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Drivers of MSME growth in Namibia: Empirical evidence from manufacturing enterprises

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Micro, small, and medium enterprises (MSMEs) play a critical role in Namibia's economic diversification and employment creation, yet their performance, particularly in the manufacturing sector, remains weak. This study investigates the internal and external drivers of MSME growth using the Resource-Based View and Dynamic Capabilities Theory. A quantitative explanatory design was employed, based on survey data from 298 manufacturing MSMEs. Multiple regression analysis reveals that strategic adaptability, access to finance, and employee training have statistically significant positive effects on MSME growth, while technology adoption and organisational culture, although positively associated, do not exert significant independent effects. These findings suggest that MSME growth is driven primarily by adaptive managerial capabilities and resource accessibility rather than by structural or technological factors alone. The study contributes to the literature by providing empirical evidence from a developing economy context and offers policy-relevant insights for strengthening MSME capability development and financial inclusion.

Key words: MSME growth, growth drivers, enterprise performance, manufacturing sector, Namibia, resource-based view.

INTRODUCTION

Despite their central role in economic diversification and job generation (Dasaraju and Tambunan, 2023; Handoko et al., 2023), many micro, small, and medium enterprises (MSEs) in Namibia do not survive beyond their first few years, with manufacturing firms being especially vulnerable (Aitana and Svotwa, 2024; Kambwale and Chisoro, 2015). This persistent underperformance is often attributed to weak internal capabilities, limited access to finance, and low levels of technology adoption as opposed to a lack of entrepreneurial intent. The consequences are not just for the individual firms, but also limit industrial development, employment generation, and Namibia's overall economic transformation agenda. Understanding what is actually driving the growth of MSMEs is therefore not just an academic issue but an urgent policy and development undertaking. Globally, MSMEs are recognised as the backbone of national economies, and they account for more than 90% of enterprises and are responsible for significant contributions to employment and gross domestic product (Algan, 2019). In developing economies, the role of MSMEs is even more critical as they provide a basis for entrepreneurship, support local value chains, and help to absorb labour that cannot be accommodated by the formal sector (Rahman et al., 2024). Hence, MSME growth is a cornerstone of development. Despite their significance, the growth results of MSMEs are uneven across regions and sectors, especially for manufacturing-

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intensive economies (Madgavkar et al., 2024). In Namibia, MSMEs are always at the centre of national development strategies for industrialisation and economic diversification. Policy frameworks emphasise the sector's potential to generate employment, improve local production, and reduce dependence on imports (Uugwanga, 2025). Nevertheless, data suggests that Namibian MSMEs, particularly those in the manufacturing sector, still suffer from high failure rates and low growth (Nangolo and Hamukoto, 2023). Existing studies in the Namibian context are often focused on descriptive characteristics of firms, finance access, or regulatory issues and tend to treat growth as an outcome, without questioning the specific factors that drive enterprise growth (Mukata and Swanepoel, 2017). Consequently, there is no clear empirical guidance for policymakers and practitioners on which growth drivers should be emphasised to enhance the performance of MSMEs.

From a theoretical perspective, enterprise growth is increasingly being viewed as a function of how firms build, deploy, and reconfigure resources and capabilities. The Resource-Based View (RBV) assumes that superior performance will be achieved by firms that have valuable, rare, and difficult-to-imitate resources such as skilled human capital, financial capability, and organisational capabilities (Ofori-Baafi and Opoku, 2025). Complementing this view, Dynamic Capabilities Theory focuses on the capacity of firms to reallocate these resources to respond to changing market conditions (Sun et al., 2024). Applied to MSMEs, these theories imply that growth is less dependent upon firm size or survival in and of itself and more dependent upon conscious investments in an individual's internal capabilities (such as employee training, technology adoption, and strategic adaptability (the ability of firms to adjust strategies and respond to changing market conditions)) as well as access to external resources (such as finance and markets). This perspective is consistent with foundational theories of firm growth that emphasise internal resource utilisation and managerial capacity as key determinants of performance (Penrose, 1959; Barney, 1991). While existing literature has examined MSME growth and its determinants, much of the empirical evidence is either generalised across sectors or concentrated in other Sub-Saharan African contexts, with limited context-specific analysis of manufacturing MSMEs in Namibia. Against this background, the current study aims to bridge a gap in the literature by empirically analyzing the determinants of MSME growth in the manufacturing sector of Namibia. Specifically, the study examines the relationship between internal capability-based factors such as training and development of employees, technology adoption, organisational culture, and strategic adaptability, and external resource-based factors such as access to finance and access to markets, and their impact on MSME growth. While these factors are examined as potential drivers of growth, their relative influence is determined empirically. Using survey data obtained from 298 manufacturing MSMEs and applying multiple regression analysis, the study identifies and ranks the drivers that significantly contribute to the variations in the growth performance of the enterprises. By shifting the analytical focus from how growth is measured to what drives growth, this study provides empirical insights into MSME performance in Namibia's manufacturing sector. The study highlights the relative importance of internal capabilities and external resources in shaping enterprise growth and contributes context-specific evidence to the existing literature. In addition, the findings offer practical policy and managerial implications by emphasising the role of capability development and improved access to finance in supporting sustainable MSME growth. The remaining part of the paper is organized as follows. Section 2 reviews the literature on the drivers of MSME growth and relevant theoretical perspectives. Section 3 presents the methodology of the research. The empirical results and discussion are presented in Section 4, and Section 5 concludes the study and discusses key policy and managerial implications.

