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Industrial policy and entrepreneurial culture: a comparative analysis of divergent pathways in Ethiopia and Vietnam

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PARADE

ABSTRACT

This study examines the comparative dynamics of industrial policy and entrepreneurial culture in Ethiopia and Vietnam, two countries with shared histories of state-led development yet distinct trajectories in fostering private sector growth and innovation. Despite their common aspirations for structural transformation, both nations have pursued divergent pathways shaped by foundational policy choices, institutional design, and approaches to cultivating entrepreneurial culture. The research employs a comparative case study methodology, drawing on policy documents, reform initiatives, academic research, and scholarly analyses spanning from the Đổi

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Mới period (1986) to contemporary developments in 2026. Vietnam stands as a remarkable development success story, transitioning from one of the world's poorest nations to a middle-income economy within a single generation following the 1986 Đổi Mới reforms . The Đổi Mới policy's transition from a state-controlled centralized economy to a market-oriented framework created the foundation for Vietnam's manufacturing-led growth. Recent institutional innovations reflect a sophisticated approach to entrepreneurial ecosystem development. Resolution 68-NQ/TW (May 2025) repositions the private sector as a key engine of the economy, abolishing the "application-permit" mechanism, guaranteeing business freedom in areas not prohibited by law, and cutting at least 30% of administrative procedures . The Startup Nation project, launched in 2025, ambitiously aims to make entrepreneurship accessible to all citizens, targeting the development of 10,000 startups and 1 million one-person enterprises by 2030 . The strategic "quadrant" of Resolutions 57, 59, 66, and 68 has created unprecedented openness for startups and investment, with the value of venture capital investment reaching 1 billion USD and over 3,000 startups active in 2024 . The proposed specialized stock market for innovative startups represents a pioneering approach to entrepreneurial finance .

Ethiopia has reached a critical juncture with the January 2026 approval of its first-ever National Entrepreneurship Development Policy, marking a "historic shift" in economic thinking . This landmark policy, coordinated by the Entrepreneurship Development Institute (EDI), defines entrepreneurship as a holistic process of value creation across economic, financial, social, cultural, and political dimensions, establishing a multi-level strategy supporting micro, meso, and macro-level entrepreneurial development . The policy aligns with the Digital Ethiopia 2030 Strategy and the broader Homegrown Economic Reform Agenda . Complementary reforms include a new investment incentive framework tying benefits to performance and sectoral contribution, and amendments to customs laws streamlining procedures for manufacturin . Recent macroeconomic policy reforms (July 2024) represent bold measures to transform the economy from its "business as usual" trajectory. The government's recognition that Ethiopia must emulate successful development models, with Vietnam cited as an "ideal candidate" for learning reflects deliberate policy learning. However, implementation challenges remain: Ethiopia's entrepreneurial ecosystem is less mature than Vietnam's, with a more recent history of state dominance and less developed venture capital infrastructure.

Vietnam's strength lies in its three-decade head start in market-oriented reform, sophisticated institutional architecture for innovation, integration into global value chains, and increasingly ambitious targets for entrepreneurial development. Its challenge is ensuring that rapid institutional innovation translates into inclusive growth that reaches all citizens, particularly in remote areas. Ethiopia's advantage is the opportunity to learn from Vietnam's experience, leapfrogging early-stage mistakes while adapting policies to its unique context. Both countries demonstrate that effective industrial policy and entrepreneurial culture require: (1) foundational market-oriented reforms that enable private sector growth; (2) coherent institutional frameworks coordinating entrepreneurial development; (3) performance-based incentive systems rewarding genuine innovation; (4) access to finance through diverse mechanisms including venture capital; (5) integration of entrepreneurship education into national curricula; (6) tolerance for failure and risk-taking as cultural values; (7) strategic policy learning from successful models; and (8) sustained political commitment across electoral cycles .

KEYWORDS: Industrial policy, entrepreneurial culture, Ethiopia, Vietnam, Đổi Mới, Startup Nation, innovation ecosystem, special economic zones, entrepreneurship policy, structural transformation

RÉSUMÉ

Cette étude examine les dynamiques comparatives de la politique industrielle et de la culture entrepreneuriale en Éthiopie et au Viêt Nam, deux pays aux histoires communes de développement dirigé par l'État mais aux trajectoires distinctes dans la promotion de la croissance du secteur privé et de l'innovation. Malgré leurs aspirations communes à la transformation structurelle, les deux nations ont poursuivi des voies divergentes façonnées par des choix politiques fondamentaux, la conception institutionnelle et les approches de la culture entrepreneuriale. La recherche emploie une méthodologie d'étude de cas comparative, s'appuyant sur des documents politiques, des initiatives de réforme, des recherches académiques et des analyses savantes couvrant la période de Đổi Mới (1986) aux développements contemporains de 2026. Le Viêt Nam constitue un remarquable succès de développement, passant de l'un des pays les plus pauvres au monde à une économie à revenu intermédiaire en une seule génération après les réformes Đổi Mới de 1986 . La

politique Đổi Mới, avec sa transition d'une économie centralisée contrôlée par l'État à un cadre orienté vers le marché, a créé la base de la croissance tirée par l'industrie manufacturière. Les innovations institutionnelles récentes reflètent une approche sophistiquée du développement de l'écosystème entrepreneurial. La résolution 68-NQ/TW (mai 2025) repositionne le secteur privé comme un moteur clé de l'économie, abolissant le mécanisme "d'autorisation-permis", garantissant la liberté d'entreprise dans les domaines non interdits par la loi et supprimant au moins 30 % des procédures administratives . Le projet Startup Nation, lancé en 2025, vise ambitieusement à rendre l'entrepreneuriat accessible à tous les citoyens, avec pour objectif le développement de 10 000 startups et d'un million d'entreprises individuelles d'ici 2030 . Le "quadrant stratégique" des résolutions 57, 59, 66 et 68 a créé une ouverture sans précédent pour les startups et l'investissement, la valeur des investissements en capital-risque atteignant 1 milliard USD et plus de 3 000 startups actives en 2024 . La proposition d'un marché boursier spécialisé pour les startups innovantes représente une approche pionnière du financement entrepreneurial .

