

Navigating the Entrepreneurial Ecosystem

An Ethnographic Analysis of Business Governance and Resilience in Ethiopia (2000–2026)

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ABSTRACT

The entrepreneurial landscape in East Africa is characterised by complex, informal governance structures and significant external shocks. Existing literature often overlooks the lived, day-to-day navigational strategies of business owners within this ecosystem, particularly regarding how governance mechanisms interact with resilience. This study aims to ethnographically analyse the interplay between informal business governance practices and entrepreneurial resilience. It seeks to understand how micro- and small enterprise owners perceive, negotiate, and adapt to both institutional and market-based challenges. A longitudinal ethnographic study was conducted, combining participant observation, in-depth interviews, and document analysis with a purposively selected cohort of business owners and key institutional actors in urban and peri-urban settings. A central finding is the critical role of rotating savings and credit associations (ROSCAs) as a dual-purpose governance tool, providing not only capital but also enforcing contractual discipline through social sanction. Approximately 70% of observed businesses utilised at least one ROSCA, citing peer monitoring as more effective than formal legal recourse. Resilience was cultivated through adaptive 'portfolio livelihoods', where business assets were deliberately diversified across sectors to mitigate risk. Entrepreneurial resilience is deeply embedded in socially embedded governance systems rather than formal institutional frameworks. Business navigation is a continuous process of tactical negotiation within these systems to secure resources and manage uncertainty. Financial inclusion policies should recognise and support hybrid governance models like ROSCAs. Business development programmes must move beyond standardised formalisation templates to incorporate training in adaptive portfolio management and leveraging social capital for governance. Business governance, entrepreneurial resilience, ethnography, informal institutions, ROSCAs, East Africa This paper provides a novel, empirically rich analysis of ROSCAs as a hybrid socio-financial governance mechanism, demonstrating how they simultaneously discipline market behaviour and build collective resilience, a duality previously under-theorised in business studies.

Keywords: *Ethnographic methodology, Business governance, Entrepreneurial ecosystem, Sub-Saharan Africa, Organisational resilience, Informal economies, Post-conflict reconstruction*

Article Highlights

- 70% of observed businesses utilised ROSCAs, valuing peer monitoring over formal legal recourse.
- Resilience was cultivated through adaptive 'portfolio livelihoods' diversifying assets across sectors.
- Business navigation is a continuous tactical negotiation within socially embedded governance systems.
- Entrepreneurial resilience is rooted in informal social systems rather than formal institutional frameworks.

Core Insight

The study reveals rotating savings and credit associations (ROSCAs) as a hybrid socio-financial governance mechanism, simultaneously disciplining market behaviour and building collective resilience.

This analysis is based on longitudinal ethnographic fieldwork in urban and peri-urban settings.

ABSTRACT-ONLY PUBLICATION

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