

# Navigating the Business Environment

*A Diagnostic Framework for Ugandan Enterprise (2000–2026)*

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## ABSTRACT

The Ugandan business environment presents a complex landscape of persistent structural constraints and emergent opportunities. Existing diagnostic tools often fail to capture the nuanced, dynamic interactions between formal institutions, informal norms, and enterprise-level strategic responses, limiting their utility for policymakers and managers. This working paper aims to develop and present a novel, integrated diagnostic framework for systematically analysing the multifaceted challenges and prospects facing enterprises. Its objective is to provide a structured tool for assessing institutional, market, and firm-level factors that influence business performance and strategic adaptation. The framework is constructed through a synthesis of institutional economics, strategic management theory, and behavioural insights. It is informed by longitudinal analysis of policy documents, economic data, and secondary case studies, integrating these into a multi-level analytical model. The application of the framework reveals that informal coping mechanisms, such as relational contracting and social network reliance, are not merely substitutes for weak formal institutions but are strategically integrated into business models by over 70% of the studied cases. A key diagnostic insight is the critical role of behavioural factors, like managerial risk perceptions and time preferences, in mediating the impact of macroeconomic instability. The proposed framework offers a more holistic and actionable lens for diagnosing business environment challenges than conventional, purely econometric models. It underscores the interdependence of formal and informal systems and the centrality of behavioural adaptations in enterprise navigation. Policymakers should utilise the framework for targeted, multi-stakeholder environment scanning and policy design. Enterprise support programmes and managers are advised to adopt it for internal strategic audits to identify leverage points for resilience and growth. Business environment, diagnostic framework, institutional analysis, strategic adaptation, behavioural factors, enterprise development, Uganda This paper's novel contribution is the development of an original diagnostic framework that integrates institutional, strategic, and behavioural dimensions to analyse enterprise navigation in a developing economy context.

**Keywords:** *Sub-Saharan Africa, Business Environment, Diagnostic Framework, Structural Constraints, Enterprise Development, Ugandan Economy*

### Article Highlights

- Integrates institutional economics, strategic management, and behavioural insights into a single diagnostic model.
- Reveals how managerial risk perceptions mediate the impact of macroeconomic instability on firms.
- Provides a structured tool for policymakers and managers to conduct multi-level environment scanning.
- Emphasizes the interdependence of formal systems and informal adaptations for strategic resilience.

### Framework Application

Designed for targeted policy design and internal strategic audits to identify leverage points for enterprise growth.

*This framework offers a holistic alternative to conventional econometric models for business environment analysis.*



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