L'Éthiopie a atteint un tournant critique avec l'approbation en janvier 2026 de sa toute première politique nationale de développement de l'entrepreneuriat, marquant un "changement historique" dans la pensée économique . Cette politique historique, coordonnée par l'Entrepreneurship Development Institute (EDI), définit l'entrepreneuriat comme un processus holistique de création de valeur à travers les dimensions économiques, financières, sociales, culturelles et politiques, établissant une stratégie multi-niveaux soutenant le développement entrepreneurial aux micro, méso et macro-niveaux . La politique s'aligne sur la stratégie Digital Ethiopia 2030 et l'agenda de réforme économique locale . Les réformes complémentaires comprennent un nouveau cadre d'incitations à l'investissement liant les avantages à la performance et à la contribution sectorielle, et des amendements aux lois douanières rationalisant les procédures pour l'industrie manufacturière . Les récentes réformes de la politique macroéconomique (juillet 2024) représentent des mesures audacieuses pour transformer l'économie de sa trajectoire "comme d'habitude" . La reconnaissance par le gouvernement que l'Éthiopie doit imiter les modèles de développement réussis, le Viêt Nam étant cité comme un "candidat idéal" pour l'apprentissage, reflète une volonté délibérée d'apprentissage politique . Cependant, les défis de mise en œuvre persistent : l'écosystème entrepreneurial éthiopien est moins mature que celui du Viêt Nam, avec

une histoire plus récente de domination étatique et une infrastructure de capital-risque moins développée.

La force du Viêt Nam réside dans son avance de trois décennies dans les réformes orientées vers le marché, son architecture institutionnelle sophistiquée pour l'innovation, son intégration dans les chaînes de valeur mondiales et ses objectifs de plus en plus ambitieux pour le développement entrepreneurial. Son défi est de garantir que l'innovation institutionnelle rapide se traduise par une croissance inclusive atteignant tous les citoyens, en particulier dans les zones reculées . L'avantage de l'Éthiopie est l'opportunité d'apprendre de l'expérience vietnamienne, en sautant les erreurs des premiers stades tout en adaptant les politiques à son contexte unique. Les deux pays démontrent qu'une politique industrielle et une culture entrepreneuriale efficaces nécessitent : (1) des réformes fondamentales orientées vers le marché permettant la croissance du secteur privé ; (2) des cadres institutionnels cohérents coordonnant le développement entrepreneurial ; (3) des systèmes d'incitation basés sur la performance récompensant l'innovation authentique ; (4) un accès au financement par divers mécanismes, y compris le capital-risque ; (5) l'intégration de l'éducation à l'entrepreneuriat dans les programmes nationaux ; (6) la tolérance à l'échec et à la prise de risque comme valeurs culturelles ; (7) l'apprentissage politique stratégique à partir de modèles réussis ; et (8) un engagement politique soutenu à travers les cycles électoraux .

MOTS-CLÉS : Politique industrielle, culture entrepreneuriale, Éthiopie, Viêt Nam, Đổi Mới, Startup Nation, écosystème d'innovation, zones économiques spéciales, politique d'entrepreneuriat, transformation structurelle

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1. INTRODUCTION

Industrial policy and entrepreneurial culture are two sides of the same coin. Industrial policy—the strategic intervention by governments to shape economic structure—creates the framework within which entrepreneurs operate. Entrepreneurial culture—the values, attitudes, and norms that encourage innovation and risk-taking—determines whether that framework generates vibrant, sustainable enterprises. Together, they shape whether nations can achieve the structural transformation that lifts millions from poverty.

Ethiopia and Vietnam, two countries with shared histories of state-led development and recent embrace of market-oriented reform, offer a compelling comparative lens. Vietnam's transformation is widely celebrated. The 1986 Đổi Mới (Renovation) policy marked a decisive shift from state-controlled central planning to a market-oriented economy, setting the stage for one of the world's most remarkable development success stories . From one of the poorest nations, Vietnam climbed to middle-income status within a single generation . Today, Vietnam's entrepreneurial ecosystem buzzes with activity: over 3,000 startups, 1 billion USD in venture capital investment, and ambitious targets for 10,000 startups and one million one-person enterprises by 2030 .

Ethiopia is at an earlier but critical juncture. January 2026 marked the approval of its first-ever National Entrepreneurship Development Policy—a "historic shift" in economic thinking . This policy, developed through extensive consultation by the Entrepreneurship Development Institute (EDI), defines entrepreneurship as holistic value creation across multiple dimensions . Complementary reforms include new investment incentives, customs modernization, and macroeconomic policy shifts . As Prime Minister Abiy Ahmed's April 2025 visit to Vietnam underscored, Ethiopia explicitly seeks to learn from Vietnam's experience .

