

Navigating the Terrain

A Qualitative Exploration of Business Environment Challenges and Strategic Prospects in Ethiopia (2000–2026)

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ABSTRACT

The business environment in many African nations is characterised by unique institutional and infrastructural complexities. A nuanced understanding of these contextual factors is critical for strategic management and investment, yet in-depth qualitative analyses of firm-level navigation strategies remain scarce. This study aims to identify and analyse the perceived challenges and strategic opportunities within the business landscape of a key East African economy from the perspective of local enterprise leaders. It seeks to understand how executives formulate strategy in response to these conditions. A qualitative, interpretive design was employed, using semi-structured interviews with 28 chief executive officers and senior founders of established firms across multiple sectors. Data were analysed using a thematic analysis approach to derive core themes and strategic narratives. Analysis revealed a dominant theme of institutional unpredictability, with over 70% of participants describing regulatory volatility as a primary constraint. Concurrently, a significant strategic prospect was identified in leveraging dense local kinship networks for market access and trust-based financing. The findings illustrate a business ecosystem where significant structural hurdles coexist with embedded socio-cultural resources. Strategic success is contingent upon capabilities in institutional negotiation and social capital mobilisation. Policymakers should prioritise regulatory coherence and transparency. Firm leaders are advised to develop formalised environmental scanning units and invest in stakeholder relationship management. Future research should quantify the economic value of social networks in this context. Business environment, institutional theory, strategic management, qualitative research, East Africa, executive decision-making This paper provides a novel, empirically-grounded framework of firm-level strategic adaptation to institutional voids, offering a counterpoint to macro-level analyses by detailing the agentic role of executives.

Keywords: *Sub-Saharan Africa, Institutional Theory, Business Environment, Qualitative Case Study, Strategic Management*

Article Highlights

- Regulatory volatility cited by 70% of executives as a primary constraint.
- Dense kinship networks identified as a key strategic resource for market access.
- Success hinges on institutional negotiation and social capital mobilisation.
- Study calls for formalised environmental scanning units within firms.

Core Insight

The research reveals a business landscape where significant structural hurdles coexist with unique socio-cultural resources, requiring nuanced strategic adaptation.

Provides a firm-level framework for strategic adaptation to institutional complexity.

ABSTRACT-ONLY PUBLICATION

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