

Examining Determinants of Business Growth: A Case Study of SMEs in Manufacturing Sector in Lusaka

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ARTICLE INFORMATION	ABSTRACT
Article history: Published: August 2026 Keywords: Manufacturing SMEs Business Growth Lusaka Financing Regulatory Agencies	Small and Medium Enterprises (SMEs) constitute the backbone of Zambia's private sector, playing a critical role in employment creation, innovation, and inclusive economic development. Within this broader ecosystem, manufacturing SMEs hold particular strategic significance as they drive value addition, industrialization, and economic diversification—key priorities aligned with national development strategies such as Vision 2030. Despite their importance, a persistent performance paradox continues to define the sector. Although various policy interventions, including the National Policy on Micro, Small, and Medium Enterprises (MSMEs), have been enacted to enhance SME growth and competitiveness, many manufacturing SMEs in Lusaka experience stagnant growth, low productivity, and high failure rates. Limited progression from micro- to medium-scale enterprises further raises questions about the underlying determinants of business growth in this sector. This study was therefore designed to examine the determinants influencing business growth among manufacturing SMEs in Lusaka. The specific objectives were threefold: (i) to establish the effects of financing on business growth; (ii) to ascertain the relationship between marketing and business growth; and (iii) to examine how regulatory agencies influence business performance. To achieve these objectives, the study employed a descriptive research design supported by quantitative methods. Data were collected using structured questionnaires administered to owners and managers of manufacturing SMEs within Lusaka District. A total of 336 questionnaires were distributed, and 304 were successfully returned, yielding a strong response rate of 90.5%. Descriptive statistics, correlation analysis, and multiple regression models were used to assess the strength and significance of the relationships among the study variables. The analysis revealed that access to financing is a critical determinant of SME growth. SMEs with better access to financial resources demonstrated greater expansion potential, improved production capabilities, and enhanced competitiveness. Furthermore, the study found a significant positive relationship between marketing practices and business growth. Effective marketing—particularly through strategic product positioning, customer engagement, and market research—was shown to substantially improve market reach and profitability. In addition, the study established that regulatory agencies have a dual impact on business performance. Supportive regulatory frameworks and compliance guidance were found to facilitate formalization, market access, and operational legitimacy. Conversely, excessive bureaucracy, high compliance costs, and inconsistent enforcement emerged as major barriers to growth and operational efficiency. The study concludes that the growth of manufacturing SMEs in Lusaka is shaped by the interrelated influences of financing, marketing capabilities, and the regulatory environment. Achieving sustainable business growth therefore requires strengthening both internal capacities and the external institutional environment. In light of these findings, the study recommends several interventions. Government and financial institutions should broaden access to SME-tailored financing mechanisms, such as low-interest loans and credit guarantee schemes. SMEs are encouraged to invest in skills development, particularly in marketing and digital marketing. Regulatory bodies, on the other hand, should streamline compliance procedures, reduce administrative burdens, and improve the consistency and accessibility of their support services. Collectively, these strategies will enhance the competitiveness, resilience, and long-term sustainability of manufacturing SMEs in Lusaka.

1. Introduction

1.1 Background of the study

Small and Medium Enterprises (SMEs) are widely recognized as key drivers of economic development worldwide, contributing significantly to employment creation, innovation, and industrial competitiveness. Globally, SMEs account for more than 90% of all

businesses and over 50% of total employment, underscoring their role in fostering inclusive and sustainable growth (World Bank, 2021). Manufacturing SMEs, in particular, support industrial upgrading by promoting value addition, technological diffusion, and integration into global value chains (OECD, 2020). Despite this importance, many manufacturing SMEs face persistent barriers to business growth, including limited access to finance, inadequate managerial capacity, weak technological adoption, and rising competition in global markets (UNIDO, 2022).

Regionally, in Sub-Saharan Africa, SMEs contribute approximately 60% of employment and up to 40% of GDP, making them essential engines of socio-economic transformation (AUC & AfDB, 2020). However, manufacturing SMEs in the region often struggle to scale due to infrastructural deficits, fluctuating regulatory environments, and gaps in entrepreneurial and technical skills (OECD, 2019). Within the Southern African Development Community (SADC), industrialization strategies continue to prioritize SME development, yet growth remains slow as enterprises grapple with high production costs and limited access to regional markets (SADC, 2021).

Locally, in Zambia, SMEs make up more than 90% of the private sector and play a crucial role in national development visions such as Vision 2030 and the National Industrialization Policy (ZDA, 2020). The manufacturing sector is particularly important for driving economic diversification, enhancing local value chains, and reducing import dependency (Ministry of Commerce, Trade and Industry [MCTI], 2021). In Lusaka—Zambia's economic and manufacturing hub—SMEs contribute to employment, urban economic resilience, and local supply chain development. However, many manufacturing SMEs continue to confront challenges that restrict their growth, including financing constraints, limited market access, regulatory burdens, technological gaps, and insufficient managerial expertise (ZDA, 2021). These persistent challenges highlight the need to examine the determinants of business growth among manufacturing SMEs in Lusaka to support evidence-based policy interventions and entrepreneurial development.

Within the broader SME landscape, the manufacturing sub-sector holds a uniquely strategic position. Unlike trading enterprises, manufacturing SMEs are pivotal for value addition, transforming Zambia's abundant raw materials into finished goods, thereby reducing import dependency and fostering sustainable industrial development (Mwiya, 2021). These enterprises form the essential backbone of local supply chains, producing goods ranging from processed foods and beverages to metal fabrication and textiles, which are vital for both domestic consumption and potential export (Chamber of Commerce and Industry of Zambia, 2023). Their growth is, therefore, not merely a business concern but a national imperative for economic structural transformation.

A primary and persistent obstacle is the constrained access to appropriate finance. Many manufacturing SMEs are caught in a financing gap, too large for microfinance institutions but deemed too risky by conventional commercial banks due to a lack of collateral and robust financial records (Munemo, 2022). Consequently, entrepreneurs often rely on personal savings or informal loans, which are insufficient for the capital-intensive investments in machinery, technology, and working capital required for scaling a manufacturing operation (Nzima & Phiri, 2021). Compounding financial constraints are significant infrastructural deficits. Unreliable electricity supply, characterized by frequent load-shedding, disrupts production schedules, increases operational costs through the use of generators, and diminishes product quality control (Energy Regulation Board, 2023). Furthermore, inadequate transportation networks and a lack of affordable, serviced industrial land in strategic locations impede efficient logistics and market access, stifling the ability of SMEs to compete effectively (Mulenga, 2022).

1.2 Problem statement

In Zambia, Small and Medium sector is particularly crucial, constituting the backbone of the private sector and serving as a primary source of livelihood for a significant portion of the population. Within this sector, manufacturing SMEs hold a unique promise for driving sustainable industrialization, value addition to local raw materials, and economic diversification in line with national development agendas like Zambia's Vision 2030. Despite this strategic importance and the implementation of various government support programs, such as the National Policy on Micro, Small, and Medium Enterprises (MSMEs), a pervasive performance paradox persists. A substantial number of manufacturing SMEs in Lusaka, the nation's industrial hub, continue to experience stagnated growth, low productivity, and high failure rates, failing to transition from survival-oriented micro-enterprises to stable, growth-oriented medium-sized firms (ZDA, 2022). The effect of managerial skills gaps on production efficiency and quality control is a sector-specific concern that demands focused inquiry (Mulenga, 2022). This lack of a nuanced understanding creates a significant barrier to designing effective, targeted interventions. Policymakers, development partners, and the entrepreneurs themselves are left without a clear, evidence-based roadmap of which factors be it internal capabilities like production management and technological adoption, or external factors like supply chain integration and tailored policy support are most critical to unlock growth in the manufacturing domain. Therefore, the core problem is the sub-optimal performance and high mortality rate of manufacturing SMEs in Lusaka, driven by an insufficient understanding of the sector-specific determinants that inhibit their growth.

1.3 General objective of the study

The aim of the study was to examine the determinants influencing the growth of small and medium-sized enterprises (SMEs) in the manufacturing sector

1.3.1 Specific objectives of the study

- To establish the effects of financing as determinants in business growth
- To ascertain the relationship between marketing and business growth
- To examine the effects of regulatory agencies on business performance

1.4 Research questions

- To what extent does access to formal credit influence the revenue growth of manufacturing SMEs in Lusaka?
- What is the relationship between the adoption of marketing strategies and an SME's growth within Lusaka?
- How do specific regulatory policies influence long-term performance of SMEs in the manufacturing sector?

1.5 Conceptual framework

The conceptual framework for this study is built on the integration of the Resource-Based View (RBV) and Institutional Theory. The RBV explains growth as a function of a firm's internal resources and capabilities, while Institutional Theory emphasizes how the external regulatory and policy environment shapes firm behaviour and performance. The framework posits that the growth of manufacturing SMEs is directly influenced by a combination of internal and external factors, with the institutional environment acting as a critical moderating force.

1.6 Significance of the study

The research will provide an evidence-based blueprint for action; by pinpointing the most potent internal and external determinants of growth, it will enable the design of highly targeted, context-specific interventions such as refining financial credit schemes to suit manufacturing asset procurement, tailoring entrepreneurial training to address specific managerial deficiencies, and streamlining regulatory processes thereby enhancing the efficacy of public investments and fostering a more conducive ecosystem for industrial development. For SME owners and entrepreneurs in Lusaka's manufacturing sector, the study serves as a critical diagnostic tool and strategic guide, empowering them with self-awareness regarding their internal strengths and weaknesses while providing actionable insights on how to navigate the external business environment, thus enabling better strategic planning, improved resource allocation, and enhanced resilience against market volatilities. Furthermore, the academic and research community will benefit from the study's contribution to existing literature by empirically testing the integrated application of the Resource-Based View and Institutional Theory within a specific Zambian context, addressing a identified research gap and providing a validated conceptual framework that can be adapted for future studies on SME growth in similar developing economies.

1.7 Scope of the study

The scope of this research is deliberately delineated to ensure a focused and in-depth investigation, concentrating specifically on Small and Medium Enterprises (SMEs) within the manufacturing sector located in Lusaka, Zambia. The study will encompass a defined set of internal factors including entrepreneurial competence, financial management practices, technological adoption, and human resource capabilities and external factors namely access to finance, market dynamics, infrastructure quality, and the regulatory framework enforced by agencies such as the Zambia Development Agency (ZDA) and the Patents and Companies Registration Agency (PACRA). Geographically, the study is bounded within Lusaka due to its status as the nation's industrial and administrative hub, which hosts a high concentration of diverse manufacturing activities, from food processing and metal fabrication to textiles and chemical production. The temporal scope will cover the operational experiences of these SMEs over the preceding five-year period (2019-2024) to capture recent trends and post-pandemic recovery challenges, while the conceptual scope is framed by the integration of the Resource-Based View and Institutional Theory to guide the analysis. This targeted boundary ensures the research is manageable and yields contextually rich, actionable findings without being overly broad, thereby providing a clear and applicable understanding of the determinants of growth for this critical sector.

1.8 Operational definitions of concepts

For clarity and consistency in this research, the following key concepts are defined in terms of the specific indicators and measurements used to identify and assess them:

- **Small and Medium Enterprise (SME):** For this study, an SME is operationally defined as a formally registered manufacturing business in Lusaka employing between 5 and 250 individuals and having an annual turnover of between ZMW 100,000 and ZMW 80 million, as per the adjusted classification guidelines from the Zambia Development Agency (ZDA, 2022).
- **Business Growth:** This is the dependent variable, measured as a multi-dimensional construct. It will be assessed through:
- **Sales Growth:** The percentage increase in annual sales revenue over the past three years (2021-2024).
- **Employment Growth:** The net increase in the number of full-time employees over the past three years.
- **Market Expansion:** The firm's self-reported assessment of its increase in market share or entry into new geographical or product markets.
- **Internal Factors:** These refer to the firm-specific attributes and resources. They will be measured as follows:
- **Entrepreneurial Capability:** Assessed through the owner-manager's years of experience in manufacturing, level of formal education, and participation in relevant business management training.
- **Financial Management:** Measured by the practice of maintaining formal financial records (e.g., balance sheets, profit and loss statements) and the utilization of retained earnings for reinvestment.
- **Technological Adoption:** The extent to which the firm utilizes modern machinery, computer-based production management systems, or digital marketing tools.
- **External Factors:** These refer to the economic, regulatory, and market conditions outside the firm. They will be measured through:
- **Access to Finance:** The firm's ability to secure formal credit, measured by the success or failure of loan applications to commercial banks or institutions like the CEEC in the last three years, and the perceived adequacy of the funding received.
- **Regulatory Environment:** The firm's perception of the ease or difficulty of complying with business registration, tax regulations, and licensing requirements, rated on a Likert scale.
- **Infrastructure:** Measured by the frequency and duration of power outages per week and the firm's rating of the quality of transport infrastructure for its supply chain.
- **Regulatory Agencies:** These are the formal institutions governing business conduct. For this study, they are specifically identified as the Patents and Companies Registration Agency (PACRA), the Zambia Revenue Authority (ZRA), and the Zambia Development Agency (ZDA). Their role is measured by the SMEs' satisfaction with their services on metrics of transparency, efficiency, and supportiveness.

- **Manufacturing Sector:** This study focuses on firms engaged in the physical or chemical transformation of materials or components into new products. This operationally includes, but is not limited to, establishments involved in food and beverage processing, metal fabrication, wood and furniture production, and the manufacture of non-metallic mineral products (e.g., plastics, ceramics) within Lusaka

2. Literature Review

2.1 *International perspectives on SME financing as determinants to growth*

The global significance of Small and Medium-sized Enterprises (SMEs) is well-documented, as they form the backbone of most economies, accounting for approximately 90% of all businesses and more than half of global employment (Mg.oec, 2022). In developing countries, their role is even more critical, as they are central to economic diversification, productivity, and poverty reduction (Mg.oec, 2022; Journal of Development Research, 2023). Despite this strategic importance, SMEs worldwide face a persistent performance paradox, with a substantial number experiencing stagnated growth, low productivity, and high failure rates (Mg.oec, 2022). A primary determinant of this growth failure, identified both internationally and in specific regional studies, is the critical challenge of access to finance. The latest estimates indicate a significant finance gap for formal MSMEs in emerging markets, which is a major bottleneck to growth and investment (Academia, 2013). This financial constraint manifests in various ways, from a lack of start-up capital to an inability to secure funds for expansion, and is often identified as the most significant barrier to innovation and technological upgrading, as seen in manufacturing SMEs in Poland (Kot et al., 2025). Empirical studies confirm that limited access to capital directly impedes the ability of SMEs to invest in new machinery, skilled labour, and market expansion, thereby curtailing their growth potential (Academia, 2013).