Theoretical underpinnings

Firm growth is traditionally explained by internal resource utilisation and managerial capacity (Penrose, 2009). The Resource-Based View further argues that firms achieve sustained advantage through valuable and inimitable resources such as skills and financial capacity (Barney, 1991). Extending this, Dynamic Capabilities Theory emphasises the ability of firms to adapt and reconfigure these resources in changing environments (Teece et al., 1997). These foundational perspectives provide a basis for analysing MSME growth drivers.

This study is grounded in theories that explain how firms achieve growth and sustained performance through the acquisition, deployment, and reconfiguration of resources and capabilities. Specifically, the RBV and the Dynamic Capabilities Theory form the main theoretical basis for the study of the drivers of MSME growth in the manufacturing sector of Namibia. These perspectives are supplemented by insights of Institutional Theory, which emphasizes the role of the external environment on the performance of the firm. The Resource-Based View argues that firm growth and competitive advantage are based on the possession and effective utilisation of resources that are valuable, rare, inimitable, and non-substitutable. Within this framework, internal firm resources such as skilled human capital, financial capacity, organisational routines, and technology assets are central determinants of enterprise performance. For MSMEs, which often operate under severe resource constraints, growth has a lot to do with the extent to which these limited resources are mobilised and reinvested.

In context with this study, employee training and development, technology adoption, organisational culture, and strategic adaptability represent key internal resources and capabilities consistent with the RBV. Training to improve human capital, technology adoption for more efficient operations, and organisational culture and strategy influence how resources are coordinated to achieve growth objectives. Access to finance also helps to build up the firm's resource base by allowing investment in these capabilities. The RBV therefore offers a good theoretical reason to look at capability-based drivers as key influences on MSME growth (Ofori-Baafi and Opoku, 2025).

While the RBV explains the importance of resource ownership, Dynamic Capabilities Theory takes this logic further by emphasising the abilities of firms to adapt, integrate, and reconfigure resources in response to changing environments. In volatile and competitive settings (as is often the case for manufacturing MSMEs in developing economies), static resource possession is often not enough to sustain growth (Sun et al., 2024).

Dynamic capabilities are reflected in a firm's strategic adaptability, its learning processes, and its ability to adopt new technology or to enter new markets. For MSMEs in Namibia, the speed at which market demand and technological developments change, as well as the policy environment, means that enterprises must constantly adapt their methods of operation and strategy. The inclusion of such variables as strategic adaptability, adoption of technology, and access to markets in this study captures these adaptive capabilities. Dynamic Capabilities Theory therefore helps in explaining why some MSMEs are able to convert resources into growth while others with similar resource endowments are unable to grow (Yusnita et al., 2024).

Institutional Theory emphasises the importance of formal and informal rules, policies, and market structures in determining how firms behave and how well they perform (Peters, 2011). In developing economies, institutional constraints such as access to finance, regulatory burdens, and weak market linkages may have a significant impact on the outcome of MSME growth. For manufacturing MSMEs in Namibia, access to finance and access to markets are not simply decisions at the firm level, but are also subject to the overall institutional environment (Balzano et al., 2025).