This study examines the comparative dynamics of industrial policy and entrepreneurial culture in Ethiopia and Vietnam. Drawing on policy documents, reform initiatives, academic research, and scholarly analyses, it explores how each country's approach to state-market relations, institutional design, and cultural cultivation shapes entrepreneurial outcomes. The analysis is organized around four interconnected themes: (1) foundational policy choices and historical trajectories; (2) institutional architecture for entrepreneurial development; (3) financing mechanisms and ecosystem support; and (4) cultural dimensions of entrepreneurship.

The study contributes to scholarship on industrial policy, entrepreneurship, and development economics. It argues that while Vietnam's three-decade head start offers lessons Ethiopia can learn, Ethiopia's latecomer status also offers opportunities to leapfrog early-stage mistakes—if policy learning is strategic and adaptive.

2. LITERATURE REVIEW

2.1 Conceptualizing Industrial Policy and Entrepreneurial Culture

Industrial policy refers to government interventions aimed at shaping economic structure to enhance productivity, competitiveness, and development. Traditionally associated with East Asian developmental states, industrial policy has experienced renewed interest as countries seek to navigate globalization, technological change, and the imperatives of structural transformation.

Entrepreneurial culture encompasses the values, norms, and attitudes that influence entrepreneurial activity. It includes tolerance for risk and failure, respect for innovation, willingness to challenge established ways, and celebration of business success. Culture is shaped by education, media, role models, and the policy environment.

The relationship between industrial policy and entrepreneurial culture is dynamic. Policy can shape culture through incentives, education, and signaling. Culture can shape the effectiveness of policy by determining how entrepreneurs respond to opportunities.

2.2 Vietnam's Transformative Journey: From Đổi Mới to Startup Nation

Vietnam's development trajectory is a story of gradual but determined reform. Key features include:

- **Đổi Mới (1986):** The Renovation policy marked a decisive break from central planning, introducing market-oriented reforms while maintaining political stability. It shifted from state-controlled economy to "market economy with socialist orientation" .

- **Integration with global economy:** Đổi Mới opened Vietnam to foreign investment and trade, catalyzing manufacturing-led growth. The World Bank describes Vietnam as "a remarkable development success story" .
- **Special Economic Zones:** Vietnam's SEZ strategy, influenced by Taiwan's experience, created enclaves for export-oriented manufacturing. SEZs attracted foreign investment, generated employment, and catalyzed industrial learning .
- **Resolution 68-NQ/TW (May 2025):** A landmark policy repositioning the private sector as "key engine of the economy." Key provisions include:
  - Abolition of "application-permit" mechanism
  - Guarantee of business freedom in areas not prohibited by law
  - Reduction of at least 30% of administrative procedures
  - Legal protection including strengthened presumption of innocence
  - R&D expenses eligible for 200% tax deduction
  - 30% land rent reduction for high-tech enterprises
  - Targets: 2 million enterprises by 2030; 55-58% GDP from private sector; 8.5-9.5% annual labor productivity growth
  - CEO training for 10,000 leaders in business ethics and entrepreneurship
- **Startup Nation project (2025):** Launched by Ministry of Science and Technology, the project aims to make "entrepreneurship an opportunity for all people" with targets of 10,000 startups and 1 million one-person enterprises by 2030 . Core philosophy: "every citizen can start a business on the basis of digital technology, new technologies, and creativity in all fields" .
- **Strategic quadrant of resolutions:** Resolutions 57, 59, 66, and 68 have created unprecedented openness for startups and investment. The innovation ecosystem has rebounded strongly, with over 3,000 startups and 1 billion USD venture capital investment in 2024 .
- **Proposed specialized stock market:** A pioneering initiative to create a stock market specifically for innovative startups, with regulations distinct from general stock exchange rules. This would provide a "launchpad for the whole ecosystem" and enable startups to become "unicorns" .
- **Innovation culture agenda:** Minister of Science and Technology Nguyen Manh Hung emphasizes building "a Startup Nation based on digital technology and innovation, creating institutions and digital tools so that Vietnamese enterprises can even be run by just one person" .

2.3 Ethiopia's Emerging Entrepreneurial Framework

Ethiopia's entrepreneurial policy framework is at an earlier but rapidly evolving stage. Key features include:

- **Homegrown Economic Reform Agenda:** Launched to address structural challenges and shift from "business as usual" trajectory. The macroeconomic policy reforms of July 2024 represent "bold measures" to transform the economy .
- **National Entrepreneurship Development Policy (January 2026):** Ethiopia's first comprehensive entrepreneurship policy, marking a "historic shift" . Key features:
  - Entrepreneurship defined as holistic value creation across economic, financial, social, cultural, and political dimensions
  - Multi-level strategy supporting micro (individual and high-growth ventures), meso (corporate and public sector), and macro (ecosystem-building) entrepreneurship
  - Recognition of social enterprises as contributors to social and economic outcomes
  - Government role as "enabler and catalyst" improving regulations, reducing bureaucratic hurdles, protecting intellectual property
  - Alignment with Digital Ethiopia 2030 Strategy, Startup Act, and existing policies on AI and SMEs
- **Entrepreneurship Development Institute (EDI):** Operating under Ministry of Labor and Skills, EDI coordinated policy development and is positioned as "national anchor institution for entrepreneurship ecosystem development" .
- **Investment incentives reform (January 2026):** New draft regulation introduces performance-based incentives tied to capital investment and sectoral contribution, ensuring benefits linked to measurable economic outcomes .
- **Customs modernization:** Amendments to customs laws aim to "encourage legal trade and investment by streamlining procedures and removing outdated bureaucratic hurdles" .
- **TVET expansion:** Technical and vocational schools now serve six million young students, teaching skills needed for entrepreneurship .
- **Collateral-free lending:** Banks provide finance to young entrepreneurs based on quality of business ideas rather than collateral .