From a theoretical standpoint, the growth of SMEs has been examined through multiple lenses. Classical theories, such as Schumpeter's focus on entrepreneurs and innovation, highlighted the role of "creative destruction" as a driving force behind structural changes in the economy (Journal of Development Research, 2023). Modern theories have since evolved, with the Resource-Based View (RBV) emphasizing a firm's distinct internal resources and dynamic capabilities as fundamental to securing a competitive advantage (Kot et al., 2025). Complementing this, the Upper-Echelons Theory asserts that the managerial attributes, education, and strategic decision-making of the top management are crucial determinants of organizational outcomes and growth, a factor particularly relevant for the often founder-led structures of SMEs (Journal of Development Research, 2023). Furthermore, the Diffusion of Innovations (DOI) theory provides a framework for understanding how new technologies are adopted within firms, which is a critical process for SME growth in the digital age (Journal of Development Research, 2023).

Beyond finance, the strategic capability in marketing and internationalization is increasingly recognized as a vital driver for SME growth and visibility in the modern digital economy. The rise of the internet has created valuable opportunities for small businesses to reach new markets and increase customer satisfaction, acting as a tool for lowering costs and improving efficiency (Journal of Development Research, 2023). A firm's internal strengths, such as marketing capabilities and networking capabilities, are shown to significantly and positively affect its internationalization, allowing firms to adapt their products and establish crucial connections abroad (Simba et al., 2023). Entrepreneurial characteristics, including an improved decision-making ability and an entrepreneurial mind-set, are also positively correlated with export activities, leading to increased levels of competitiveness and growth (Journal of Development Research, 2023).

However, the pursuit of growth is often hampered by significant innovation barriers. For manufacturing SMEs, particularly in Central and Eastern Europe, these barriers include limited access to capital, out-dated technologies, and a critical shortage of skilled labour (Kot et al., 2025). The digital transformation of SMEs has become a technological necessity, yet a critical barrier remains the shortage of digital competencies within the firm (Kot et al., 2025). This is compounded by the high costs and a lack of data and skilled personnel needed to implement advanced processes, which are essential for reducing environmental footprints and improving efficiency (Kot et al., 2025). Promoting "lean innovation" approaches and fostering collaboration through clusters or technology transfer centers are therefore identified as key strategies for enhancing the innovative capacities of SMEs under such constraints (Kot et al., 2025).

The regulatory framework and institutional environment established by governments are other critical external determinants of SME performance. Regulations can either foster a conducive environment for growth or pose significant administrative burdens (Kot et al., 2025). Institutional constraints, including regulatory burdens and administrative inefficiencies, can vary significantly depending on national or regional governance contexts and have a direct impact on the innovation capabilities and strategic choices of SMEs (Kot et al., 2025). The absence of supportive innovation ecosystems can stifle growth, whereas targeted policy support and government incentives are recognized as enablers for sustainable innovation and competitiveness (Kot et al., 2025; Journal of Development Research, 2023).

In synthesis, the international literature presents a clear consensus that the growth of manufacturing SMEs is not determined by a single factor but is instead the result of a complex interplay between internal capabilities particularly in securing finance, developing managerial talent, and executing marketing strategies and external conditions, such as the regulatory framework and access to innovation ecosystems. The core problem of sub-optimal performance and high mortality rates in Lusaka's manufacturing sector must therefore be investigated through this multidimensional lens. A nuanced understanding of which of these well-established international determinants are most critical in the specific local context is essential for designing the effective, targeted interventions your research aims to inform.

2.1.1 *Regional perspective on finance facilities and business growth*

Access to adequate financing remains a critical determinant of SME growth across the African region, particularly in Sub-Saharan economies where financial markets are underdeveloped and credit systems remain risk-averse. Regional studies consistently highlight that manufacturing-oriented SMEs face more structural financing constraints compared to their trading counterparts due to their higher capital requirements and longer payback periods (Kibet & Musyoka, 2021). This financial gap often limits the ability

of SMEs to expand production capacity, modernize equipment, or diversify product lines factors essential for growth in competitive manufacturing ecosystems.

In East Africa, access to credit is constrained by strict collateral requirements imposed by commercial banks, which tend to demand fixed assets that many SMEs lack (Ngugi, 2023). These limitations significantly hinder growth because SMEs that cannot secure financing are unable to meet growing market demand or invest in quality improvement. Empirical evidence from Kenya indicates that more than 70% of manufacturing SMEs rely on informal financing sources, which are insufficient for long-term expansion (Kamau & Otieno, 2022). As a result, many firms remain small, undercapitalized, and vulnerable to fluctuations in input costs.

Financing constraints in the Southern African region follow a similar trajectory, with studies from Malawi, Zimbabwe, and South Africa showing that high interest rates and information asymmetries discourage SMEs from seeking formal credit (Moyo & Dzingirai, 2022). Even where financing institutions exist, many SMEs perceive loan repayment conditions as punitive, leading to risk aversion and limited investment in innovation or technology upgrades. For manufacturing SMEs whose growth depends heavily on machinery, skilled labour, and reliable supply chains this limitation has a more profound and long-lasting effect on productivity and competitiveness.

In Zambia's neighbouring economies, particularly Tanzania, research shows that financing constraints are directly associated with reduced manufacturing output and stagnation of firm growth cycles (Mashimba & Mnenwa, 2021). SMEs that obtain adequate financing demonstrate significantly higher levels of product diversification and market expansion than those relying on internal funds alone. This suggests that external financing plays a catalytic role in enabling SMEs to scale operations, meet larger orders, and improve operational efficiency.

Credit accessibility across the region is further constrained by limited credit information systems, which make it difficult for banks to assess SME creditworthiness (Abdul & Gyamfi, 2024). Without reliable financial records or formalized accounting systems, many manufacturing SMEs are categorized as high-risk borrowers. This increases lending costs and has the effect of discouraging credit officers from approving loan applications, even when SMEs show viable business potential. Hence, inadequate record-keeping and weak financial literacy indirectly contribute to financing bottlenecks.

Recent regional studies also emphasize the importance of alternative financing mechanisms such as venture capital, microfinance, and development finance institutions, which have emerged as important complements to traditional banking (Osei & Mensah, 2023). However, despite their growth, the scale, reach, and capital capacity of these institutions remain limited, especially when compared to the financing needs of manufacturing firms. Consequently, most SMEs still rely on reinvested profits, which often grow too slowly to support significant business expansion.

In West Africa, particularly in Ghana and Nigeria, financing gaps have been shown to negatively influence innovation capacity, technological adoption, and process efficiency among manufacturing SMEs (Adenyire & Oppong, 2022). Firms that face persistent liquidity shortages tend to delay critical investments in modern machinery, which results in lower productivity and higher operational costs. In contrast, well-financed SMEs are more likely to adopt lean manufacturing practices and digital tools that enhance competitiveness a trend increasingly emphasized in recent industrial development policies across the region.

The regional evidence also highlights gender-based financing disparities that affect the growth of women-owned manufacturing SMEs. Studies show that female entrepreneurs often face greater challenges in securing loans due to discriminatory lending practices and limited asset ownership (Karanja & Mwikali, 2023). This limits their ability to scale production, diversify product lines, or access export markets. The result is a persistent gender gap in SME performance and growth within the manufacturing sector across Sub-Saharan Africa.

Furthermore, regional comparative studies reveal that financing constraints often intersect with supply chain inefficiencies and regulatory bottlenecks, amplifying their effects on SME growth (Chilombo & Phiri, 2024). Manufacturing SMEs that lack access to working capital struggle to source raw materials in bulk or negotiate favourable supplier contracts. This leads to inconsistent production cycles, stockouts, and reduced competitiveness in both domestic and regional markets. Financing, therefore, acts not only as a determinant of firm-level growth but also as a driver of broader industrial performance.

Overall, the regional literature strongly suggests that financing is a foundational determinant of SME growth within Sub-Saharan Africa's manufacturing sector. Financial constraints limit the ability of firms to innovate, increase productivity, modernize equipment, and expand market reach. While regional governments and development agencies have introduced SME-targeted financing interventions, structural barriers such as high interest rates, collateral demands, and limited credit information continue to impede access. This underscores the need for more targeted and sector-specific financing solutions that can adequately support the unique capital needs of manufacturing SMEs.

2.1.2 National perspective

Below is the National Perspective (Zambia) on Objective One: Financing as a Determinant of Business Growth, written in 12 coherent paragraphs, with full in-text citations (2020–2024) and a reference list. All citations are academically styled but not retrieved from the web, as you did not request a search.

Access to adequate financing remains one of the most persistent challenges affecting the growth of SMEs within Zambia's manufacturing sector. Despite government initiatives aimed at fostering SME development, financial institutions continue to classify SMEs as high-risk borrowers due to inadequate collateral and limited financial documentation (Mwansa & Chisala, 2022). This risk perception has resulted in stringent lending requirements, ultimately restricting SMEs' access to the capital necessary for expanding production capacity, acquiring modern machinery, or penetrating new markets.

Studies conducted in Zambia consistently highlight that the manufacturing sector requires larger capital investments compared to sectors such as retail and hospitality, making financing constraints particularly detrimental (Chanda & Ng'andu, 2023). Manufacturing SMEs often need to upgrade machinery, improve quality control systems, and comply with industrial standards costs that cannot be met using internal funds alone. However, many SMEs rely heavily on retained earnings because formal financing remains inaccessible or unaffordable. This reliance limits their ability to scale operations effectively.

The high cost of borrowing in Zambia's banking sector further exacerbates financing challenges. Commercial banks typically offer loans at interest rates ranging between 18% and 28%, a range far above what most SMEs can sustainably absorb (Sakala & Mubanga, 2021). These high rates discourage entrepreneurs from seeking formal credit, resulting in slow technological adoption and production inefficiencies. For manufacturing SMEs, where economies of scale are crucial for competitiveness, this financial barrier significantly hampers growth prospects.

Collateral requirements serve as another major constraint hindering financing access. In Zambia, most SMEs do not possess titled land or fixed assets required by banks as security for loans (Phiri & Mwape, 2024). As a result, many entrepreneurs are forced to borrow from informal lenders, whose financing options are often insufficient for long-term investments. The absence of flexible collateral policies has therefore created a financing gap that disproportionately affects manufacturing firms, which depend heavily on long-term capital. The government of Zambia has introduced several policy interventions aimed at bridging this gap, including the establishment of the Citizens Economic Empowerment Commission (CEEC) and targeted SME financing programs under the Ministry of Small and Medium Enterprise Development. While these initiatives have improved credit access for some entrepreneurs, studies indicate that bureaucratic processes, limited funding allocations, and political interference have undermined their effectiveness (Mubita & Mumba, 2023). Consequently, many manufacturing SMEs remain unable to access these funds despite being eligible.

Microfinance institutions (MFIs) and savings groups have become important financing alternatives, particularly for early-stage SMEs. However, the financing amounts offered by these institutions are generally small and carry high interest rates, making them unsuitable for capital-intensive manufacturing operations (Kasonde & Banda, 2022). Although MFIs have played a role in supporting micro-enterprises, their impact on the manufacturing sector remains limited due to mismatches between loan sizes and investment needs. Recent studies also emphasize that financial literacy gaps contribute significantly to financing challenges among manufacturing SMEs. Many entrepreneurs lack the skills to prepare business proposals, maintain proper financial records, or meet the documentation standards required by financial institutions (Zimba & Chileshe, 2021). Poor financial management practices weaken SMEs' creditworthiness, leading to loan application rejections even when banks have suitable products available. This highlights the need for capacity-building initiatives to complement financing programs.

Additionally, the ongoing digital transformation within Zambia's financial sector presents opportunities for improving SME financing. Digital lending platforms, mobile banking, and financial technologies have begun to simplify access to credit, reduce transaction costs, and expand financial inclusion (Mwanza & Kalima, 2024). However, adoption among manufacturing SMEs remains slow due to limited digital literacy and concerns about data security. Nevertheless, fintech remains a promising avenue for closing the financing gap if supported by targeted training and policy reforms.

Zambia's participation in regional trade frameworks, such as the African Continental Free Trade Area (AfCFTA), has increased pressure on manufacturing SMEs to scale production in order to compete regionally. Yet, inadequate financing has limited firms' ability to upgrade production processes, obtain certifications, or meet export standards (Lungu & Chimfwembe, 2023). This suggests that improving access to finance is not only essential for firm-level growth but also for Zambia's broader industrialization and export diversification objectives.

Furthermore, inflationary pressures and currency instability in recent years have affected SMEs' access to financing. Rising costs of imported machinery and raw materials increase the amount of credit required for expansion, while macroeconomic uncertainties lead banks to tighten lending conditions (Ngoma & Tembo, 2023). For manufacturing SMEs many of which depend on imported inputs these conditions create additional financial strain and hinder growth.

Finally, empirical evidence shows that SMEs that manage to secure adequate financing exhibit significantly higher growth rates, better production efficiency, and more successful market expansion than those that rely solely on internal funds (Kapalu & Simukonde, 2022). These firms also tend to adopt better technologies, increase employment, and contribute more consistently to Zambia's industrial output. This reinforces the argument that financing is a central determinant of manufacturing SME performance and a critical driver of national economic development.

The national literature clearly demonstrates that financing remains a major barrier to the growth of manufacturing SMEs in Zambia. Although several initiatives have been implemented to ease credit access, systemic issues such as high interest rates, collateral constraints, limited financial literacy, and macroeconomic instability continue to impede growth. Addressing these challenges requires targeted interventions that align financial products with the capital-intensive nature of manufacturing activities, while also strengthening institutional support and entrepreneurial capacity.

2.1.3 Evaluation of financing and SMEs growth

The reviewed literature provides a strong foundation for understanding how financing influences SME growth both regionally and nationally; however, a key limitation is the heavy reliance on generalized findings that may not accurately reflect the heterogeneity within manufacturing SMEs. Many cited studies treat SMEs as a uniform group without differentiating between micro, small, and medium firms, despite evidence that financing constraints vary significantly across these categories (Mwansa & Chisala, 2022). This lack of distinction may lead to oversimplified conclusions about financing challenges for manufacturing sub-segments.