By adding the external drivers (access to finance, market access), this study recognises that MSME growth is embedded within an institutional context that may either enable and/or constrain growth through the effective deployment of internal capabilities (Sánchez-Teba et al., 2025). The institutional perspective thus complements RBV and Dynamic Capabilities Theory in placing the drivers that operate at the firm level in the wider context of the economic and policy environment.

Taken together, the Resource-Based View, the Dynamic Capabilities Theory, and the Institutional Theory for analysing MSME growth drivers. RBV explains what resources and capabilities matter, Dynamic Capabilities Theory explains how these resources are adapted and leveraged over time, and Institutional Theory explains the external conditions under which firms operate. This integrated perspective is the basis of the conceptualisation in the study that sees MSME growth as a function of both internal capability-based drivers and external resource-based factors (Ofori-Baafi and Opoku, 2025; Sánchez-Teba et al., 2025; Yusnita et al., 2024).

Guided by these theories, the study empirically investigates the impact of employee training and development, technology adoption, organisational culture, strategic adaptability, access to finance, and market access on MSME growth in the manufacturing sector of Namibia. The theoretical underpinning enhances the explanatory power of the study and ensures that there is alignment between the research objective, the choice of variables, and the method of analysis.

METHODOLOGY

This study is based on a post-positivist approach to methodology, which presupposes the possibility to systematically observe, measure, and explain social and economic phenomena by means of empirical investigation, and recognizes the probabilistic rather than the absolute nature of findings. Post-positivism is suitable for research that aims to test the relationships theorized by using quantitative data and statistical methods (Habib, 2020).

In accordance with this orientation, the research is quantitative and explanatory (Ghanad, 2023; Thomas and Zubkov, 2023). The explanatory approach is appropriate as the research aims at identifying and evaluating the correlational relationship between growth-driving factors (independent variables) and MSME growth (dependent variable). This methodological stance is consistent with the Resource-Based View and Dynamic Capabilities Theory that highlight the idea that enterprise performance is determined by the use of internal capabilities and access to strategic resources. The methodology therefore forms a coherent basis for testing the philosophical and analytical foundation for understanding the drivers of MSME growth in the Namibian manufacturing context.

The research was conducted using a cross-sectional explanatory survey design. A cross-sectional design was suitable as data were gathered from a large number of MSMEs at a single point in time, which allowed the testing of relationships between variables without follow-up over time (Spector, 2019). The explanatory nature of the design permitted the testing of multiple growth drivers at the same time with a view to comparing the relative importance of these variables for enterprise growth (Saunders et al., 2019). The emphasis on manufacturing MSMEs was guided by their strategic importance to Namibia's industrialisation and value addition agenda, as well as their chronically weak rate of growth in comparison to other sectors. The unit of analysis was the enterprise, and the unit of observation was the owner-manager or managing director, as they play a central role in strategic decision-making and resource allocation in MSMEs.

The target population included about 6,900 registered manufacturing MSMEs in Namibia. Using Slovin's formula, a 95% confidence level, and a 5% margin of error, a sample size of 378 enterprises was determined. Stratified random sampling was used to achieve proportional representation of micro, small, and medium-sized enterprises across regions. A total of 298 usable

Table 1. Reliability and validity of study constructs.

Construct	Cronbach's alpha	KMO value	Bartlett's test (Sig.)
Employee training	0.81	0.78	<0.001
Access to finance	0.79	0.75	<0.001
Technology adoption	0.76	0.72	<0.001
Organization culture	0.83	0.80	<0.001
Strategic adaptability	0.85	0.82	<0.001
Market access	0.77	0.74	<0.001
External market conditions	0.61	0.58	<0.001
MSME growth (dependent)	0.84	0.81	<0.001
N=298			

External economic conditions did not meet the recommended thresholds (Cronbach's alpha < 0.70; KMO < 0.70) and was therefore excluded from correlation, regression, and the conceptual framework.

questionnaires were returned, which translates to a 78% response rate, which is considered adequate for organisational and management research.

Primary data were gathered by means of a structured questionnaire which was administered to owner-managers or managing directors. The questionnaire consisted of three parts: firm characteristics, MSME growth, and growth-driving factors. Responses were determined through a five-point Likert scale from strongly disagree (1) to strongly agree (5). The instrument was adapted from established MSME growth studies and contextualised to reflect the Namibian manufacturing environment.

MSME growth was considered as the dependent variable, which was measured by a composite growth index which covers the perceptions of respondents towards the overall growth and performance of the enterprise. The independent variables included growth-driving factors such as training and development of employees, access to finance, technology adoption, organisational culture, strategic adaptability, and market access. These variables represent both internal capability-based and external resource-based aspects of MSME growth.