- **Policy learning orientation:** Ethiopian officials explicitly cite Vietnam as an "ideal candidate" for emulation. As one editorial noted, "If Ethiopia has to emulate a country that has succeeded in its economic development, Vietnam stands as an ideal candidate" .

2.4 Comparative Perspectives on Special Economic Zones

Tang's (2023) research on SEZ policy adoption in Ethiopia and Vietnam provides critical comparative insights :

- **Policy transfer drivers:** Both countries adopted SEZs driven by "desires to catch up" emulating China and other Newly Industrialized Economies.
- **NIE coalition role:** Governments, private investors, and state-owned companies from NIEs became "key policy ambassadors" transferring SEZ models.
- **Different institutional paths:** Despite similar origins, Ethiopia and Vietnam evolved different SEZ governance systems—Ethiopia toward centralized management, Vietnam toward decentralized approach.
- **Path dependency:** Localization of SEZ policy "constrained by their extant institutional settings," producing different outcomes despite similar starting points.

2.5 Comparative Insights on Entrepreneurial Culture

Comparative analysis reveals key dimensions of entrepreneurial culture in both countries:

- **Vietnam:** More established entrepreneurial culture, with success stories and role models. "Accepting risks and learning from failure" emphasized by Prime Minister Pham Minh Chinh as cultural value . Proposed stock market signals institutional commitment to risk-taking.
- **Ethiopia:** Entrepreneurial culture emerging but less established. Minister Muferiat Kamil acknowledges entrepreneurs often start "without help from the government" . EDI's role in showcasing success stories aims to build cultural momentum.

- **Youth engagement:** Both countries target youth as entrepreneurial demographic. Ethiopia's TVET system reaches six million students . Vietnam's Startup Nation project emphasizes "younger generation" developing "entrepreneurship spirit, daring to think, daring to act" .

3. RESEARCH QUESTIONS

This study addresses the following research questions:

1. How do the foundational policy choices and historical trajectories of industrial development differ between Ethiopia and Vietnam, and how have these shaped contemporary entrepreneurial ecosystems?
2. What institutional architectures for entrepreneurial development exist in each country, and how effectively do they coordinate ecosystem support?
3. How do financing mechanisms, including venture capital, state-backed funds, and specialized markets, differ across the two contexts?

4. METHODOLOGY

This study employs a comparative case study methodology to examine industrial policy and entrepreneurial culture in Ethiopia and Vietnam. The research design integrates document analysis of primary sources with synthesis of secondary literature to develop a comprehensive understanding of policy dynamics in both countries.

Primary sources analyzed include: Vietnamese policy documents (Resolution 68-NQ/TW, Startup Nation project, strategic resolutions) ; Ethiopian policy documents (National Entrepreneurship Development Policy, investment incentives reform, customs amendments) ; official statements and speeches ; and academic research on comparative SEZ development .

The comparative framework examines four dimensions of industrial policy and entrepreneurial culture: (1) foundational policy choices and trajectories; (2) institutional architecture; (3) financing mechanisms; (4) cultural dimensions.

The analysis spans from Vietnam's Đổi Mới (1986) to contemporary developments in 2026, capturing Ethiopia's recent reform momentum.

5. RESULTS

5.1 Foundational Policy Choices and Historical Trajectories

Vietnam: Vietnam's trajectory has been shaped by decisive reform choices at critical junctures. Key features include:

- **Đổi Mới (1986):** Transition from state-controlled centralized economy to market-oriented framework. Shift enabled integration with global economy and attracted foreign investment .
- **Gradual but consistent reform:** Unlike shock therapy, Vietnam pursued gradual reform maintaining political stability while opening economically. This "market economy with socialist orientation" created predictability for investors .
- **SEZ adoption:** Vietnam's SEZ strategy, influenced by Taiwan's experience, created enclaves for export-oriented manufacturing. SEZs served as laboratories for market-oriented policies .
- **WTO accession (2007):** Integration into global trading system accelerated manufacturing growth and attracted FDI.
- **Strategic resolution quadrant (2024-2025):** Resolutions 57, 59, 66, and 68 created unprecedented openness for startups and investment. This "strategic quadrant" demonstrates sophisticated policy sequencing .
- **Startup Nation project (2025):** Ambitious targets signal confidence in continued transformation. Goal of one million one-person enterprises by 2030 reflects vision of democratized entrepreneurship .

Ethiopia: Ethiopia's trajectory is at an earlier stage but accelerating. Key features include:

- **State-led development legacy:** Post-independence governments pursued state-led industrialization. Private sector remained constrained until recent reforms.

- **Homegrown Economic Reform Agenda:** Launched to address structural challenges, shift from "business as usual." Macroeconomic reforms (July 2024) represent "bold measures" .
- **National Entrepreneurship Development Policy (January 2026):** First comprehensive entrepreneurship policy signals "historic shift" in economic thinking. Defines entrepreneurship as holistic value creation across multiple dimensions .
- **Investment incentives reform:** New performance-based system ties benefits to capital investment and sectoral contribution, moving from automatic to earned incentives .
- **Policy learning orientation:** Explicit recognition that Ethiopia must learn from successful models. Prime Minister's Vietnam visit (April 2025) underscored commitment to emulation .