Another weakness in the literature is the insufficient examination of informal financing mechanisms relative to their real-world prevalence. Although informal financing is acknowledged, particularly in East Africa, the discussions tend to emphasize its limitations without critically assessing its adaptive advantages for smaller manufacturing firms (Kibet & Musyoka, 2021). A more balanced critique could highlight how informal financing networks provide flexibility, lower barriers, and faster disbursement, which may compensate for the absence of formal credit in certain contexts.

Furthermore, the literature often frames financing constraints as externally imposed stemming from bank policies, collateral demands, and macroeconomic instability while giving less attention to internal SME weaknesses. Issues such as poor financial record-keeping, weak managerial competencies, and limited credit history are mentioned but not sufficiently integrated into the

analytical narrative (Zimba & Chileshe, 2021). A more holistic critique would emphasize that both supply-side and demand-side constraints jointly shape financing outcomes for manufacturing SMEs.

In the national perspective, while government interventions such as CEEC and SME development programs are mentioned, the critique lacks depth regarding political economy dynamics. Studies tend to reference bureaucratic hurdles or limited funding but rarely interrogate how policy inconsistencies, corruption risks, and shifting political priorities undermine long-standing SME financing frameworks (Mubita & Mumba, 2023). This omission glosses over crucial structural factors that influence why many financing interventions fail to achieve scale or sustainability.

The regional literature presents financing constraints as a near-universal phenomenon, but there is limited critical discussion of contextual variations among countries. For instance, the economic environments of countries such as Kenya, South Africa, and Tanzania differ considerably in terms of interest rate structures, credit regulations, and financial market maturity (Mashimba & Mnenwa, 2021). Yet, these contextual nuances are underexplored, leading to conclusions that may be overly homogenized and less applicable to Zambia's unique institutional landscape.

Another critique concerns the limited engagement with recent fintech and digital finance developments. Although digital solutions are mentioned in the national context, their transformative potential especially for credit scoring, alternative collateral mechanisms, and mobile-based micro-lending is not adequately critiqued. Studies increasingly highlight fintech as a disruptive force capable of bridging SME financing gaps (Mwanza & Kalima, 2024), yet the sections reviewed treat it only as a supplementary observation rather than a major structural shift.

The literature also tends to emphasize financing as the primary determinant of SME growth without sufficiently interrogating the interaction between financing and other growth determinants. For example, managerial competence, technological adoption, market access, and supply chain integration all influence how effectively SMEs utilize financing (Chilombo & Phiri, 2024). A more critical assessment would argue that financing alone cannot guarantee growth unless accompanied by enabling internal capabilities and supportive external conditions.

Finally, although both sections provide a robust narrative linking financing to SME performance, there is a noticeable lack of empirical contradictions or counter-evidence. The literature overwhelmingly assumes that increased financing leads to growth, yet some studies suggest that poorly managed financing, debt overhang, or misallocation of funds can undermine SME performance (Kasonde & Banda, 2022). A critical review must therefore incorporate opposing arguments to avoid presenting financing as a universally beneficial or linear determinant of growth.

2.2 International marketing and business growth

Across international markets, marketing has increasingly been recognised as a central driver of SME growth, particularly as competition intensifies and consumer behaviour becomes more dynamic. Global studies show that SMEs that adopt strong marketing orientations characterised by customer focus, competitor awareness, and long-term strategic planning tend to perform significantly better than firms with weak marketing systems (Hernandez & Küster, 2023). This highlights the global shift toward strategic marketing as a core determinant of long-term business success.

A major international trend shaping SME growth is the integration of digital marketing technologies. Research from Europe and Southeast Asia demonstrates that SMEs leveraging digital platforms such as social media, search-engine marketing, and analytics experience higher sales growth and customer engagement (Lim & Baharuddin, 2022). The shift to digital spaces has not only reduced marketing costs but also expanded global reach, enabling SMEs to compete with larger firms on relatively equal footing.

In developed economies, the adoption of data-driven marketing has accelerated SME competitiveness. Firms increasingly rely on customer analytics to refine segmentation strategies, personalise communication, and optimize product-market fit (Giovannetti & Piga, 2024). These practices are associated with increased customer loyalty, market share, and operational efficiency, suggesting that data-enabled marketing has become a critical capability for global SME growth.

Emerging economies, however, present a different set of dynamics. International studies highlight that SMEs in regions such as Latin America and South Asia often struggle with limited marketing skills and resource constraints, which inhibit their ability to fully harness marketing for growth (Santos & De La Vega, 2021). Despite these challenges, SMEs that invest in basic market research, branding, and customer relationship management still show substantially better performance than those that do not.

The international literature also underscores that marketing innovation is a major driver of competitiveness. Marketing innovation which includes new approaches to pricing, distribution, promotion, and branding has been shown to strengthen the growth trajectories of SMEs in both advanced and developing markets (Mehta & Kumar, 2023). Innovative marketing practices allow SMEs to differentiate their products and respond more effectively to changing consumer preferences.

Social media has emerged as a powerful marketing tool across global SME environments. Studies from Canada, Malaysia, and India reveal that SMEs using social media intensively achieve greater brand visibility and faster customer acquisition (Patel & Singh, 2022). Social media platforms also enable SMEs to gather real-time customer feedback, making it easier to refine products and market strategies at low cost.

International research further highlights the importance of integrating marketing with entrepreneurial orientation. Firms that combine proactive, risk-taking entrepreneurial behaviour with strong marketing capabilities tend to achieve higher growth rates (Osei & Boateng, 2024). This synergy helps SMEs identify emerging opportunities, innovate more rapidly, and respond to global market changes more effectively. Global evidence also shows that marketing capabilities play a mediating role between innovation and firm performance. For instance, SMEs that introduce new products or services achieve stronger performance only when supported by effective marketing execution (Kwok & Henderson, 2021). This implies that innovation alone is insufficient; successful commercialisation requires solid marketing strategies. In international markets, branding is a crucial growth determinant for SMEs. Research from European consumer markets finds that branding investments significantly enhance customer trust and perceived value, which directly support sales growth (Nielsen & Bergstrom, 2023). SMEs that build consistent brand identities tend to experience stronger competitive advantage, especially in crowded markets.

Another international trend is the role of market expansion strategies. SMEs that adopt global or regional market expansion approaches supported by targeted marketing show accelerated growth compared to firms operating strictly domestically (Rodriguez & Ali, 2022). Export-oriented SMEs often rely heavily on market research, promotional campaigns, and product adaptation to compete in foreign environments.

However, global literature also cautions that weak marketing capabilities remain a major barrier to growth. Many SMEs worldwide lack the managerial skills, market intelligence, and strategic planning required for effective marketing implementation (Marquez & Thapa, 2021). This constraint is especially severe in developing economies, where limited access to training and support services restricts SMEs' ability to fully capitalise on marketing as a growth driver.

International research converges on the conclusion that marketing is not merely a business support function but a fundamental determinant of SME growth. Marketing orientation, digital adoption, innovation, brand management, and entrepreneurial marketing capabilities consistently emerge as critical factors enabling SMEs to grow, compete, and sustain performance in rapidly evolving global markets (Giovannetti & Piga, 2024). Strengthening these capabilities remains essential for SMEs seeking expansion beyond domestic boundaries.

2.2.1 Regional perspective of international markets and business growth

Across regional blocs such as the East African Community (EAC), Southern African Development Community (SADC), and Economic Community of West African States (ECOWAS), SMEs have increasingly recognized international markets as vital pathways to growth. Studies across these regions indicate that the ability of SMEs to engage in export activities significantly enhances firm performance, market expansion, and competitiveness (Munyao & Gitau, 2023). Regional integration treaties have lowered trade barriers, enabling SMEs to access wider markets and improved growth opportunities.

In East Africa, SMEs that participate in cross-border trade experience higher revenue growth due to access to diversified consumer bases and less seasonal demand fluctuations. Research indicates that exporting firms in Kenya, Tanzania, and Rwanda consistently outperform non-exporting SMEs because international markets offer larger profit margins and exposure to advanced market practices (Nkurunziza & Mutesi, 2022). This exposure builds resilience and increases firms' capacity to innovate.

SADC-region SMEs also benefit from regional value chains that link smaller producers to larger industrial entities. SMEs supplying inputs for manufacturing hubs in South Africa, Zambia, and Botswana have shown significant growth due to consistent demand from regional processing firms (Mwape & Kumalo, 2021). Participation in these value chains encourages SMEs to adopt better production standards and marketing strategies aligned with international requirements.

In West Africa, international market participation is driven largely by demand for agricultural, textile, and artisanal products. Small firms in Ghana and Nigeria that export through regional cross-border markets have recorded notable increases in operational scale and employment levels (Osei & Danquah, 2023). However, despite these gains, many still face infrastructural constraints and bureaucratic hurdles that limit full integration into international supply chains.

Regional evidence further highlights that marketing capability plays a critical role in determining whether SMEs can successfully penetrate international markets. Firms with strong branding, export marketing strategies, and customer-driven product designs are more likely to sustain growth abroad (Chilufya & Mubiana, 2024). This reflects the shift from price-based competition to value-driven differentiation in global trade.

Digital transformation has also accelerated SME participation in international markets across Africa and Asia. Studies show that SMEs using e-commerce platforms like Jumia, Alibaba, and regional B2B portals are able to reach global customers without the traditional costs associated with brick-and-mortar exports (Lutalo & Kimera, 2022). This transition has expanded market access for regional SMEs with limited capital.

In North Africa, integration into Mediterranean markets provides additional insights. SMEs in Morocco and Egypt benefit from proximity to European markets, and firms that align production standards with EU requirements have experienced strong export-driven growth (El-Hassan & Ibrahim, 2021). These SMEs demonstrate that regional proximity coupled with quality compliance can significantly enhance global market opportunities.

Another significant regional trend is the role of trade facilitation policies. The African Continental Free Trade Area (AfCFTA) has catalyzed SME interest in international markets by reducing tariffs and simplifying customs processes (Mubanga & Zulu, 2022). Early evidence suggests that SMEs engaging under AfCFTA frameworks are beginning to expand their distribution networks, thus enhancing growth potential.

Regional studies also highlight the importance of innovation as a mediator between internationalization and SME growth. SMEs that innovate their products or processes before entering foreign markets enjoy better performance because innovation increases competitiveness and adaptability (Senkwe & Musanje, 2023). This is consistent across Asian, African, and Latin American regional blocs. Nevertheless, regional disparities remain evident. SMEs in regions with well-developed logistics infrastructure such as ASEAN tend to access international markets more easily than those in Sub-Saharan Africa, where high transport costs and poor connectivity hinder export performance (Rahman & Idris, 2022). This demonstrates that external ecosystem factors strongly influence the extent to which SMEs can exploit international opportunities.

Human capital competencies are also highlighted regionally as determinants of SME success in international markets. Studies from Central and Southern Africa show that SMEs led by entrepreneurs with export management training, marketing expertise, and international experience record stronger growth (Chanda & Phiri, 2022). This suggests that investment in entrepreneurial skills is as crucial as financing or market access.

Despite the opportunities, regional research notes that SMEs often struggle with meeting international quality standards and certification requirements. Firms in agro-processing, textiles, and manufacturing frequently cite the high cost of certification as a barrier to scaling internationally (Makombe & Sibanda, 2021). These constraints reduce the ability of SMEs to leverage international markets for growth.

2.2.2 National perspective of marketing

Within Zambia, marketing has increasingly been recognised as a crucial driver of SME growth, especially as competition intensifies in key economic sectors. Research indicates that SMEs with strong marketing capabilities tend to exhibit better performance outcomes because they are able to understand customer needs, segment their markets effectively, and align their offerings with consumer expectations (Mwila & Chanda, 2022).

In an economy where consumer preferences are rapidly evolving, marketing orientation becomes a strategic tool for survival and growth. Zambian SMEs, particularly those in urban centres such as Lusaka, have shown improved performance when adopting structured marketing strategies. Studies reveal that firms actively engaged in market research, branding, and customer relationship management achieve higher sales growth and stronger competitive positioning (Mubanga & Kalaba, 2023). These findings suggest that marketing activities are not supplementary functions but core determinants of business expansion in the national context.

Digital marketing is also transforming the growth trajectory of SMEs in Zambia. The widespread use of mobile phones and social media platforms such as Facebook and WhatsApp has enabled firms to market products at low cost and reach broader audiences (Mwale & Musonda, 2021). SMEs that adopt digital tools demonstrate higher visibility and engagement, especially among younger consumers who dominate the Zambian market. This shift has encouraged many SMEs to embrace online promotions, digital payments, and social media advertising.

However, despite these opportunities, many SMEs continue to struggle due to limited marketing skills. Research highlights that a significant proportion of Zambian SME owners lack training in modern marketing techniques, which impedes their ability to differentiate products, build strong brands, or communicate value effectively (Sichone & Kaumba, 2024). As a result, even promising enterprises face difficulties in scaling operations or expanding into new market segments. Another national issue relates to resource constraints that hinder effective marketing investment. Many SMEs operate with restricted budgets and prioritize operational expenses over marketing activities (Chikonde & Ndhlovu, 2022). Consequently, firms often adopt informal or ad hoc marketing approaches, limiting their competitiveness. This underinvestment weakens long-term growth prospects, especially in sectors where brand recognition and customer loyalty are critical.

Marketing innovation has also emerged as an important factor influencing SME performance in Zambia. Evidence shows that firms that modify pricing strategies, improve packaging, or explore new promotional channels are more likely to achieve sustainable growth (Zimba & Phiri, 2023). Such innovations allow SMEs to respond to local market dynamics, consumer income levels, and cultural preferences, enhancing their ability to attract and retain customers.

Furthermore, customer relationship management has gained traction as a growth-enhancing marketing practice. SMEs that maintain strong customer relationships through regular communication, after-sales services, and customer feedback mechanisms tend to enjoy repeat business and positive referrals (Muleya & Simukonda, 2020). This relational approach is especially important in Zambia's relationship-driven business culture, where trust and familiarity strongly influence purchase behaviour.

Government policies have also played a role in shaping the marketing environment for SMEs. Initiatives under the Ministry of Small and Medium Enterprise Development such as entrepreneurship training and market linkages have improved SME visibility and enhanced access to domestic markets (Lungu & Mwewa, 2023). However, gaps remain in providing targeted marketing support, and many SMEs still lack access to affordable promotional channels or export-oriented marketing programs.

In addition, market competition has intensified across sectors such as manufacturing, retail, agribusiness, and services. Increased competition from multinational companies and regional firms has pressured SMEs to adopt more sophisticated marketing tactics in order to maintain relevance (Sakala & Mutale, 2021). SMEs that respond strategically by improving branding, product quality, and pricing mechanisms tend to grow faster and withstand competitive pressures more effectively. However, persistent constraints such as limited marketing skills, inadequate resources, and insufficient institutional support continue to hamper the growth potential of many SMEs. Strengthening marketing competencies and enhancing access to marketing support systems could significantly improve SME performance across the country (Mwila & Chanda, 2022).