Since all data were collected from owner-managers, there was a potential risk of single-respondent bias and common method variance. To mitigate this, several procedural remedies were applied during data collection. Respondents were assured of confidentiality and anonymity to reduce evaluation apprehension, items were carefully worded to minimize social desirability bias, and the questionnaire was structured to separate measures of predictors and outcomes. In addition, Harman's single-factor test was conducted. The unrotated factor solution showed that the first factor accounted for 28% of the variance, which is below the 50% threshold commonly used to indicate serious common method bias (Podsakoff et al., 2003). This result suggests that common method bias was not a major concern in this study.

To analyze the impact of growth-driving factors on the growth of MSMEs, a multiple regression model was estimated and defined as follows:

$$MSME\ Growth = \beta 0 + \beta 1 Training + \beta 2 Finance + \beta 3 Technology + \beta 4 Culture + \beta 5 Strategy + \beta 6 MarketAccess$$

where MSME Growth is dependent variable; Training is employee training and development; Finance is access to finance; Technology is technology adoption; Culture is organisational culture; Strategy is strategic adaptability (the firm's ability to respond to changing market conditions); Market Access is market access; b0 is intercept; b1-b6 are regression coefficients and e is error term.

Data were analysed using the Statistical Package for the Social Sciences (SPSS) version 24 (Kafle, 2019). Prior to conducting correlation and regression analyses, the reliability and validity of the measurement instruments were established. Internal consistency was assessed using Cronbach's alpha, with all constructs exceeding the recommended threshold of 0.70, confirming acceptable reliability. Sampling adequacy was verified through the Kaiser-Meyer-Olkin (KMO) test, with values above 0.70, and Bartlett's test of sphericity was significant ($p < 0.001$), indicating that the data were suitable for factor analysis (Table 1).

To further establish construct validity, exploratory and confirmatory factor analyses were conducted. All items loaded strongly on their respective constructs, with factor loadings above 0.70, confirming convergent validity (Table 2). The confirmatory factor analysis demonstrated good model fit, with $\chi^2/df = 2.31$, CFI = 0.94, TLI = 0.92, RMSEA = 0.056, and SRMR = 0.047, all within recommended thresholds. These indices confirm that the measurement model adequately represents the data (Table 3).

Discriminant validity was also established by comparing the square root of the Average Variance Extracted (√AVE) for each construct with inter-construct correlations. In all cases, √AVE values exceeded the corresponding correlations, confirming that each construct was distinct from the others. With reliability and validity confirmed, descriptive statistics were applied to summarise firm characteristics and distributions of variables. Pearson correlation analysis was conducted to examine the associations between growth drivers and MSME growth, while multiple regression analysis was used to determine the relative influence of each growth driver on enterprise growth.

Additional diagnostic tests confirmed that the regression model met key assumptions. Normality of residuals was verified using the Kolmogorov–Smirnov test ($p > 0.05$), indicating an approximate normal distribution. Homoscedasticity was assessed through residual plots, which showed no systematic patterns. Multicollinearity was tested using Variance Inflation Factor (VIF) values, all of which ranged between 1.28 and 1.41, well below the recommended threshold of 5.

On the issue of research ethics, ethical clearance was obtained from the University of Namibia Research Ethics Committee. Participation was voluntary, informed consent was obtained, and the confidentiality and anonymity of the respondents were guaranteed. Data were stored securely and were used only for academic purposes.

Table 2. Factor loadings for growth driver constructs.

Construct/item	Factor loading
Employee training (ET1)	0.74
Employee training (ET2)	0.81
Employee training (ET3)	0.79
Access to finance (AF1)	0.76
Access to finance (AF2)	0.82
Technology adoption (TA1)	0.71
Technology adoption (TA2)	0.77
Organisational culture (OC1)	0.80
Organisational culture (OC2)	0.84
Strategic adaptability (SA1)	0.83
Strategic adaptability (SA2)	0.86
Market access (MA1)	0.75
Market access (MA2)	0.78
MSME growth (MG1)	0.82
MSME growth (MG2)	0.85
N=298	

Table 3. Confirmatory factor analysis model fit indices.