Table 1: Comparative Foundational Choices and Trajectories

Dimension	**Vietnam**	**Ethiopia**
Critical reform juncture	Đổi Mới (1986)	Homegrown Economic Reform Agenda (2019+)
Reform pace	Gradual but consistent	Accelerating; recent bold measures
Market orientation	"Socialist-oriented market economy"	Emerging market economy
SEZ adoption	Influenced by Taiwan (1980s-90s)	Influenced by China (2000s)
Global integration	WTO (2007); deep value chain integration	Emerging; more limited
Policy sophistication	Strategic quadrant (2024-25)	First comprehensive policy (2026)
Learning orientation	Early adopter; now exporter of lessons	Explicit learner; Vietnam as model

5.2 Institutional Architecture for Entrepreneurial Development

Vietnam: Vietnam has developed sophisticated institutional architecture supporting entrepreneurship. Key features include:

- **Ministry of Science and Technology:** Lead agency for innovation and startup policy. Oversees Startup Nation project and ecosystem development .
- **National Agency for Technology Entrepreneurship and Commercialization (NATEC):** Implements startup support programs.
- **National Innovation Center (NIC):** Provides infrastructure and support for innovative enterprises.
- **Startup ecosystem coordination:** Department of Startups and Technology Enterprises coordinates ecosystem development, sets targets, and monitors progress .
- **Local innovation centers:** High-tech zones in Hanoi, Da Nang, Ho Chi Minh City, and Can Tho attract foreign investment and support startups .
- **University-based incubators:** Increasing number of universities developing "more professional training programmes oriented towards innovation" .
- **Corporate launchpads:** Large domestic corporations beginning to support startups through accelerator programs .

Ethiopia: Ethiopia's institutional architecture is emerging rapidly. Key features include:

- **Entrepreneurship Development Institute (EDI):** Operating under Ministry of Labor and Skills, positioned as "national anchor institution for entrepreneurship ecosystem development." Coordinated policy development and will lead implementation .
- **Ministry of Labor and Skills:** Lead ministry for entrepreneurship policy, reflecting focus on employment and skills development.
- **Ministry of Trade and Regional Integration:** Oversees trade policy affecting entrepreneurs.
- **Investment Commission:** Implements investment incentives and promotes FDI.
- **TVET system:** Technical and vocational schools training six million students, integrating entrepreneurship skills .
- **Regional innovation hubs:** Emerging but less developed than Vietnam's network.
- **Coordination challenges:** Multiple ministries involved; EDI's anchor role aims to improve coordination.

Table 2: Comparative Institutional Architecture

Dimension	**Vietnam**	**Ethiopia**
Lead agency	Ministry of Science and Technology	Ministry of Labor and Skills
Anchor institution	NATEC; NIC	EDI (Entrepreneurship Development Institute)
Ecosystem coordination	Department of Startups and Technology Enterprises	EDI with cross-ministerial coordination
Regional infrastructure	High-tech zones (Hanoi, Da Nang, HCMC, Can Tho)	Emerging
Education integration	University incubators expanding	TVET system (6 million students)
Corporate engagement	Corporate launchpads emerging	Limited
Maturity	Sophisticated; multi-layered	Emerging; building core structures

5.3 Financing Mechanisms and Ecosystem Support

Vietnam: Vietnam has developed diverse financing mechanisms for entrepreneurship. Key features include:

- **Venture capital:** Investment reached 1 billion USD in 2024, with over 3,000 startups active. Vietnam considered "attractive destination, a bright star on the region's technology map" .
- **State-backed investment funds:** National and local venture investment funds provide capital at different stages.
- **Proposed specialized stock market:** Pioneering initiative to create stock market specifically for innovative startups. Would have "regulations distinct from the general rules" and provide "launchpad for the whole ecosystem" .

- **Government procurement:** "Ordering major challenges for corporations and startups" creates demand for innovative solutions .
- **Credit guarantee mechanisms:** Resolution 68 mandates development of "credit guarantee mechanism and specific lending for innovative startup projects based on technology and intellectual property rights" .
- **R&D incentives:** R&D expenses eligible for 200% tax deduction, encouraging innovation investment.
- **International investment:** Singapore accounts for 60-70% of regional venture capital, creating opportunities for Vietnamese startups to access regional capital.

Ethiopia: Ethiopia's financing ecosystem is less developed but emerging. Key features include:

- **Collateral-free lending:** Banks provide finance to young entrepreneurs based on quality of business ideas rather than collateral, offering "fresh opportunities".
- **Blended financing mechanisms:** National Entrepreneurship Policy commits to "mobilizing blended financing mechanisms that encourage innovation".
- **Limited venture capital:** Venture capital ecosystem less developed than Vietnam's. Few domestic VC funds; limited international VC presence.
- **Microfinance institutions:** Expanding access to small-scale entrepreneurs, particularly in rural areas.
- **Development partner support:** Organizations like Mastercard Foundation partner with EDI to support entrepreneurship.
- **Challenge:** Financing gap for growth-stage enterprises; limited exit options.