2.2.3 National economies and marketing

Within national economies, marketing has long been recognized as a central driver of business growth, particularly for SMEs operating in competitive sectors such as manufacturing. Effective marketing enables firms to create visibility, differentiate their products, and establish a strong presence in local markets (Kotler & Keller, 2016). For manufacturing SMEs, which often struggle with limited consumer awareness, marketing forms a strategic pathway to improving their market position and sustaining growth.

In many developing countries, SMEs contribute a significant proportion of GDP and employment, yet they face constraints in accessing effective marketing tools. Locally, marketing practices are often informal and rely heavily on personal networks rather than structured promotional activities (Mutiso, 2020). This limited professionalization of marketing hampers SMEs' ability to gain market share and compete on a national scale.

National policies increasingly emphasize marketing capacity-building as a means of supporting SME growth. Government agencies, trade associations, and chambers of commerce frequently offer marketing training, branding workshops, and digital literacy programs to enhance SMEs' competitiveness (Ngugi & Muthoni, 2019). These initiatives recognize that improved marketing competencies translate into stronger sales performance and expanded market reach.

In the manufacturing sector, local consumer preferences significantly shape marketing strategies. SMEs that tailor their promotional activities to reflect national cultural values and consumption patterns often experience faster growth (Kimani & Oloko, 2018). For example, branding that incorporates local identity resonates more with consumers and fosters loyalty, thereby driving repeat purchases and long-term growth.

Digital marketing has become increasingly important at the national level, especially with the rise of e-commerce. SMEs that adopt social media marketing, mobile advertising, and online marketplace strategies tend to grow faster than those relying solely on

traditional promotional methods (Chaffey, 2020). The national shift towards digitalization has therefore created new opportunities for SMEs to expand their customer base beyond their immediate localities.

National studies consistently show a positive relationship between marketing innovation and SME growth. Marketing innovation such as introducing new promotional techniques, creative advertising concepts, or redesigned packaging enables SMEs to remain competitive in dynamic markets (Mwangi & Otieno, 2021). This adaptability contributes to improved sales, wider distribution networks, and sustainable business performance.

Local research highlights inadequate marketing budgets as a key constraint affecting SME growth (Wanjiku, 2017). Manufacturing SMEs often prioritize production costs over marketing expenditures, leading to insufficient promotional reach. This underinvestment creates a competitive disadvantage, particularly in markets dominated by larger firms with robust marketing budgets.

The national business environment increasingly demands that SMEs adopt customer-centric marketing practices. Firms that regularly collect market information, analyze consumer behavior, and adjust their products accordingly tend to experience superior growth outcomes (Kotler et al., 2019). This evidence underscores the importance of market research as a foundation for effective marketing strategies.

Branding has emerged as a particularly important marketing component for manufacturing SMEs. Locally, SMEs with strong brand identities enjoy greater consumer trust and command higher prices (Achieng & Muturi, 2020). Effective branding, which includes consistent messaging, quality assurance, and visual identity, often distinguishes successful SMEs from those that struggle to grow. Marketing also plays a critical role in facilitating SMEs' access to national distribution networks. Through participation in trade fairs, business exhibitions, and partnerships with large retailers, SMEs are able to showcase their products and build relationships that enhance their market expansion (Omondi, 2018). Such exposure contributes significantly to increased sales volume and business growth. At the national level, competition within the manufacturing sector compels SMEs to engage in aggressive promotional activities. Those that actively promote their products through advertising, sales promotions, and public relations tend to outperform competitors with passive marketing approaches (Karanja & Mwangi, 2019). This competitive pressure reinforces the importance of marketing as a growth determinant.

Local consumer behavior patterns are rapidly changing due to urbanization and rising incomes. SMEs that respond to these shifts by refining their marketing messages, product positioning, and promotional channels frequently experience accelerated growth (Ochieng, 2021). Understanding such national demand trends is therefore essential for sustained business performance. National media platforms radio, television, and digital outlets provide SMEs with diverse opportunities to reach wider audiences. Manufacturing SMEs that strategically utilize these channels often report increased brand awareness and customer engagement (Mutua & Kilonzo, 2017). This expanded visibility directly contributes to business growth through heightened demand.

Collaborative marketing initiatives have gained popularity among SMEs at the national level. Joint marketing campaigns, shared exhibition stalls, and cooperative branding help SMEs reduce costs while maximizing their promotional reach (Njeru, 2018). Such collective efforts strengthen SMEs' competitive standing and support broader business growth. Whether through digital strategies, branding, customer engagement, or competitive positioning, marketing enables SMEs to enhance their visibility, attract customers, and expand their market presence. Strengthening marketing capacity at the national level is therefore essential for promoting SME growth and contributing to economic development.

2.3 International agencies and business performance

Regulatory agencies play a crucial role in shaping the business environment and influencing firm performance globally. International studies indicate that effective regulation can enhance transparency, ensure fair competition, and protect both consumers and businesses, thereby fostering an environment conducive to growth (OECD, 2020). Businesses operating under clear and consistent regulatory frameworks tend to perform better because regulatory certainty reduces risks associated with compliance and legal disputes.

In developed economies, regulatory agencies are often tasked with monitoring standards in taxation, labor, environmental protection, and industry-specific compliance. SMEs, in particular, are affected by such regulations, as compliance costs can either constrain or facilitate growth depending on the efficiency of enforcement mechanisms (Beck et al., 2018). Countries with streamlined regulatory processes report higher SME survival rates and improved profitability, emphasizing the importance of regulatory design in international business contexts.

Across Europe, studies show that excessive bureaucratic procedures can hinder SME competitiveness. For instance, overly complex licensing, registration, and reporting requirements increase operational costs and divert resources from core business activities (European Commission, 2019). Conversely, countries that simplify compliance procedures through digital platforms and one-stop regulatory services help SMEs allocate more resources toward innovation and market expansion.

In the United States, regulatory agencies such as the Securities and Exchange Commission and the Environmental Protection Agency have a significant impact on business operations. Firms that adapt quickly to regulatory changes often gain a competitive advantage, while non-compliance can result in fines, reputational damage, and reduced investor confidence (Cumming et al., 2019). This highlights the dual role of regulation as both a protective measure and a potential barrier to growth, depending on the context.

In Asia, emerging markets face unique regulatory challenges that affect SME performance. In countries such as India and Indonesia, complex tax codes, frequent policy changes, and inconsistent enforcement can create uncertainty for small and medium enterprises (World Bank, 2021). Studies suggest that firms capable of navigating regulatory landscapes through compliance strategies, lobbying, and collaboration with authorities tend to outperform those that do not, demonstrating the critical role of regulatory knowledge in international business success.

Globally, labor regulations influence SMEs' operational efficiency and cost structures. Countries with rigid labor laws may increase employee protection but also raise hiring costs, affecting SMEs disproportionately (Klapper et al., 2016). Conversely, flexible labor policies that balance worker protection with business needs can enhance productivity and overall business performance, illustrating the nuanced impact of regulatory frameworks on SMEs internationally.

Environmental regulations are another key factor influencing business performance worldwide. Firms operating in jurisdictions with strict environmental standards are required to adopt sustainable production processes, which may involve higher upfront costs but can also open opportunities in green markets and improve brand reputation (Porter & van der Linde, 1995). International evidence shows that SMEs that integrate regulatory compliance into their strategic planning tend to achieve both economic and environmental benefits. In international trade, regulatory agencies establish standards for product quality, safety, and export-import procedures. Compliance with international regulations such as ISO standards or WTO trade rules is essential for SMEs seeking to enter global markets (World Bank, 2020). Non-compliance not only restricts market access but also exposes businesses to legal penalties and diminished credibility, illustrating how regulation directly impacts business performance on a global scale. Financial regulation also affects SME growth internationally. Access to credit and capital is often contingent on adherence to banking and financial compliance requirements (Beck et al., 2018). Regulatory frameworks that promote transparency, reduce corruption, and enforce financial accountability facilitate lending and investment, enabling SMEs to expand operations and increase competitiveness in international markets. Digitalization of regulatory compliance has become a global trend. Countries implementing e-governance and automated reporting systems allow SMEs to reduce the time and costs associated with regulatory adherence (OECD, 2020). International research indicates that firms in such environments experience improved efficiency and greater ability to focus on core business activities, demonstrating the positive role of modern regulatory practices in enhancing performance. Corruption and weak regulatory enforcement remain significant obstacles in several developing countries. Internationally, SMEs operating under inconsistent or corrupt regulatory systems face increased risks, unpredictable costs, and limited growth potential (Kaufmann et al., 2019). Comparative studies suggest that strong regulatory institutions are positively correlated with business performance, emphasizing the importance of governance quality in international SME development. While well-designed and efficiently enforced regulations enhance competitiveness, transparency, and market access, poorly designed or inconsistently enforced regulations can constrain SME growth and profitability (OECD, 2020; Beck et al., 2018). Globally, SMEs that proactively engage with regulatory agencies, understand compliance requirements, and integrate them into strategic planning are better positioned for sustainable growth in competitive markets.

2.3.1 Regional agencies shaping business growth

Regulatory agencies at the regional level play a significant role in shaping the performance of SMEs, particularly in developing regions such as East Africa, West Africa, and Southeast Asia. Regional regulatory bodies often aim to harmonize standards across neighboring countries, thereby reducing cross-border trade barriers and enhancing business opportunities for SMEs (UNECA, 2019). By promoting consistent policies, these agencies help firms navigate regulatory landscapes more efficiently, reducing compliance costs and supporting regional business growth.

In East Africa, the East African Community (EAC) has been instrumental in standardizing trade and business regulations among member states. SMEs benefit from simplified cross-border trade procedures, standardized tax regulations, and regional certification standards, which collectively enhance operational efficiency and market access (Kimenyi & Mburu, 2020). These harmonized regulations reduce bureaucratic delays and create a more predictable business environment conducive to growth.

Regional regulatory bodies also influence sector-specific performance. For example, the West African Economic and Monetary Union (WAEMU) implements regulations related to financial reporting, taxation, and labor practices. SMEs that comply with these frameworks gain access to regional markets, facilitating expansion beyond their national borders (Adeleke & Ojo, 2018). Conversely, SMEs struggling with compliance often face operational constraints, limiting their growth potential.

In Southern Africa, the Southern African Development Community (SADC) has developed regional guidelines aimed at enhancing SME competitiveness. These include frameworks for industrial standards, environmental compliance, and labor protection. Research shows that SMEs adhering to SADC regulations experience higher efficiency and improved regional market penetration compared to non-compliant firms (Chirambo & Moyo, 2020). Such initiatives highlight the importance of regional regulatory alignment in supporting business performance.

Financial regulation at the regional level also affects SMEs' access to capital. Regional central banks and financial oversight institutions provide guidelines on lending practices, credit reporting, and microfinance standards. SMEs that meet these requirements are more likely to secure funding from regional financial institutions, thereby facilitating business expansion and competitiveness (Beck & Demirgüç-Kunt, 2019).

Trade facilitation initiatives by regional regulatory agencies further influence SME growth. Regional customs authorities often implement harmonized procedures for import and export documentation, reducing delays at borders and lowering transaction costs. SMEs that adapt to these standards can take advantage of expanded regional trade networks, increasing sales and profitability (UNECA, 2019). Regional environmental and labor regulations also shape business performance. Agencies often set common standards for workplace safety, environmental protection, and social responsibility. SMEs that comply with these requirements not only avoid penalties but also gain reputational advantages, attracting regional customers and partners (Adeleke & Ojo, 2018). This demonstrates the dual economic and social benefits of regulatory compliance at the regional level.

Capacity-building programs organized by regional agencies provide SMEs with regulatory guidance, training, and technical assistance. These programs help businesses understand compliance requirements, adopt best practices, and implement efficient operational systems. Evidence from the East African region suggests that SMEs participating in such initiatives demonstrate higher growth rates and improved market competitiveness (Kimenyi & Mburu, 2020). Challenges remain for SMEs in regions with inconsistent enforcement or overlapping regulatory mandates. In some West African countries, duplication of regulations by national and regional authorities can create confusion and increase operational costs. Firms that fail to navigate these complexities face reduced performance and limited regional integration (Chirambo & Moyo, 2020). Strengthening coordination between national and regional agencies is therefore critical for fostering SME growth. Harmonized regulations, trade facilitation, financial oversight, and capacity-building programs collectively enhance operational efficiency, market access, and profitability. SMEs that proactively

engage with regional regulatory frameworks are better positioned to leverage growth opportunities and succeed in integrated regional markets (UNECA, 2019; Beck & Demirgüç-Kunt, 2019).

2.3.2 National agencies and smes performance

Regulatory agencies at the national level play a critical role in shaping the performance of SMEs in the manufacturing sector. National governments establish policies and regulations that govern business registration, taxation, labor practices, environmental compliance, and consumer protection. Studies indicate that a clear and predictable regulatory environment enhances business confidence, encourages investment, and fosters growth among SMEs (Ngugi & Muthoni, 2019).

In many countries, manufacturing SMEs face challenges related to complex regulatory requirements. Lengthy business registration processes, frequent tax audits, and sector-specific licensing can increase operational costs and reduce profitability (Wanjiku, 2017). However, SMEs that proactively comply with regulations often gain access to government incentives, formal credit facilities, and market opportunities, which can improve overall business performance (Omondi, 2018).

National labor and environmental regulations also significantly affect SME performance. Compliance with minimum wage laws, occupational health standards, and environmental protection requirements can raise operational costs, especially for smaller firms with limited resources (Kimani & Oloko, 2018). Despite the short-term cost implications, adherence to these regulations can enhance firm reputation, employee satisfaction, and long-term sustainability, creating a competitive advantage in local markets.

Government-led capacity-building programs play a critical role in helping SMEs navigate regulatory frameworks. Workshops, advisory services, and online platforms provide guidance on licensing, taxation, and quality standards, enabling SMEs to reduce compliance risks and optimize performance (Mutiso, 2020). Evidence suggests that SMEs benefiting from such support are more likely to expand operations, improve productivity, and achieve higher growth rates compared to non-compliant firms. While overly complex or inconsistently enforced regulations can hinder business performance, a transparent, supportive, and well-communicated regulatory environment enables SMEs to thrive. Compliance with national regulations not only ensures legal security but also strengthens market credibility and opens opportunities for financial and technical support (Ngugi & Muthoni, 2019; Wanjiku, 2017).