Fit index	Recommended threshold	Obtained value
Chi-square/df (x2/df)	≤3.00	2.31
Comparative fit index (CFI)	≥0.90	0.94
Tucker-Lewis Index (TLI)	≥0.90	0.92
Root mean square error of approximation (RMSEA)	≤0.08	0.056
Standardized root mean square residual (SRMR)	≤0.08	0.047
N=298		

Table 4. Discriminant validity (AVE vs. Inter‑Construct Correlations).

Construct	AVE	√AVE	Training	Finance	Technology	Culture	Strategy	Market access	MSME growth
Training	0.58	0.76	1.000						
Finance	0.60	0.77	0.50	1.000					
Technology	0.55	0.74	0.55	0.45	1.000				
Culture	0.62	0.79	0.60	0.40	0.50	1.000			
Strategy	0.65	0.81	0.65	0.55	0.60	0.70	1.00		
Market Access	0.56	0.75	0.45	0.40	0.45	0.50	0.55	1.000	
MSME Growth	0.53	0.79	0.38	0.34	0.29	0.36	0.44	0.32	1.000
N=298									

RESULTS

The findings reveal variation in the way that manufacturing MSMEs prioritise different growth-driving factors. Findings of the descriptive research on growth-driving factors are presented in Table 5. Employee training and development and access to finance scored the highest mean scores, which suggest that these factors are widely seen as being central to the growth of the enterprise. Technology adoption and strategic adaptability were rated as moderate, indicating the partial integration of innovation and long-term planning in manufacturing MSMEs. Organisational culture and market access had comparatively lower mean values, but these are also relevant for growth.

The results suggest that all the growth drivers are

Table 5. Descriptive findings on growth driving factors.

Growth driving factor	Mean	Std. Deviation	Rank
Employee training and skills development	4.02	1.13	1
Strategic adaptability	3.99	1.32	2
Organisational culture	3.87	1.31	3
Technology adoption	3.62	1.10	4
Market access and positioning	3.54	1.02	5
Access to finance	3.31	1.47	6
External economic conditions	3.41	1.60	7
(Likert scale: 1 = Strongly disagree, 5 = Strongly agree)			

Source: Author (2024).

Table 6. Associations between growth driving factors and MSME Growth.

Variable	1.	2.	3.	4.	5.	6.	7.
MSME Growth	1.000						
Training	0.38	1.000					
Finance	0.34	0.50	1.000				
Technology	0.36	0.55	0.45	1.000			
Culture	0.36	0.60	0.40	0.50	1.000		
Strategy	0.44	0.65	0.55	0.60	0.70	1.000	
Market Access	0.32	0.45	0.40	0.45	0.50	0.55	1.000
N = 298							

Source: Author (2024).

positively related to MSME growth, but the strength of the associations varies across factors. Employee training shows a moderate positive association with MSME growth (r = 0.38). Access to finance is also positively associated (r = 0.34), indicating that enterprises with better financial access tend to grow more. Technology adoption has a weaker positive relationship (r = 0.29). Organisational culture demonstrates a moderate correlation with MSME growth (r = 0.36). Strategic adaptability emerges as the strongest driver, showing the highest correlation with MSME growth (r = 0.44). Market access is likewise positively associated (r = 0.32), though its relationship is weaker compared to other drivers (Table 6).

Influence of growth drivers on MSME growth

The regression model was statistically significant ($F = 18.72$, $p < 0.001$), explaining 32.8% of the variance in MSME growth ($R^2 = 0.328$, Adjusted $R^2 = 0.314$). The results of the regression analysis suggest that the growth driving factors have varying degrees of influence on the growth of MSMEs. Strategic adaptability was the best predictor of MSME growth ($b = 0.263$, $p < 0.001$). Access to finance had also shown statistically significant positive impact on the growth of MSMEs ($b = 0.214$, $p < 0.001$). Employee training was found to have a positive and statistically significant effect on MSME growth ($b=0.129$, $p=0.024$).

In contrast, the adoption of technology did not have a statistically significant impact on the growth of MSMEs ($b = 0.085$, $p = 0.104$). Organisational culture also showed a positive but statistically insignificant effect on MSME growth ($b = 0.077$, $p = 0.135$). Although market access was positively related to MSME growth ($b = 0.057$, $p = 0.115$), its effect was statistically insignificant. These findings suggest that although several growth driving factors have a positive association with MSME growth, only strategic adaptability, access to finance and employee training has a statistically significant influence when taken jointly (Table 7).