Table 3: Comparative Financing Mechanisms

Dimension	**Vietnam**	**Ethiopia**
Venture capital	1 billion USD (2024); active ecosystem	Limited
Startup count	3,000+ active (2024)	Growing but less documented
Specialized stock market	Proposed for innovative startups	Not under consideration

Government-backed funds	National and local venture funds	Emerging
Credit guarantees	Mandated by Resolution 68	Blended mechanisms committed
R&D incentives	200% tax deduction	Not specified
Collateral-free lending	Available through some programs	Available for youth entrepreneurs
International capital access	Strong (Singapore connection)	Limited

5.4 Cultural Dimensions of Entrepreneurship

Vietnam: Vietnam has cultivated increasingly robust entrepreneurial culture. Key features include:

- **Risk acceptance:** Prime Minister Pham Minh Chinh emphasizes "accepting risks and failures as valuable lessons" and creating "innovation culture in the whole society".
- **Youth engagement:** "People, particularly the younger generation, need to strongly promote the entrepreneurship spirit, daring to think, daring to act".
- **Role models:** Growing number of successful entrepreneurs and "technology unicorns" inspire new generations.
- **Innovation as lifestyle:** Head of Department of Startups affirms need to "foster an innovation culture among the people and make innovation a lifestyle for all citizens and organizations".
- **Tolerance for failure:** Resolution 68's emphasis on "presumption of innocence" principle extends to business regulation, signaling tolerance for experimentation.
- **National pride:** Ambition to "continue to produce technology 'unicorns'" and potentially "overtake" others reflects confidence.

Ethiopia: Ethiopia's entrepreneurial culture is emerging. Key features include:

- **Entrepreneurial spirit:** Minister Muferiat Kamil notes "Ethiopia is witnessing innovative group of entrepreneurs who have taken risks to start different businesses, often without help from the government".

- **Learning from failure:** EDI CEO Hassen Hussein notes "entrepreneurs learn from their mistakes and continuously aim for bigger goals".
- **Youth focus:** Government aims to help "young people become the next generation of business leaders." TVET system reaching six million students.
- **Role model development:** EDI works to "motivate new entrepreneurs to create successful companies from nothing, showing that you don't always need government funding".
- **Cultural shift:** National Entrepreneurship Policy's holistic definition (value creation across economic, financial, social, cultural, and political dimensions) signals broadening of entrepreneurial culture beyond business creation.

Table 4: Comparative Cultural Dimensions

Dimension	**Vietnam**	**Ethiopia**
Risk acceptance	Emphasized by leadership; "accepting risks and failures"	Emerging; entrepreneurs "take risks"
Youth engagement	"Younger generation" focus; entrepreneurial education	TVET system (6 million); youth as "next generation"
Role models	Successful "unicorns" and entrepreneurs	EDI showcasing success stories
Innovation culture	"Lifestyle for all citizens"	Developing; policy defines holistic value creation
Tolerance for failure	Legal presumption of innocence; cultural acceptance	Entrepreneurs "learn from mistakes"
National ambition	"Potentially overtake" others in technology	"Leading hub for African innovation"

5.5 Summary of Comparative Findings

Table 5: Comprehensive Comparative Analysis

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Dimension	**Vietnam**	**Ethiopia**
Foundational reform	Đổi Mới (1986)	Homegrown Economic Reform Agenda (2019+)
Reform maturity	40 years of consistent reform	Recent acceleration (2024-26)
Policy sophistication	Strategic resolution quadrant; Startup Nation project	First National Entrepreneurship Policy (2026)
SEZ governance	Decentralized management	Centralized management
Lead institution	Ministry of Science and Technology	Ministry of Labor and Skills; EDI
Startup ecosystem	3,000+ startups; 1 billion USD VC	Emerging; less documented
Venture capital	Active; international connectivity	Limited
Specialized finance	Proposed stock market for startups	Collateral-free lending for youth
Innovation targets	10,000 startups; 1 million one-person enterprises by 2030	First generation "unicorns" by unspecified date
Risk culture	Leadership emphasis on accepting failure	Entrepreneurs "take risks" often without government support
Global integration	Deep value chain integration	Emerging; learning orientation
Key strengths	40-year reform momentum; sophisticated institutions; VC ecosystem; global integration	Recent policy breakthroughs; learning orientation; youth demographic; collateral-free lending
Key challenges	Ensuring inclusive growth; reaching remote areas	Ecosystem maturity; financing gaps; implementation capacity

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6. DISCUSSION OF RESULTS

6.1 Explaining Divergent Pathways: Timing and Sequence of Reform

The differences between Vietnam's and Ethiopia's entrepreneurial ecosystems reflect fundamentally different timing and sequencing of market-oriented reforms.

Vietnam's three-decade head start has enabled cumulative institutional development. Đổi Mới in 1986 began the transition from central planning; WTO accession in 2007 deepened global integration; the current strategic resolution quadrant builds on this foundation. Each stage created conditions for the next. The venture capital ecosystem attracting 1 billion USD in 2024 did not emerge overnight—it required years of policy development, investor confidence, and track record building.

Ethiopia's reforms are more recent and compressed. The Homegrown Economic Reform Agenda launched in 2019; macroeconomic policy shifts in July 2024; the first National Entrepreneurship Policy approved January 2026 . Ethiopia is attempting to compress into a few years what Vietnam achieved over decades. This compression creates both opportunities and risks.

The Tang (2023) research on SEZ adoption illuminates this dynamic. Both countries adopted SEZs influenced by East Asian models, but Ethiopia's centralized management and Vietnam's decentralized approach reflect different institutional paths shaped by "extant institutional settings". These differences will likely persist as ecosystems mature.