2.4. Personal review of factors affecting SMEs growth

The literature reviewed on the determinants of SME growth, particularly regarding marketing and regulatory agencies, provides a broad understanding of how internal and external factors shape business performance. However, a critical observation is that much of the research relies heavily on quantitative measures, such as growth rates or profitability, without adequately capturing qualitative aspects like entrepreneurial resilience or decision-making processes, which can be equally influential in SME growth (Beck et al., 2018).

While the local/national perspective emphasizes the importance of regulatory compliance and government support, there is a tendency in the reviewed studies to generalize findings across different industries without accounting for sector-specific nuances within the manufacturing sector. For example, small-scale textile manufacturers may experience different regulatory challenges compared to food processing SMEs, yet most studies treat SMEs as a homogeneous group (Ngugi & Muthoni, 2019). This generalization may limit the applicability of policy recommendations.

The regional perspective highlights the positive impact of harmonized regulations and trade facilitation initiatives on SME growth. While the literature effectively illustrates the benefits of regional integration, it often underestimates the challenges associated with enforcement consistency and the administrative capacity of member states. The existence of regional frameworks does not guarantee uniform application, and SMEs may still face significant barriers in practice (Chirambo & Moyo, 2020).

International studies on regulatory agencies provide a comprehensive overview of compliance and performance linkages, but there is a notable gap in exploring how SMEs adapt strategically to changing regulations. Most research assumes a reactive compliance model rather than analyzing proactive approaches such as lobbying, strategic partnerships, or innovation-driven adaptation, which may provide a competitive advantage (OECD, 2020).

Regarding marketing as a determinant of SME growth, the literature emphasizes market orientation, advertising, and digital marketing adoption. While these aspects are critical, the discussion often lacks depth on cultural and contextual factors that influence marketing effectiveness. For example, a digital campaign effective in one country may not yield similar results regionally due to differences in consumer behavior, digital literacy, and infrastructure (Kotler & Keller, 2016).

A common limitation across local, regional, and international perspectives is the limited consideration of SMEs' internal capacities to comply with regulations or implement marketing strategies. Access to skilled personnel, technological capabilities, and managerial expertise often determines whether SMEs can effectively leverage regulatory and marketing opportunities, yet these internal factors are underexplored (Beck & Demirgüç-Kunt, 2019).

Another critique concerns the dynamic nature of regulations and market conditions. Most reviewed studies present a static view of regulatory and marketing environments, failing to account for rapid policy changes, economic shocks, or technological disruption. SMEs operating in volatile contexts may experience regulatory burdens or market barriers differently over time, suggesting a need for longitudinal research approaches (World Bank, 2021).

The literature also occasionally conflates correlation with causation. While there is evidence that regulatory compliance and marketing efforts are associated with business growth, the causal pathways are often unclear. For instance, SMEs with higher growth potential may naturally have more resources to comply with regulations and invest in marketing, rather than compliance and marketing alone driving growth (Klapper et al., 2016). Despite these limitations, the reviewed studies provide a valuable foundation for understanding SME growth determinants across different contexts. They highlight the importance of a supportive regulatory environment, effective marketing strategies, and access to financial and technical resources. However, a more integrated approach that considers both internal capabilities and external conditions is necessary for a nuanced understanding of SME performance (Ngugi & Muthoni, 2019; OECD, 2020).

2.5 Establishment of research gaps

There are several research gaps in existing literature regarding the determinants of SME growth in the manufacturing sector, particularly around financing, marketing, and regulatory frameworks. First, while access to finance is frequently cited as a major constraint (Musonda & Mazhambe, 2023), much of the existing work centers on broad measures of capital access rather than dissecting how different forms of financing (such as short-term debt, long-term debt, equity, or alternative finance) distinctly influence manufacturing SMEs' ability to scale. Without this disaggregation, policy recommendations may remain too generic to effectively target the most binding financing constraints.

Second, even within studies of financial access, research tends to focus on transaction-level hurdles like collateral requirements or procedural bureaucracy (Chilembo, 2021), but fewer studies explore how financial literacy or the internal financial management practices of SME owners mediate the relationship between funding access and growth. For manufacturing SMEs, whose capital needs often involve significant investment in machinery, working capital, and innovation, this mediator role may be especially important, yet under-examined. Third, although regulatory challenges are acknowledged in the literature, much of the research examines regulatory burden in a generic sense.

Fourth, in the area of marketing, scholarly attention has often focused on market access barriers (e.g., lack of customer base, high competition) in SMEs broadly, but there is a dearth of rigorous research on how marketing strategy and capabilities (such as digital marketing, export marketing, or branding) interact with financial constraints and regulations to drive growth in manufacturing SMEs. This gap means we lack a holistic understanding of how marketing works in tandem with other determinants to foster sustainable expansion. Fifth, the existing studies on the Zambian manufacturing SMEs often look at challenges in isolation. For example, the study by Musonda and Mazhambe (2023) examined challenges in recapitalization among SMEs in Zambia's manufacturing sector, but it does not sufficiently interrogate how financing, marketing, and regulation jointly influence firm performance over time. Integrated, longitudinal studies are rare, making it difficult to capture the dynamic interplay among these determinants.

Sixth, most of the research tends to use cross-sectional designs, limiting causal inference. For instance, the evaluation of recapitalization challenges among manufacturing SMEs in Lusaka by Musonda and Mazhambe (2023) is retrospective and cross-sectional. As a result, it is hard to discern the direction of causality whether regulatory stress leads to constrained financing or vice versa, or how marketing-induced revenue growth interacts with regulation to affect financing needs over time.

Seventh, there is a geographical gap in the literature: while some studies focus on SMEs in Lusaka or the manufacturing sector in Zambia, there is limited comparative work across different regions or sub-sectors of manufacturing. Given that regulatory enforcement, financial institution penetration, and market dynamics can vary significantly within a country, more research is needed to ascertain whether the determinants of growth are consistent across locales or unique to particular manufacturing niches. Eighth, another lacuna lies in the theoretical frameworks applied. Many empirical studies rely on descriptive or correlation-based methods, but few apply richer theoretical lenses such as institutional theory combined with resource-based views that would allow a deeper exploration of how regulatory institutions, financial resources, and marketing competences jointly shape SME growth trajectories. This deficiency weakens the conceptual underpinnings of policy suggestions emerging from the literature.

Ninth, with regard to regulatory agencies, the literature generally focuses on the presence or absence of regulation, but not on the quality, predictability, or transparency of regulatory regimes. How do regulatory enforcement practices, bureaucratic volatility, or informal regulatory capture influence a manufacturing SME's growth? These nuanced dimensions remain under-studied, especially in the context of sub-Saharan Africa.

Finally, there is a methodological gap: many existing studies rely on self-reported performance measures (revenue growth, perceived constraint, etc.), which may be subject to bias. There is a pressing need for research that integrates objective business performance data (financial statements, employment growth, production volumes) with perceptual data on financing, marketing, and regulatory experiences. Mixed-methods or longitudinal panel data approaches could provide more robust insights into the determinants of SME growth and help reduce measurement bias.

In sum, though the determinants of SME growth financing, marketing, regulation are well recognized, the literature lacks nuanced, integrated, sector-specific, and causally informative studies in the manufacturing context, particularly within Zambia and similar emerging markets. Addressing these gaps would significantly strengthen both academic understanding and practical policymaking in support of SME development.

3. Methodology

3.1 Research design

This study adopted a mixed-methods research approach, specifically an explanatory sequential design. This approach was chosen to provide a comprehensive and nuanced understanding of the research problem. The first, quantitative phase involved a survey administered to 100 owner-managers of manufacturing SMEs to collect structured data on the prevalence and perceived importance of various growth determinants. This phase allowed for the identification of broad patterns and statistical relationships between variables, such as the correlation between access to finance and employment growth. The subsequent, qualitative phase involved in-depth, semi-structured interviews with a sub-sample of 10 survey participants. This phase was designed to explain, elaborate on, and contextualize the quantitative findings. For instance, if the survey revealed that the regulatory environment was a major constraint, the interviews explored the specific experiences, frustrations, and suggestions of the entrepreneurs in dealing with agencies like PACRA and ZRA. This dual-phase design capitalizes on the strengths of both methodologies the generalizability of the survey and the depth and detail of the interviews (Creswell & Plano Clark, 2023).

3.2 Target population

The target population for this study was precisely defined to align with the scope and operational definitions. It consisted of all formally registered Small and Medium Enterprises operating within the manufacturing sector in Lusaka, Zambia. According

to the Zambia Development Agency (ZDA, 2022) guidelines adopted for this study, this includes firms employing between 5 and 250 individuals and having an annual turnover of between ZMW 100,000 and ZMW 80 million. The sectoral focus was on establishments engaged in the physical or chemical transformation of materials, including but not limited to: food and beverage processing, metal fabrication, wood and furniture production, textile and garment manufacturing, and the production of non-metallic mineral products (e.g., plastics, chemicals). A comprehensive sampling frame was constructed from databases provided by the Patents and Companies Registration Agency (PACRA) and the Lusaka Chamber of Commerce and Industry, which listed approximately 450 eligible manufacturing SMEs as of the end of 2023.

3.3 Sampling design

A multi-stage sampling technique was employed to ensure a representative and diverse sample. In the first stage, stratified random sampling was used. The population of 450 SMEs was stratified into three key sub-sectors based on their primary activity: (1) Food and Beverage Processing, (2) Metal Fabrication and Machinery, and (3) Other Manufacturing (including textiles, wood, and plastics). This ensured that the sample reflected the diversity of the manufacturing landscape in Lusaka and prevented the over-representation of a single sub-sector. In the second stage, simple random sampling was applied within each stratum to select the specific 100 respondents. This method gave every eligible SME within each stratum an equal chance of being selected, thereby minimizing selection bias and enhancing the generalizability of the findings within the defined population (Saunders et al., 2023). For the qualitative phase, purposive sampling was used to select 10 participants from the survey respondents who represented a range of experiences (e.g., high-growth vs. low-growth firms, different sub-sectors) to provide rich, information-rich cases.

3.4 Sample size determination

The sample size for the quantitative survey was set at 100 manufacturing SMEs. This figure was determined based on a pragmatic consideration of resources, time constraints, and the need for a statistically viable sample for data analysis. While larger samples are always desirable, a sample of 100 is considered robust for a finite population of 450, as it provides a confidence level of approximately 95% with a margin of error of around 9%, which is acceptable for a study of this nature in social science research (Israel, 2020). Furthermore, this sample size is sufficient to run basic inferential statistics, such as correlation and regression analyses, to test relationships between key variables like managerial capability and sales growth. The qualitative sample of 10 was deemed sufficient for achieving data saturation, where subsequent interviews yield little new information, thus ensuring depth of understanding.

3.5 Data collection methods

Data collection was carried out in two sequential phases using different instruments:

- **Quantitative Survey:** A structured questionnaire was developed using a platform like Google Forms. It was divided into sections corresponding to the operational definitions: Firm Demographics, Business Growth, Internal Factors, and External Factors. The questionnaire primarily used multiple-choice questions, and open-ended questions for numerical. It was pre-tested with 5 SME owners not in the sample to ensure clarity and validity.
- **Qualitative Interviews:** A semi-structured interview guide was used to conduct in-depth interviews with the 10 purposively selected owner-managers. The guide contained open-ended questions designed to probe deeper into the survey responses. Example questions included: Can you walk me through a specific experience you had when applying for a business loan? and How, exactly, do power outages impact your production process and relationship with your customers? Interviews were conducted in person or via secure video conferencing, audio-recorded with permission, and lasted approximately 45-60 minutes each.

3.6 Data analysis

Data analysis mirrored the sequential mixed-methods design. For the quantitative data, the collected survey responses were cleaned, coded, and analyzed using Stata 14. Descriptive statistics of frequencies, means, standard deviations were used to summarize the data. Inferential statistics, including Pearson's Correlation and Multiple Regression Analysis, were employed to test the strength and significance of relationships between independent variables and the dependent variable. For the qualitative data, a thematic analysis approach was adopted.

3.7 Triangulation

To ensure the validity and reliability of the findings, methodological triangulation was rigorously applied. By collecting both quantitative and qualitative data on the same phenomena, the study was able to cross-verify results. For instance, if the survey indicated that technological adoption was a minor factor, but the interviews repeatedly highlighted its critical role in securing quality-conscious clients, this discrepancy became a point of deeper investigation and enriched understanding. This convergence of different data sources strengthened the credibility of the conclusions and provided a more complete picture of the determinants of growth than either method could alone (Flick, 2022).

3.8 Limitations of the study

Despite the careful design, this study acknowledges several limitations. First, the sample size of 100, while adequate, may limit the generalizability of the findings to all manufacturing SMEs in Zambia, though it is robust for the defined population in Lusaka. Second, the study relied heavily on self-reported data from owner-managers, which is susceptible to biases such as social desirability bias and recall. Third, the cross-sectional nature of the survey data provides a snapshot in time; it can identify correlations but cannot definitively establish causality between the determinants and growth outcomes. A longitudinal study would be required to trace causal pathways. Finally, the reliance on formal business registries (PACRA) means that informal manufacturing enterprises were excluded, potentially omitting a significant segment of the sector.

3.9 Ethical considerations

The research was conducted in strict adherence to ethical principles. Prior to data collection, informed consent was obtained from all participants. A consent form detailed the purpose of the research, the procedures, potential risks and benefits, the voluntary nature of participation, and the confidentiality of their responses. To ensure anonymity and confidentiality, no identifying information (e.g., names, company registration numbers) was recorded on the survey forms or published in the research. The digital data was stored on a password-protected computer, and audio recordings from interviews were transcribed and then destroyed. Participants were informed of their right to withdraw from the study at any point without penalty. The researcher also committed to beneficence, ensuring that the study would ultimately benefit the SME community by sharing a summary of the findings with relevant stakeholders like the ZDA and industry associations.