Besides, it is noteworthy that while descriptive statistics ranked employee training as the most important growth factor (mean = 4.02) and access to finance as least important (mean = 3.31), regression analysis revealed that access to finance ($\beta = 0.214$) exerted a stronger influence on MSME growth than employee training ($\beta = 0.129$). This divergence highlights the difference between perceived importance and actual statistical impact (evidence).

The results show that although all the factors of growth

Table 7. Multiple regression results predicting MSME growth.

Variable	B	Std. Error	Beta	t	Sig.	VIF
(Constant)	0.721	0.194	—	3.716	<0.001	-
Strategic adaptability	0.162	0.044	0.263	3.682	<0.001**	1.39
Organisational culture	0.048	0.032	0.077	1.500	0.135	1.35
Employee training	0.093	0.041	0.129	2.268	0.024	1.32
Access to finance	0.118	0.035	0.214	3.371	<0.001**	1.41
Technology adoption	0.062	0.038	0.085	1.632	0.104	1.28
Market access	0.057	0.036	0.091	1.583	0.115	1.30

R^2 = 0.328, Adjusted R^2 = 0.314, F (6, 291)= 18.72 and p-value < 0.001. Dependent variable: MSME growth (N = 298). *p < 0.05, **p < 0.001

are positively related to the growth of MSMEs, only strategic adaptability, access to finance and employee training has a statistically significant effect on the growth of MSMEs. Strategic adaptability was the most influential driver, followed by access to finance and training of employees. Technology adoption and organisational culture, though there were positive relationship to MSME growth, their effects were not statistically significant in the regression model. The VIF values (Table 3) confirms that multicollinearity was not a concern, with all predictors recording values between 1.28 and 1.41. Normality of residuals was verified using the Kolmogorov‑Smirnov test (p > 0.05), and homoscedasticity was confirmed through residual plot inspection. These diagnostics support the validity of the regression model.

DISCUSSION

The results indicate that although a number of internal and external factors can be positively linked to MSME growth, only some of these drivers have a statistically significant effect when examined together. Specifically, strategic adaptability, access to finance and employee training were identified as the most influential drivers of growth of MSMEs, while technology adoption and organisational culture, though positively related, did not show significant effects in the regression model.

Strategic adaptability as a primary growth driver

Strategic adaptability was the most significant predictor of MSME growth. This finding implies that manufacturing MSMEs that are in a position to adjust strategies, respond to market changes, and realign operations are more likely to have higher growth results. This result is in strong agreement with the Dynamic Capabilities Theory, which stresses the importance of sensing, seizing, and reconfiguring capabilities in dynamic environments (Yusnita et al., 2024) and which emphasises the role of adaptability in reconfiguring resources for improved performance (Teece et al., 1997). In the context of the Namibian manufacturing sector, in which firms operate under volatile market conditions and constraints of resources, the capacity to adapt strategically thus appears to be a crucial determinant of growth. This finding is consistent with the findings in studies conducted in other developing economies (Apriyanto et al., 2025), which underscore strategic flexibility and managerial responsiveness as important enablers of MSME performance. The prominence of strategic adaptability emphasizes the fact that growth is not just a matter of having resources, but of successfully deploying and reconfiguring them over time.

Access to finance and MSME growth

Access to finance proved to have a significant positive impact on the growth of MSME. This finding adds to the widely documented view that financial resources are critical in supporting investment in production capacity, technology and human capital. In the manufacturing sector of Namibia, accessibility to affordable finance continues to limit the growth of enterprises, and financial accessibility is a decisive growth driver. From a Resource-Based View perspective, access to finance reinforces the firm resource base, the acquisition and development of growth-enhancing capabilities. The importance of finance in the regression model shows that even when strategic and human capabilities exist, it is not easy to grow without financial support (Ratnawati, 2020).

Role of employee training in driving growth

Employee training also found to have statistically significant positive influence on MSME growth. This finding reveals the significance of human capital development in improving enterprise competitiveness and productivity. This aligns with the Resource-Based View, which identifies skilled human capital as a critical source of competitive advantage (Barney, 1991). Training gives

employees skills and knowledge needed to enhance operational efficiency, product quality, and innovation capacity. RBV considers skilled human capital to be a valuable and a challenging-to-imitate resource. In the manufacturing industry where technical skills and process efficiency are essential, investment in employee training seems to have a direct correlation with better growth results (Ofori-Baafi and Opoku, 2025).

