

*Democratization, Improved Governance and the Creation of Conducive Environment for
Small and Medium Scale Enterprise Development in sub-Saharan Africa: The Case of
Eritrea*

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Abstract

Democratization, governance and institution building and their impact on SMEs is the central theme of this paper. Following a comprehensive discussion of the theoretical grounding of these concepts, the thesis undertakes a detailed discourse on the status of sub-Saharan African (SSA) democratization, governance and institutionalization process and its influence on businesses with particular focus on Small and Medium scale Enterprises (SMEs). The study then focuses on Eritrea analyzing the impact these issues (democratization, governance and institution building) have on selected firms. To this end, a descriptive survey design is used to collect data from 50 SMEs. The data is analyzed using chi-square and regression. The findings of the study indicate that democratization and governance are key environmental factors that determine the success of SMEs.

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