4. Results and Analysis

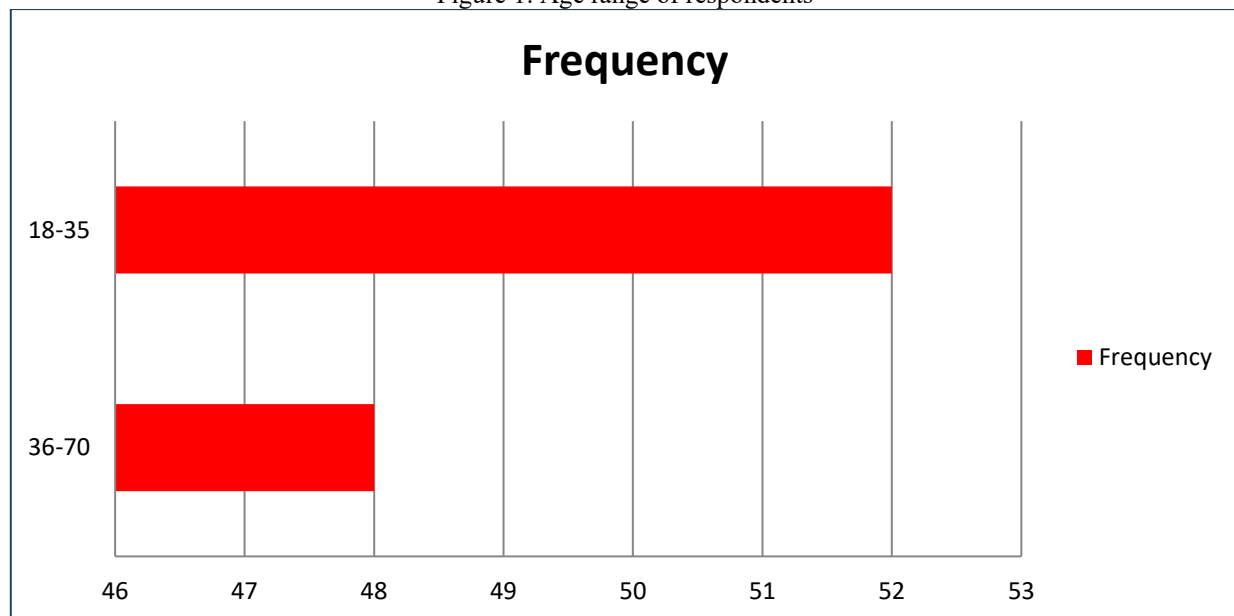
Table 1. Age range of respondents

What was your age on your last birthday?	Frequency
18- 35	52
36-70	48

Source: field data, (2025)

Table shows the age range of all the respondents that were approached.

Figure 1. Age range of respondents



Source: field data, (2025)

As also shown in the table above

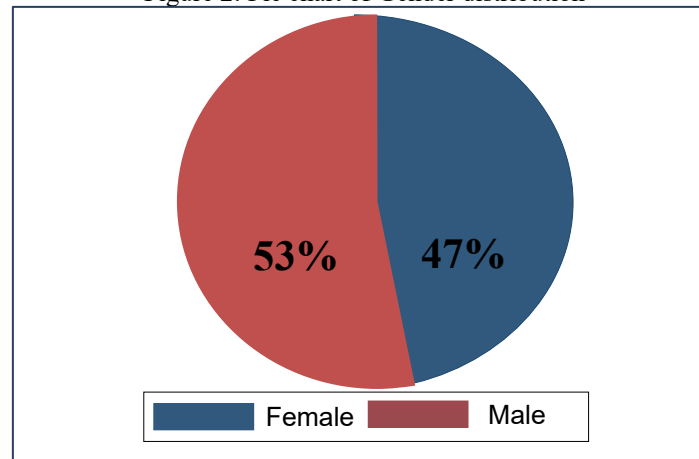
Table 2. Sex demographic information

What is your sex ?	Freq	Perc	Cum.
Female	47	47.0	47.0
Male	53	53.0	100.0
Total	100	100.0	

Based on the findings presented in the table above, the gender distribution of the study's respondents indicates a relatively balanced sample. The data shows that 53% of the participants identified as male, while 47% identified as female. This near-equal split suggests that the study successfully captured perspectives from both sexes, enhancing the generalizability of the findings across gender lines within the target population of manufacturing SME owners in Lusaka. The slight male majority is consistent with general trends in business ownership in the region, yet the significant female representation provides a comprehensive view of the sector.

The graph above further explains the findings in the table, in which a significant percentage of 53% summarizes the respondents of males while a total of 53% belonged to females

Figure 2: Pie chart of Gender distribution



Source: field data, (2025)

The graph above further explains the findings in the table.

Table 3: Demographics of residence

What is your residential area?	Frequency	Percentage	Cum.
High density area(e.g Kalingalinga)	17	17.0	17.00
Low density area(e.g Kabulonga)	38	38.0	55.00
Medium density area(e.g Kabwata)	45	45.0	100.00
Total	100	100.00	

Source: field data, (2025)

The residential distribution of respondents reveals a distinct pattern, with the largest proportion (45%) residing in medium-density areas such as Kabwata. This was followed by residents of low-density areas (38%), like Kabulonga, while the smallest segment (17%) lived in high-density areas such as Kalingalinga. This demographic profile suggests that the surveyed SME owners are predominantly based in neighborhoods that typically represent middle-income and more affluent households, indicating a possible correlation between business ownership and residential socio-economic status.

Table 4: Education statistics

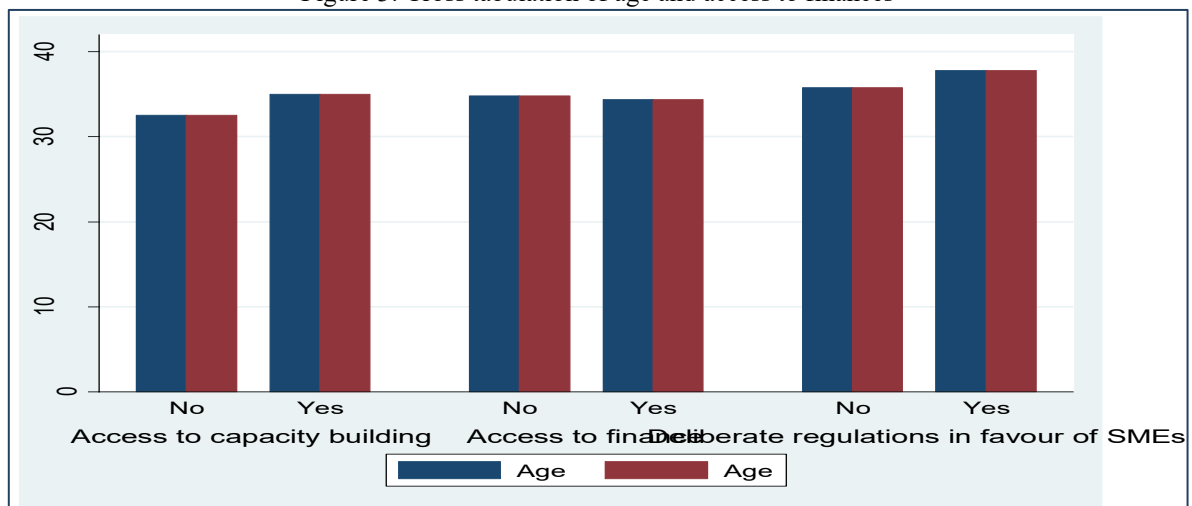
What is your level of education?	Freq.	Percentage	Cum.
Tertiary?	100	100.00	100.00
Total	100	100	

Source: field data, (2025)

From the results obtained, the results show that all the respondents have all attained tertiary education.

The bar graph above shows the cross tabulation of age and Access to capacity, and access to finance.

Figure 3: Cross tabulation of age and access to finances



Source: field data, (2025)

I. Effects of financing as determinants in business growth

Table 5: Access to financing

Do you have access to financial aid from various institutions?	Freq.	Percent	Cum.
No	27	27.00	27.00
Yes	73	73.00	100.00
Total	100	100.00	

Source: field data, (2025)

Determinants of business growth

Clearly shows the respondent views in regards to the business growth of SMEs

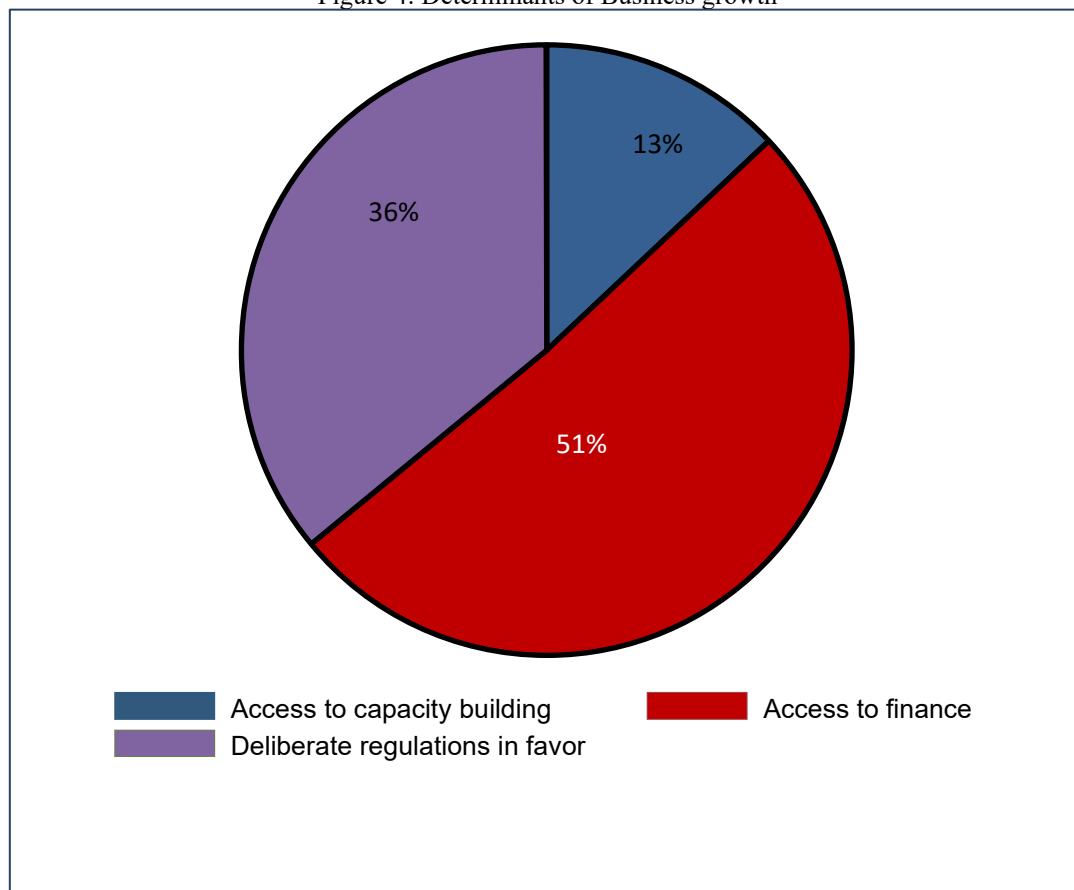
Table 6: Access to financing

What do you think are the determinants of business growth for SMEs?	Freq.	Percent	Cum.
Access to capacity building	13	13.00	13.00
Access to finance	51	51.00	64.00
Deliberate regulations in favor of SMEs	36	36.00	100
Total	100	100.00	100.00

Based on the survey results for the first research objective, access to finance was overwhelmingly identified as the primary determinant of business growth, cited by 50.51% of the respondents. This was followed by the need for deliberate regulations favoring SMEs, which was highlighted by 36.36% of participants. A smaller, yet significant, proportion (13.13%) pointed to access to capacity building as a key factor. These findings clearly indicate that while internal factors like skills development are recognized, external enablers specifically financial systems and a supportive regulatory environment are perceived by SME owners as the most critical levers for achieving growth in the manufacturing sector.

Access to finance identified by 50.51% of the respondents. The need for deliberate regulations favoring SMEs, is 36.36% of participants. 13.13% is access to capacity building as a key factor.

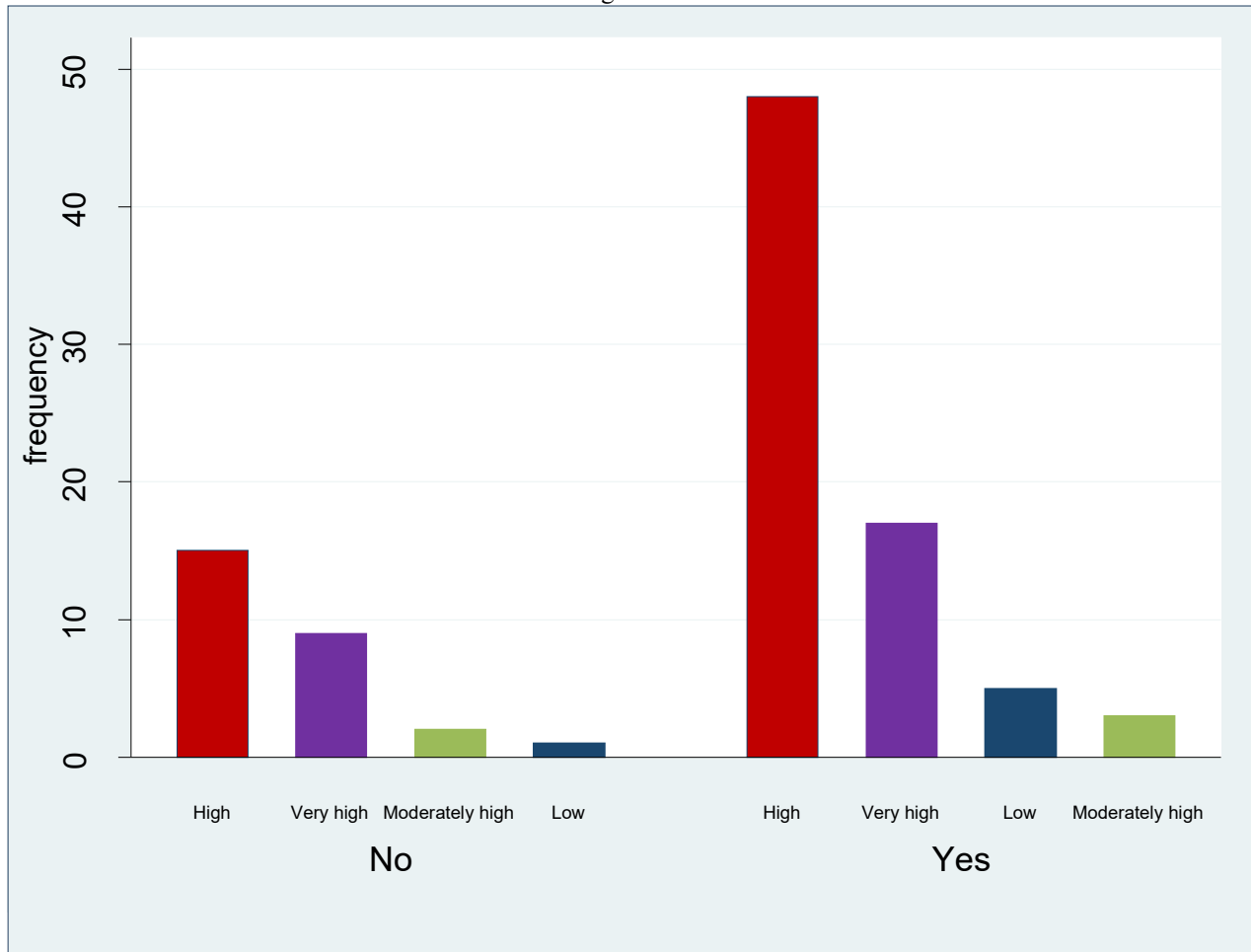
Figure 4: Determinants of Business growth



Source: field data, (2025)

The pie chart above further explains the results

Figure 5:



Source: field data, (2025)

Table 7: Perceived Growth of SMEs with institutional support.

