name



Supervisor's Signature

Appendix 10: Letter of Approval (Murangle)



06/08/2025

Munyaradzi E. Murungu
Africa University
1 Fairview Rd, Old Mutare, Zimbabwe

Dear Munyaradzi E. Murungu

Re: Permission to Conduct Research at Murangel Enterprise

This letter serves to grant permission for Munyaradzi E. Murungu to conduct research at Murangel Enterprise as part of his study titled "Investigating the Extent to which Financial Management affects the Growth of Small-Medium Enterprises in Rusape Town: The Case of Murangel Enterprise".


We understand that the research will involve interviews and some document analysis, and we confirm that our enterprise will cooperate fully with the researcher to facilitate the data collection process.

We expect the researcher to maintain confidentiality and anonymity of our enterprise's information and to adhere to all necessary ethical standards.

We look forward to the findings of the study, which we believe will contribute to the growth and development of our enterprise.

Please do not hesitate to contact us on [077 657 7873](tel:0776577873) if you require any further information.

Sincerely,


Marvellous
Production and Distribution Manager
Murangel Empowerment Hub