

# Navigating the Business Environment

*A Survey of Entrepreneurial Challenges and Institutional Prospects in Ethiopia (2000–2026)*

Selamawit Assefa<sup>1,2</sup> | Meklit Abebe<sup>3</sup> | Tewodros Gebremichael<sup>1,4</sup>

Ethiopian Institute of Agricultural Research (EIAR) • Department of Advanced Studies, Hawassa University •

Department of Interdisciplinary Studies, Hawassa University • Hawassa University

Correspondence: [sassefa@gmail.com](mailto:sassefa@gmail.com)

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## ABSTRACT

The entrepreneurial landscape in Ethiopia has undergone significant transformation, influenced by evolving institutional frameworks and macroeconomic shifts. Understanding the persistent challenges and emerging prospects within this environment is critical for fostering sustainable enterprise development. This survey research aims to systematically identify and analyse the most salient challenges faced by entrepreneurs and to evaluate the perceived efficacy of institutional support mechanisms within the country's business ecosystem. A stratified random sample of 450 registered small and medium enterprise owners across five major regions participated in a structured questionnaire survey. Quantitative data were analysed using descriptive and inferential statistics, while open-ended responses underwent thematic analysis. Access to formal finance was cited as the foremost challenge by 78% of respondents, followed by bureaucratic inefficiencies (65%). A key theme from qualitative data was the perceived gap between policy design and implementation. Conversely, prospects were strongly associated with recent digital infrastructure investments. Institutional constraints, particularly in finance and regulation, continue to significantly impede entrepreneurial activity, despite identifiable areas of institutional progress and opportunity. Policymakers should prioritise streamlining business registration and licensing procedures. Financial institutions are urged to develop innovative credit products tailored to the asset profiles of small enterprises. entrepreneurship, institutional environment, business constraints, SME finance, Ethiopia, survey research This study provides a novel, longitudinal perspective by integrating survey data with a policy trajectory analysis to project institutional prospects, offering a forward-looking assessment for both scholars and practitioners.

**Keywords:** *Entrepreneurship, Institutional Theory, Business Environment, Sub-Saharan Africa, Survey Methodology, Economic Development, Ethiopia*

### Article Highlights

- 78% of surveyed entrepreneurs identify access to formal finance as the primary constraint.
- A significant gap persists between policy design and on-the-ground implementation.
- Recent digital infrastructure investments emerge as a key institutional prospect.
- Bureaucratic inefficiencies affect 65% of SMEs, hindering business operations.

### Policy Imperative

The analysis strongly recommends policymakers prioritise streamlining business registration and licensing procedures to reduce bureaucratic friction.

*This survey integrates quantitative data with thematic analysis to project institutional trajectories.*

## ABSTRACT-ONLY PUBLICATION

This is an abstract-only publication. The complete research paper with full methodology, results, discussion, and references is available upon request.

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