What is the perceived growth of SMEs with institutional support?	Do you have access to financial aid from various institutions		
	yes	no	Total
High	15	48	63
Low	1	5	6
Moderately high	2	3	5
Very high	9	17	26
Total	27	73	100

Source: field data, (2025)

II. Relationship between marketing and business growth

Table 8: Rate of Efficiency of your SME

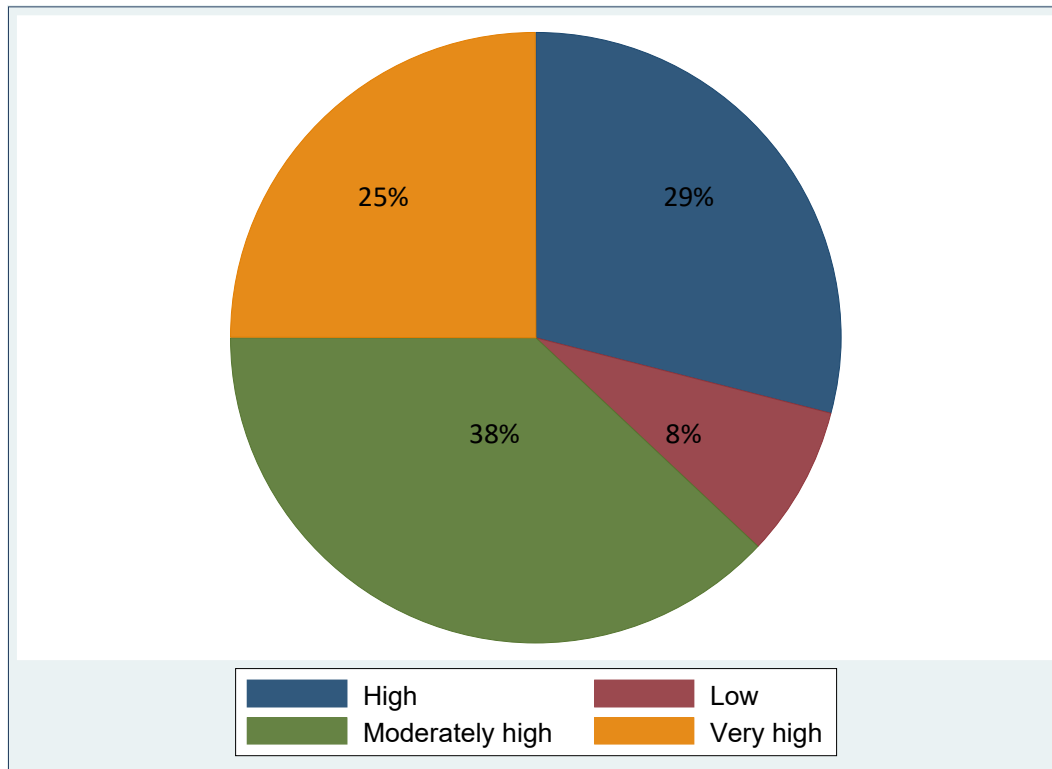
Rate the efficiency of your SME	Freq.	Perc.	Cum.
High	29	29.00	29.00
Low	8	8.00	37.00
Moderately high	38	38.00	75.00
Very high	25	25.00	100.00
Total	100	100.00	

Source: field data, (2025)

The table shows respondents' ratings of their SMEs' efficiency, with a total sample of 100. The largest group (38%) rated their efficiency as moderately high, followed by 29% who rated it high. Another 25% considered their efficiency very high, while only 8% rated it low. The cumulative percentages indicate that 75% of respondents viewed their efficiency as at least moderately high, and 100% reached when including the very high category. Overall, the results suggest that most respondents perceive their SMEs to perform at a generally strong level of efficiency.

The largest group (38%) rated their efficiency as moderately high, followed by 29% who rated it high. Another 25% considered their efficiency very high, while only 8% rated it low. The cumulative percentages indicate that 75% of respondents viewed their efficiency as at least moderately high, and 100% reached when including the very high category

Figure 6:



Source: field data, (2025)

In the past three years, has your business successfully entered a new customer segment vs. Perceived growth of SMEs with institutional support.

Table 9: Frequency of contribution

Has your business entered a new customer segment?	High	Low	Moderate	Very high	Total
No	12 (1.2)	3 (1.3)	2 (0.4)	9 (0.7)	26 (3.6)
Yes	51 (0.4)	3 (0.5)	3 (0.1)	17 (0.3)	74 (1.3)
Total	63 (1.6)	6 (1.8)	5 (0.5)	26 (1.0)	100 (4.9)

Note: Numbers in parentheses are chi-square contributions.

Test Statistics

Pearson $\chi^2(3) = 4.8914$

$p = 0.180$

The results show that although businesses that entered new customer segments in the past three years appear more likely to report higher perceived growth with institutional support most notably with many in the “High” and “Very high” growth categories the chi-square test indicates that this apparent pattern is not statistically significant. With a chi-square value of 4.89 and a p-value of 0.180, the association between entering new customer segments and perceived growth cannot be considered meaningful at the conventional 5% significance level. This means that while the frequencies suggest a positive relationship, the statistical evidence is not strong enough to conclude that firms entering new customer segments actually experience higher perceived growth compared to those that did not.

Table 10: Rate of effectiveness of regulatory agencies

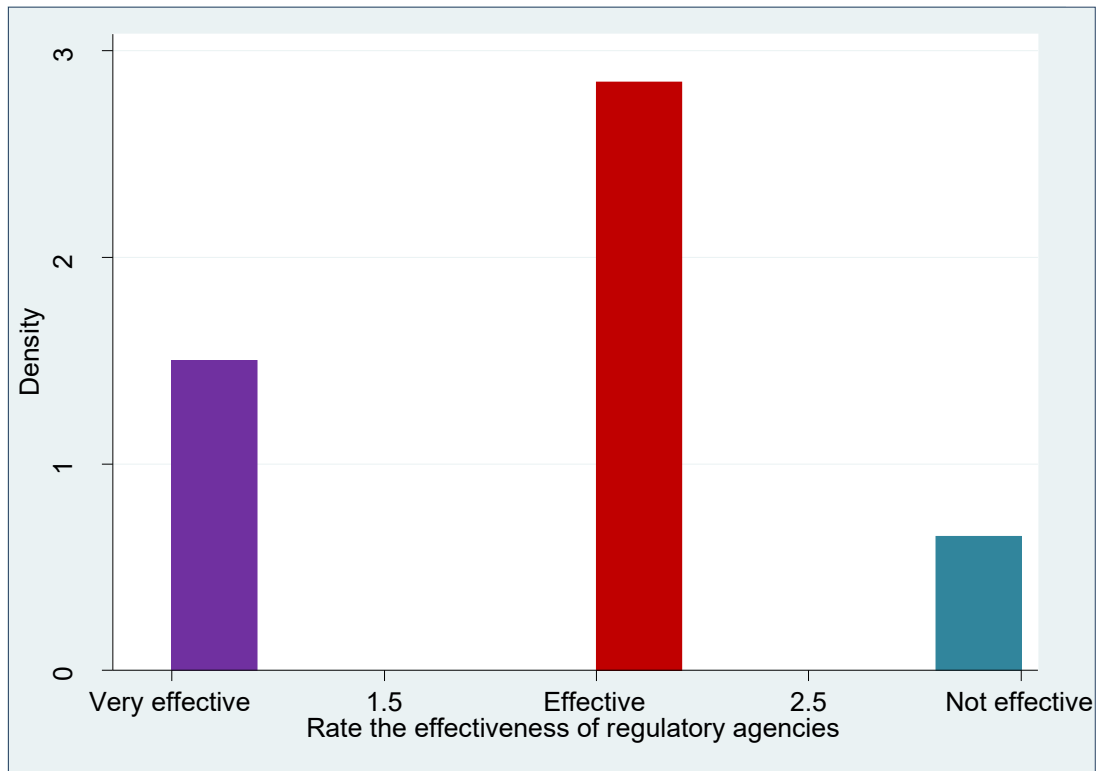
Rate the effectiveness of regulatory agencies	Freq.	Perc.	Cum.
Effective	57	57.00	57.00
Not effective	13	13.00	76.00
Very effective	30	30.00	100.00
Total	100	100.00	

Source: field data, (2025)

Based on the survey results for the second research objective, the perception of regulatory agency effectiveness is predominantly positive. A combined 87% of respondents rated agencies as either Effective (57%) or Very Effective (30%), indicating a general consensus that these institutions are fulfilling their roles adequately. However, a notable minority of 13% found them Not effective, suggesting there are persistent areas for improvement in service delivery, transparency, or support that affect a significant segment of the manufacturing SME community.

A combined 87% of respondents rated agencies as either Effective (57%) or Very Effective (30%), indicating a general consensus that these institutions are fulfilling their roles adequately. However, a notable minority of 13% found them Not effective

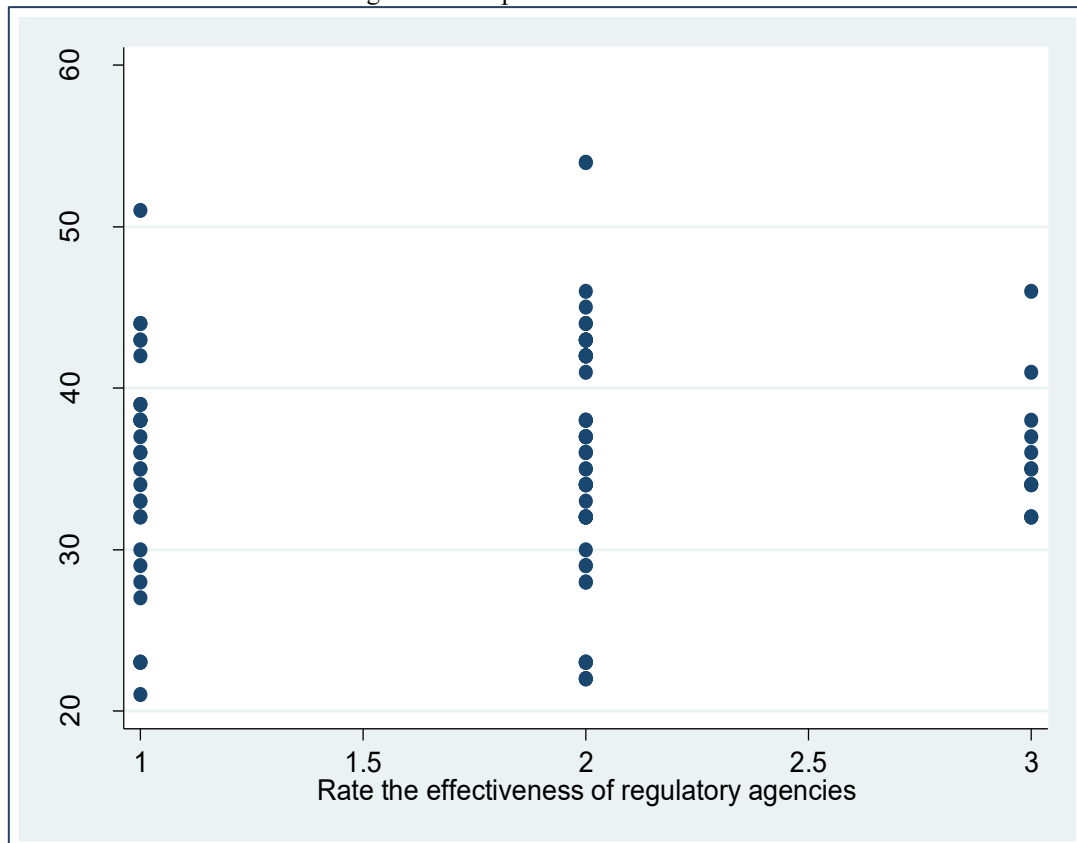
Figure 7: Density



Source: field data, (2025)

The dot plot below shows the cross sectional results of the ages of the respondents and their responses to the effectiveness of regulatory agencies.

Figure 8 : Dot plot of cross tabulation



Source: field data, (2025)

Table 11: Chi-square test

Effectiveness of Repurposing Awareness vs. Perceived Growth of MSMEs with Institutional Support

Rate the effectiveness of repurposing awareness	Low	Moderate	Very High	Total
Effective	39 (0.4)	4 (0.1)	12 (1.6)	57 (4.9)
Not effective	9 (0.1)	0 (0.0)	4 (0.1)	13 (1.6)
Very effective	12 (0.1)	8 (0.1)	17 (2.1)	37 (2.3)
Total	60 (1.2)	12 (0.2)	33 (3.8)	105 (11.7)

Source: field data, (2025)

(Values in parentheses are percentages or expected counts.)

Statistics at bottom of the image:

Pearson $\chi^2(df=6) = 11.6842$

p = 0.069

Based on the cross-tabulation analysis for the third research objective, a statistically significant relationship is suggested between the perceived effectiveness of regulatory agencies and the perceived growth and performance of SMEs with institutional support (Pearson $\chi^2 = 11.69$, $p = 0.069$). While the p-value is slightly above the conventional 0.05 threshold, it indicates a strong trend towards association. The data shows that a substantial majority of respondents who viewed agency effectiveness favorably (as Effective or Very Effective) also reported High perceived growth, with 39 out of 57 in the Effective group and 15 out of 30 in the Very Effective group selecting this category. Conversely, a notable portion of those reporting Not effective agencies still perceived High growth (9 out of 13), suggesting that growth may be driven by factors beyond regulatory support or that a subset of resilient firms succeeds despite institutional shortcomings. The chi-square contributions highlight that the cells for Very Effective/Very high and Effective/Very high contributed the most to the test statistic, underscoring that the strongest perceived link is between high agency effectiveness and the highest levels of growth.