Owner‐managers perceive training as the most critical growth driver, reflecting their subjective experiences and priorities. However, regression analysis demonstrates that access to finance has a stronger objective influence on firm growth. This suggests that while training is valued, financial resources remain the more decisive factor in driving measurable performance outcomes. The finding illustrates the importance of combining perception ‐based data with statistical evidence to capture both managerial viewpoints and actual growth determinants.

Technology adoption and organisational culture

Although the adoption of technology and organisational culture were found to be positively associated with MSME growth, the two factors were not found to show any statistically significant effects in the regression model. This implies that these factors, although relevant, may have an indirect impact on growth or may be dependent on other capabilities. One possible explanation is that the level of technology adoption among manufacturing MSMEs in Namibia is still at a basic or incremental level, which limits its immediate influence on growth (Nautwima et al., 2025). Similarly, organisational culture may be conducive to growth only when combined with effective strategic adaptability and capacity for financial resources (Eromafuru, 2013). These findings indicate that technology and culture alone are not sufficient to cause growth unless these are embedded in wider strategic and resource frameworks.

Internal capabilities versus external market factors

On the whole, the results suggest that internal capability-based drivers have a greater influence on MSME growth than external market-related factors. Internal capabilities such as strategic adaptability and employee training were more influential than market access and organisational culture. This strengthens the case that sustainable growth of MSMEs is less about the external conditions and more about what firms are able to do internally with the available resources (Jie et al., 2023).

Implications for theory and practice

Theoretical implications

The findings offer empirical support for Dynamic Capabilities Theory by showing that strategic adaptability is the most influential factor affecting MSME growth. While Dynamic Capabilities Theory provides a framework for growth based on sensing, seizing, and the reconfiguration of resources, empirical validation of this mechanism in MSMEs, especially in African manufacturing contexts, is still limited. By demonstrating that strategic adaptability has a greater impact on growth than the level of technology adoption or organisational culture, this study identifies adaptability as a fundamental dynamic capability that helps MSMEs to survive in volatile market environments (Yusnita et al., 2024).

Second, the study contributes to the advancement of RBV by empirically proving the role of human capital and financial resources as key drivers of enterprise growth (Ofori-Baafi and Opoku, 2025). Employee training emerged as a statistically significant predictor of MSME growth and strengthens the RBV argument that skilled human capital is a valuable and difficult-to-imitate resource. Similarly, access to finance was shown to enhance the firm's resource base and allow investment in growth-enhancing activities. Importantly, the findings indicate that not all resources are equally important for growth, thereby extending RBV by identifying resource prioritisation rather than resource accumulation as central to MSME growth.

Third, the study also adds to the theory of MSME growth by clarifying the difference between association and influence. Although technology adoption and organisational culture were found to be associated with MSME growth and had positive effects, they did not have statistically significant effects in the regression model. These findings challenge simplistic assumptions that automaticity exists between technology, culture, and growth. Instead, they suggest that their impact may be indirect or contingent on other capabilities such as strategic adaptability and access to finance. This nuance adds depth to current growth models in that it underscores the conditional nature of some growth drivers.

Practical implications

The predominance of strategic adaptability as growth factor implies that the approach to support MSMEs should shift from generic enterprise promotion interventions to capability building interventions. Policymakers should focus on programmes that build managerial skills in strategic planning, market analysis and adaptive decision-making. Such programmes are likely to have higher returns on growth than interventions focused only on firm registration or employment targets. Access to finance became a major constraint and enabler to growth (Sánchez-Teba et al., 2025). Policymakers should therefore strengthen MSME financing frameworks by promoting innovative financing mechanisms such as credit guarantees, blended finance and performance

linked funding.

Financial support programmes should be structured in such a way that they reward enterprises that exhibit strategic clarity and investment in human capital to make financial access commensurate with growth potential (Matei et al., 2024). Although we do not find a direct significant influence of technology adoption on growth, the positive link between technology adoption and MSME growth implies the need for technology support policies to emphasise effective utilisation, not just adoption. Technology assistance programmes should be combined with training and advisory services to ensure that digital tools are aligned to enterprise strategies and capabilities.

For MSME owners and managers, the findings signal the importance of strategic adaptability as a key growth lever. Enterprises should be active in monitoring market trends, understanding customer preferences, and staying competitive, and be willing to adjust business models accordingly. Strategic flexibility is a managerial practice that should be considered as a deliberate response to challenges rather than an ad hoc response (Apriyanto et al., 2025).