6.2 The Role of Policy Learning and Emulation

Ethiopia's explicit orientation toward learning from Vietnam represents strategic policy transfer. Prime Minister Abiy Ahmed's April 2025 visit, the Ethiopian Herald's framing of Vietnam as "ideal candidate" for emulation, and the policy focus on "emulating the courage and commitment of Vietnam" all signal deliberate learning.

Research on SEZ adoption confirms that such learning is critical. Tang argues that "policy transfer as a driver of SEZ policy" and "emulation" play crucial roles in late industrialization. The coalition of NIE governments, investors, and companies become "key policy ambassadors" transferring experience.

However, learning must be adaptive, not merely mimetic. Ethiopia's different institutional context—more centralized governance, different industrial structure, different stage of development—means Vietnamese policies must be adapted, not copied. The Ethiopian policy framework's recognition of "differences as well as similarities" suggests awareness of this need.

6.3 Institutional Architecture and Coordination

Vietnam's sophisticated institutional architecture reflects decades of learning. The Ministry of Science and Technology's leadership, NATEC's implementation role, NIC's infrastructure, and Department of Startups' coordination create clear institutional 分工. The proposed specialized stock market represents innovative institutional design.

Ethiopia's architecture is less layered but strategically designed. EDI's positioning as "national anchor institution" aims to coordinate across ministries and levels. The National Entrepreneurship Policy's multi-level strategy (micro, meso, macro) provides conceptual framework for institutional development.

The challenge for Ethiopia is building implementation capacity. Vietnam's institutions have had decades to develop expertise, relationships, and track records. Ethiopia must build similar capacity while simultaneously implementing programs. EDI's role in policy development positions it well, but execution will test institutional strength.

6.4 Financing Ecosystem Development

Vietnam's financing ecosystem demonstrates the importance of staged capital availability. From microfinance to angel investors to venture capital to public markets, startups need different capital

at different stages. Vietnam's 1 billion USD venture capital market, over 3,000 startups, and proposed specialized stock market show sophisticated financing continuum .

Ethiopia's financing ecosystem is more rudimentary. Collateral-free lending for youth entrepreneurs addresses early-stage capital needs, but growth-stage financing remains scarce. Few domestic venture capital funds; limited international VC presence. Without growth capital, promising startups may stall or seek financing elsewhere.

The challenge is building venture capital ecosystem from scratch. This requires not only capital but deal flow, exit opportunities, and investor expertise. Vietnam's connection to Singapore's VC market (60-70% of regional capital) provides model for regional integration Ethiopia might pursue.

6.5 Cultural Transformation

Both countries recognize that policy and finance alone are insufficient—entrepreneurial culture must be cultivated. Vietnam's leadership explicitly addresses risk acceptance, learning from failure, and innovation as "lifestyle." Prime Minister Pham Minh Chinh's emphasis on "accepting risks and failures as valuable lessons" signals cultural permission for experimentation.

Ethiopia's cultural cultivation is at earlier stage but moving in similar direction. Minister Muferiat's acknowledgment that entrepreneurs succeed "often without help from the government" recognizes that cultural momentum precedes policy support. EDI's role in showcasing success stories builds role models. The TVET system's reach to six million students seeds entrepreneurial skills at scale .

The multi-level definition of entrepreneurship in Ethiopia's policy—value creation across economic, financial, social, cultural, and political dimensions—may prove culturally resonant, broadening entrepreneurship beyond narrow business creation to encompass wider social contribution.

6.6 Implications for Policy and Practice

The findings have significant implications for industrial policy and entrepreneurial development.

First, reform sequencing matters. Vietnam's gradual approach allowed institutions and ecosystems to develop organically. Ethiopia's compressed timeline requires deliberate capacity-building alongside policy implementation.

Second, policy learning must be adaptive. Ethiopia's explicit learning from Vietnam is strategic, but Vietnamese policies must be adapted to Ethiopian context, not merely copied. The "differences as well as similarities" frame is essential .

Third, institutional coordination is critical. Vietnam's layered institutional architecture creates clear responsibilities. Ethiopia's EDI anchor model aims for coordination but requires sustained political support and capacity.

Fourth, financing ecosystems need staged development. Early-stage capital (collateral-free lending) must be complemented by growth capital (venture capital) and exit mechanisms (public markets). Ethiopia's current focus on early stage must expand.

Fifth, cultural transformation requires sustained effort. Leadership messaging, role models, education, and tolerance for failure all contribute. Vietnam's explicit cultural cultivation offers lessons for Ethiopia.

Sixth, youth engagement is strategic. Both countries target youth as entrepreneurial demographic. Ethiopia's TVET system reaching six million students represents massive investment in future entrepreneurial capacity.

Seventh, SEZs can serve as laboratories. Vietnam's SEZ experience demonstrates how enclaves can test policies and build capabilities. Ethiopia's SEZs, influenced by China, can similarly serve as learning platforms.

7. CONCLUSION

This comparative analysis of industrial policy and entrepreneurial culture in Ethiopia and Vietnam reveals two distinct pathways shaped by timing, sequencing, and institutional development. Vietnam, with its 40-year head start in market-oriented reform, has built one of the developing world's most sophisticated entrepreneurial ecosystems. The Đổi Mới reforms of 1986 set the foundation; decades of consistent policy built upon it. Today, Vietnam boasts over 3,000 startups, 1 billion USD in venture capital investment, and ambitious targets for 10,000 startups and one million one-person enterprises by 2030 . The strategic resolution quadrant (Resolutions 57, 59, 66, 68) demonstrates sophisticated policy sequencing, while the proposed specialized stock market for innovative startups represents pioneering institutional design.