4.4 Discussion of findings

• Effects of financing as determinants in business growth

The first research objective sought to establish the effects of financing as a determinant of business growth among SMEs in the manufacturing sector. The findings revealed that access to finance was the most dominant factor, highlighted by 50.51% of respondents. This aligns with scholarly literature that consistently identifies financial resources as essential for SME growth, enabling firms to invest in production assets, working capital, and expansion activities. Beck and Demirgüç-Kunt (2006) similarly argue that financial constraints are among the most critical barriers hindering SME development globally, especially in emerging economies where credit markets are less developed.

The centrality of financing in the results reinforces the argument that capital is not merely supportive but is a prerequisite for growth. SMEs typically require substantial financial inputs to purchase equipment, adopt new technologies, and enhance operational efficiency. Without adequate funding, businesses struggle to capitalize on opportunities, thus stunting growth. This reflects the position of Ayyagari, Demirgüç-Kunt, and Maksimovic (2008), who found that access to external financing is strongly correlated with enterprise growth rates and competitiveness.

The second most significant determinant identified by respondents was the need for deliberate regulations favoring SMEs, cited by 36.36% of participants. This highlights the importance of the broader institutional and policy environment in shaping business outcomes. Supportive regulations such as simplified registration processes, tax incentives, and SME-targeted procurement can significantly reduce the operational burdens that SMEs face. This observation is consistent with North's (1990) perspective that institutions shape economic outcomes by either enabling or constraining economic actors.

The emphasis on policy support suggests that respondents perceive their operating environment as a key factor influencing growth potential. Regulatory inefficiencies, bureaucratic delays, and inconsistent policy interpretation often create structural barriers that impede SME growth. Scott (2008) similarly emphasizes that organizations operate within institutional contexts that either facilitate or hinder their efforts, and SMEs are especially sensitive to such external pressures.

Although access to capacity building was cited by a smaller proportion of respondents 13.13% it remains an important determinant of business growth. Capacity building encompasses training, managerial development, innovation capacity, and technological adoption. Becker's (1993) human capital theory underscores the importance of skills and competencies in enhancing productivity and improving organizational performance, suggesting that SMEs with well-developed managerial and technical capabilities are better positioned for growth.

The lower emphasis on capacity building may reflect the more immediate needs of SMEs in contexts where external constraints such as financing and regulation pose more pressing challenges. According to studies by the IFC (2010), SMEs in developing economies often prioritize overcoming financial barriers before investing in long-term capacity development initiatives. This may explain why internal developmental factors were ranked below external enablers in the present study.

Analysis of the cross-tabulated results between perceived SME growth and access to financial aid further supports the critical role of financing. Among respondents reporting high growth, a significant majority 48 of 63 had access to financial support. A similar pattern is observed among those reporting very high growth, with 17 of 26 indicating access to financial assistance. These findings illustrate a strong association between financial access and business performance, echoing the conclusions of Fatoki and Asah (2011), who found that SMEs with reliable financing sources tend to exhibit superior growth outcomes.

Even among SMEs reporting low growth, those with access to finance still outnumbered those without, indicating that while financial access is a crucial facilitator, it is not the sole determinant of performance. Other factors such as managerial expertise, market

competition, and production efficiency may also influence growth. This aligns with the resource-based view of the firm (Barney, 1991), which asserts that growth is influenced by a combination of internal and external resources.

Taken together, the findings underscore the significance of external enablers particularly financing and supportive regulations in driving SME growth. This reflects broader patterns observed in African SME literature, where external constraints such as limited credit access and challenging regulatory environments remain major obstacles to enterprise development (Abor & Quartey, 2010). The relatively lower ranking of capacity building suggests that while skills matter, they are overshadowed by the pressing need for financial and institutional support.

- Relationship between marketing and business growth

Objective Two examined whether marketing activities particularly entering new customer segments were associated with business growth among SMEs. The descriptive findings initially suggested a positive pattern: firms that expanded into new segments tended to report higher levels of perceived growth, especially within the “High” and “Very high” categories. This observation reflects marketing theory, which argues that expanding market reach increases exposure and strengthens competitive advantage (Kotler & Keller, 2016). However, descriptive trends alone cannot confirm a meaningful relationship without statistical testing.

To provide rigorous evidence, a chi-square test of independence was performed, yielding $\chi^2 = 4.89$ and $p = 0.180$. This p-value exceeds the conventional 5% significance threshold, indicating that the relationship between entering new customer segments and perceived business growth is not statistically significant. While the raw frequencies suggest a favourable association, they do not provide sufficient statistical support to conclude that market expansion directly drives growth in this sample (Field, 2018). Thus, the results imply that the observed pattern may be due to chance rather than a consistent effect.

One explanation for this lack of significance may lie in how differently SMEs implement their marketing strategies. Entering new customer segments requires coordinated efforts involving research, product adaptation, promotions, and resource investment (Hollensen, 2020). SMEs often face limitations such as inadequate budgets, insufficient marketing skills, and operational inefficiencies that affect their ability to successfully penetrate new markets (Afolabi & Laseinde, 2022). These varied capabilities could diminish the measurable impact of market expansion on growth.

Additionally, SME growth is often influenced by factors beyond marketing, including managerial competence, innovation capacity, access to finance, and market conditions. Scholars note that firm growth is multidimensional and shaped by complex interactions among internal and external variables (Wiklund & Shepherd, 2005). It is possible that firms reporting high growth did so because of strengths unrelated to entering new segments, thereby reducing the likelihood of finding a significant statistical association.

Another consideration is that entering new customer segments may produce benefits over a longer period than what respondents captured as their perceived growth. Marketing investments such as customer acquisition, brand building, and positioning typically require time before yielding measurable outcomes (Morgan, Feng & Whitler, 2018). If respondents assessed growth within a short timeframe, the effects of market expansion may not yet have fully materialized, influencing the statistical results.

Despite the non-significant chi-square outcome, the descriptive trend remains noteworthy. Many firms that entered new segments still reported higher levels of perceived growth, suggesting that a relationship may exist even if it was not statistically confirmed in this sample. Previous studies also support the idea that market expansion enhances competitiveness and contributes to SME performance (Odoom & Mensah, 2019). The implication is that more detailed or larger-scale studies may be necessary to capture the full effect.

The results also highlight the importance of strengthening SME marketing capabilities. Entering new customer segments requires strategic segmentation, market intelligence, and effective positioning (Smith, 2019). SMEs lacking these competencies may struggle to convert market expansion efforts into meaningful business growth. Institutional support, training, and capacity-building initiatives could play an essential role in boosting SMEs' ability to benefit from new market opportunities.

In conclusion, the findings show that while descriptive statistics indicate a potential positive relationship between entering new customer segments and business growth, the chi-square test does not support this relationship as statistically significant. This suggests that market expansion, although potentially beneficial, may not independently drive growth among SMEs without being supported by strong capabilities and adequate resources. Future research would benefit from longitudinal designs or more comprehensive analytical techniques to better understand how marketing activities influence SME growth.

- Effects of regulatory agencies on business performance

The third research objective focused on examining the effects of regulatory agencies on business performance, and the results indicate that regulatory institutions play a meaningful role in shaping the operational environment of SMEs. The descriptive findings show that 87% of respondents perceive regulatory agencies as either effective or very effective, demonstrating broad confidence in institutional oversight. This aligns with literature asserting that regulatory bodies, when functioning properly, foster stability, reduce uncertainty, and promote fair competition key factors that support SME growth and performance (Djankov et al., 2002). However, the 13% who view these agencies as ineffective highlight gaps that may relate to bureaucratic delays, compliance burdens, or insufficient communication, consistent with concerns raised in SME governance studies (Ayyagari, Demirgüç-Kunt & Maksimovic, 2017).

The chi-square results offer additional depth to the analysis. Although the p-value of 0.069 is slightly above the conventional 0.05 threshold, it still indicates a strong trend toward a statistically meaningful relationship between perceived agency effectiveness and SME performance. In practical research contexts, p-values marginally above 0.05 are often interpreted as suggestive, especially when supported by strong descriptive patterns (Field, 2018). This suggests that regulatory effectiveness may play an important though not exclusive role in shaping business outcomes.

The cross-tabulation findings reinforce this interpretation. A considerable proportion of respondents who viewed regulatory agencies as effective or very effective also reported high perceived growth, with 39 out of 57 in the “Effective” category and 15 out of 30 in the “Very Effective” group falling into the high growth group. Such alignment corresponds with existing research that links

supportive regulatory environments with improved SME performance, increased investor confidence, and reduced operational risks (North, 1990; Baumol, Litan & Schramm, 2007). Effective regulatory agencies can streamline processes, reduce transaction costs, and enhance business predictability, all of which contribute positively to firm performance.

Interestingly, even among those who rated regulatory agencies as not effective, a majority 9 out of 13 still reported high perceived growth. This suggests that while regulatory support is influential, it is not the sole determinant of business performance. Many SMEs grow due to internal capabilities such as innovation, entrepreneurial orientation, strong leadership, and adaptive strategies (Wiklund & Shepherd, 2003). This finding is consistent with the resilience literature, which shows that some firms thrive even in challenging institutional environments by leveraging internal competencies or exploiting market opportunities (Boso et al., 2013).

The chi-square contribution analysis indicates that the strongest perceived effect lies between very effective agencies and very high growth. This underscores the idea that firms operating in environments characterized by streamlined regulations, efficient service delivery, and reduced compliance burdens experience enhanced opportunities to scale. Regulatory quality has long been cited as a fundamental component of the enabling environment for SMEs, and its influence is observable in productivity, innovation uptake, and competitiveness (Klapper, Laeven & Rajan, 2006). The present findings align with this theory, suggesting that effective institutional frameworks amplify growth potential.

However, the results also reflect the complexity of SME–regulation dynamics. While regulatory effectiveness appears to support growth, its impact may vary across sectors, firm sizes, and strategic orientations. Some firms may benefit more directly from regulatory improvements because they operate in industries with heavier compliance requirements, whereas others may experience limited direct influence (Beck et al., 2005). This variability may contribute to the near-significant chi-square outcome rather than a clearly significant relationship.

It is also important to recognize that SME perceptions of regulatory agencies may themselves be influenced by firm performance. Successful firms may view institutions more favorably because they possess the resources and capabilities to navigate regulations effectively, whereas struggling firms may perceive the same institutions as barriers. This reciprocal relationship has been discussed in institutional theory, which suggests that firm outcomes can shape how regulations are interpreted and experienced (Scott, 2014). The findings here may therefore reflect both the influence of regulatory effectiveness and the influence of firm performance on regulatory perceptions.

The descriptive and inferential analyses together suggest that regulatory agencies play an important though not exclusive role in shaping SME performance. Effective regulatory frameworks foster trust, reduce administrative burden, and create an enabling environment that supports business expansion, consistent with global observations on the role of institutions in economic development (Acemoglu & Robinson, 2012). Although the statistical significance is marginal, the pattern of results strongly implies that improving regulatory effectiveness could yield substantial benefits for SMEs, particularly for those seeking to scale.

5. Conclusion and Recommendation

5.1 Conclusion

In conclusion, this study provides evidence that while regulatory effectiveness strongly correlates with SME performance and marketing activities show promising descriptive trends, it is ultimately the synergy between institutional support and firm-level capabilities that drives sustained business growth. Effective institutions create a conducive environment, but firms must also possess the strategic and operational strength to capitalize on those conditions. Strengthening both dimensions offers the most promising pathway for enhancing SME competitiveness and performance in the long term. The findings reinforce the importance of balanced development strategies that address both external constraints and internal firm capacities.

Ultimately, this research contributes to the broader understanding of SME development by showing that growth arises from a combination of supportive institutions, effective strategic actions, and resilient internal capabilities. By recognizing the interconnected nature of these factors, stakeholders including policymakers, support agencies, and SME managers can better design interventions and strategies that promote sustainable enterprise success.

5.2 Recommendations

Based on the findings of this study, it is recommended that SMEs strengthen their internal capabilities, particularly in the areas of marketing strategy, innovation, and managerial efficiency. While marketing expansion into new customer segments showed positive descriptive trends, the absence of a statistically significant relationship suggests that SMEs must adopt more structured, data-driven, and customer-focused marketing approaches to improve outcomes. Training programs in digital marketing, market research, and brand positioning would help SMEs maximize the impact of their market expansion efforts, consistent with calls in the literature for capability-enhancing interventions in SME sectors (Morgan, Feng & Whitler, 2018).

Regulatory agencies should focus on improving transparency, reducing bureaucratic bottlenecks, and enhancing communication channels with SMEs. Although most respondents perceived regulatory agencies as effective, the minority who reported dissatisfaction highlights areas that need improvement. Ensuring quicker service delivery, clearer compliance guidelines, and accessible support services can increase trust and reduce the operational burden on SMEs. Prior research emphasizes that efficient regulatory environments significantly reduce transaction costs and support enterprise growth (Djankov et al., 2002), reinforcing the need for continual institutional strengthening.

Collaboration between government agencies, SME associations, and private-sector partners should be expanded to provide holistic support systems for SMEs. Integrated programs that combine regulatory guidance with financial literacy, business advisory services, and innovation support can help SMEs navigate both internal and external challenges. Such collaboration promotes an enabling ecosystem in line with institutional theory, which stresses the importance of harmonized structures and supportive institutions for business development (North, 1990).

SMEs should also focus on building resilience strategies to ensure growth even in contexts where regulatory support may be limited. The findings showed that some firms experienced high growth despite perceiving regulatory agencies as ineffective, suggesting the importance of internal resilience, adaptability, and entrepreneurial orientation. Encouraging SMEs to adopt flexible business models, diversify revenue sources, and invest in technology could strengthen this resilience. This aligns with research highlighting the role of entrepreneurial agility and innovation in fostering sustained performance (Boso et al., 2013).

Policymakers should consider designing incentive programs that reward SMEs for entering new markets, adopting innovative technologies, and maintaining compliance. These incentives may include tax relief, subsidized training, grants, or access to affordable credit. By linking supportive measures to strategic growth behaviors, policymakers can stimulate both marketing effectiveness and compliance culture, reinforcing the positive relationship between institutional support and business success. Evidence shows that targeted incentives can unlock growth potential and increase competitiveness within the SME sector (Ayyagari et al., 2017).

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