Investment in employee training and development should be a priority in the long-term growth strategy. Even in resource-constrained environments, targeted skills development can improve productivity, product quality and innovativeness. Managers should therefore not see training as a cost, but as a strategic investment in the growth of the enterprise. Managers should also take a strategic approach to financial management, making sure that financial resources available to them are used for growth-enhancing activities rather than short-term operational survival. Building good relationships with financial institutions and demonstrating good strategic planning may open the door to external finance (Matei et al., 2024).

For financial institutions, the findings indicate that the growth potential of MSMEs is strongly associated with internal capabilities and not necessarily firm size. Credit assessment frameworks should therefore include qualitative indicators such as managerial capability, strategic adaptability and commitment to employees training (Nwani et al., 2020). This approach may benefit lending outcomes and lower the risks of default. Enterprise support agencies and development partners should design integrated support programmes which combine finance, training and strategic advisory services. Such holistic interventions are likely to produce sustainable growth outcomes than isolated support interventions.

Conclusion

This study focused on the drivers of growth of MSMEs in the manufacturing sector in Namibia and particularly the internal capability-based and external resource-based factors. The results show that although multiple growth driving factors show positive relationships with MSME growth, only strategic adaptability, access to finance and employee training has a statistically significant effect on enterprise growth when taken together.

Strategic adaptability emerged as the most influential driver which underscores how managerial flexibility and the ability to effectively react to changes in market conditions are important. Access to finance was identified as an important external resource that allows enterprises to invest in growth-enhancing activities, and employee training was identified as playing a crucial role in strengthening human capital and operational efficiency. Although the results showed that technology adoption and organisational culture were positively related to MSME growth, the results were not statistically significant, implying that the contribution of technology adoption and organisational culture to growth may be indirect or dependent on other enabling factors. These findings reinforce foundational theories linking firm growth to internal capabilities and adaptive capacity (Barney, 1991; Teece et al., 1997)

Policy recommendations

Based on the results of the study, some policy recommendations are made. First, policymakers should focus on programmes that build strategic and managerial capabilities among MSME owners and managers. Training programmes with a focus on strategic planning, market responsiveness, and adaptive decision-making are likely to produce better growth outcomes than generic enterprise support programmes.

Second, access to finance still needs to be improved. Financial institutions and development agencies should craft MSME financing mechanisms that are based on the realities of manufacturing enterprises, such as flexible collateral requirements, longer repayment periods, and financing linked to capability development initiatives.

Third, while the adoption of technology did not reveal a direct significant impact on growth, policies should promote the strategic use of technology in combination with skills development and financial support. Technology support programmes should, therefore, be linked to training and advisory services to maximise the impact of the programmes.

Managerial recommendations

For owners and managers of MSMEs, the results of the research point to the significance of investing in strategic adaptability and human capital development. Enterprises should put more emphasis on continuous skills development for employees, and they should have flexible strategic approaches that enable them to respond

in time to changes in the market environment. Managers should also be proactive in seeking financial resources that will aid in long-term growth goals as opposed to short-term survival. In addition, MSMEs should also consider organisational culture and technology adoption as enabling mechanisms supporting growth, if it is aligned with clear strategic goals and adequate financial capacity.

Limitations and directions for future research

Despite the contributions this study has, there are some limitations in it. The use of a cross-sectional design limits one's ability to capture changes in growth drivers over time. Future research may use longitudinal research designs to investigate how the effect of growth drivers changes as enterprises mature. Although Harman's single‐factor test indicated that no single factor accounted for the majority of variance (28%), thereby reducing concerns about common method bias, and the reliance on single respondents (owner‐managers) remains a limitation. Future studies could strengthen validity by triangulating data from multiple sources such as employees, financial records, or external performance assessments.

Additionally, the study focused on manufacturing MSMEs which could be expanded in future research to other sectors to improve generalisability. Further research could also examine interaction effects between growth drivers, for example, the interaction between technology adoption and strategic adaptability or employee training on MSME growth.

Final remarks

This study provides empirical evidence that MSME growth in Namibia's manufacturing sector is largely shaped by strategic adaptability, access to finance, and employee training. By focusing on these key drivers, policymakers and enterprise managers can design more effective interventions aimed at fostering sustainable MSME growth and contributing to Namibia's broader industrial and economic development goals.

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CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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