Ethiopia is at an earlier but critical juncture. January 2026 marked approval of its first-ever National Entrepreneurship Development Policy—a "historic shift" in economic thinking. This comprehensive framework defines entrepreneurship as holistic value creation across economic, financial, social, cultural, and political dimensions, establishing multi-level strategy supporting micro, meso, and macro entrepreneurial development. Complementary reforms include performance-based investment incentives, customs modernization, and macroeconomic policy shifts. Prime Minister Abiy Ahmed's April 2025 visit to Vietnam underscored deliberate policy learning, with officials explicitly citing Vietnam as "ideal candidate" for emulation.

Several cross-cutting conclusions emerge from this analysis.

First, timing and sequence shape trajectories. Vietnam's three-decade head start enabled cumulative institutional development. Ethiopia's compressed timeline requires deliberate capacity-building alongside policy implementation.

Second, policy learning can accelerate development. Ethiopia's explicit learning from Vietnam represents strategic policy transfer. Research confirms that such emulation plays crucial roles in late industrialization . However, learning must be adaptive, recognizing "differences as well as similarities".

Third, institutional coordination is essential. Vietnam's layered institutional architecture creates clear responsibilities. Ethiopia's EDI anchor model aims for coordination but requires sustained political support and capacity.

Fourth, financing ecosystems must develop across stages**.** Vietnam's continuum from venture capital to specialized stock market demonstrates staged capital availability. Ethiopia's current focus on early-stage lending must expand to growth capital and exit mechanisms.

Fifth, cultural transformation requires sustained effort**.** Vietnam's leadership explicitly cultivates risk acceptance and innovation as "lifestyle." Ethiopia's policy framework and role model development aim to build similar culture over time.

Sixth, youth engagement is strategic. Both countries target youth as entrepreneurial demographic. Ethiopia's TVET system reaching six million students represents massive investment in future entrepreneurial capacity.

Seventh, SEZs can serve as laboratories for learning. Vietnam's SEZ experience, influenced by Taiwan, and Ethiopia's SEZs, influenced by China, demonstrate how enclaves can test policies and build capabilities.

For Vietnam, the path forward involves ensuring that rapid institutional innovation translates into inclusive growth reaching all citizens, particularly in remote areas . The Startup Nation project's ambition must be matched by implementation capacity across all regions.

For Ethiopia, the priority is building implementation capacity alongside policy frameworks. The first National Entrepreneurship Policy provides vision; EDI must now execute. Financing ecosystem development, particularly growth capital, requires urgent attention. Cultural cultivation through education, role models, and leadership messaging must be sustained.

For the broader community of scholars and practitioners, this comparison underscores that industrial policy and entrepreneurial culture are mutually reinforcing. Vietnam's success demonstrates what consistent policy commitment can achieve. Ethiopia's recent reforms, informed by deliberate learning from Vietnam and other models, offer hope that even latecomers can accelerate development. The Ethiopian Herald's framing captures the aspiration: "If Ethiopia has to emulate a country that has succeeded in its economic development, Vietnam stands as an ideal candidate" . Whether Ethiopia can "emulate the courage and commitment" while adapting policies

to its unique context will determine whether it can follow Vietnam's path to entrepreneurial transformation.

8. LIMITATIONS OF THE STUDY

This study has several limitations that should be acknowledged. First, the comparative analysis relies primarily on policy documents, official statements, and published research rather than primary data collection. Direct fieldwork in both countries, including interviews with policymakers, entrepreneurs, and ecosystem actors, would strengthen comparative insights.

Second, data comparability is limited by different measurement approaches. Vietnam's ecosystem is extensively documented, with startup counts, venture capital data, and policy evaluations. Ethiopia's ecosystem is less documented, with more limited quantitative data.

Third, the study captures Ethiopia at a moment of policy breakthrough (January 2026) but cannot yet evaluate implementation outcomes. Vietnam's longer track record enables outcome assessment; Ethiopia's assessment must await future research.

Fourth, the study focuses on national-level policy with limited attention to regional variation within countries.

Fifth, the voice of entrepreneurs themselves—their experiences, challenges, and aspirations—is mediated through official sources rather than captured directly.

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10. AUTHOR CONTRIBUTIONS

The author conceived the study, designed the comparative framework, conducted the literature review and document analysis, synthesized findings across countries, and drafted the complete manuscript. The author takes full responsibility for the accuracy of information presented and interpretations offered.

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11. COMPETING INTERESTS

The author declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential competing interest.

12. AUTHORS' CONTRIBUTIONS

As sole author, I performed all roles including conceptualization, methodology development, investigation, formal analysis, writing, review, editing, and project administration.

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14. DATA AVAILABILITY

All sources analyzed in this study are publicly available documents, including policy documents, official statements, news reports, academic publications, and research briefs. Primary sources are cited in the references and accessible through the referenced publications and organizations.

15. DISCLAIMER

The views expressed in this article are solely those of the author and do not necessarily reflect the views of any institution or organization with which the author may be affiliated. The analysis is provided for scholarly purposes and should not be construed as policy guidance or investment advice. Industrial policy and entrepreneurial culture are subject to change, and readers should consult current official sources for specific information about Ethiopia, Vietnam, and entrepreneurship policy.

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