

Navigating Governance and Enterprise

An Ethnographic Account of Kenyan Business Praxis

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ABSTRACT

Business governance in sub-Saharan Africa is often analysed through formal institutional frameworks, yet the lived experiences and informal practices of entrepreneurs remain under-examined. This creates a gap in understanding how enterprises navigate the complex socio-economic landscape. This study aims to provide a granular, ethnographic understanding of how small and medium enterprise owners in an urban East African context perceive, interpret, and enact governance within their daily business praxis. A 14-month immersive ethnographic study was conducted, involving participant observation, in-depth interviews, and document analysis with 24 SME owners and key stakeholders in Nairobi. Data were analysed using iterative thematic analysis. A central finding is the pervasive theme of 'relational governance', where formal rules are consistently mediated through pre-existing social networks and moral economies. For instance, approximately 70% of observed dispute resolutions and credit agreements were brokered through clan affiliations or religious community ties rather than formal legal channels. Business praxis is characterised by a dual navigation of codified systems and deeply embedded informal institutions, where the latter often takes precedence in daily operational decision-making, challenging assumptions of linear formalisation. Microfinance institutions and policymakers should design interventions that acknowledge and strategically engage with existing relational governance structures, rather than seeking solely to replace them with formal systems. Ethnography, business praxis, informal institutions, relational governance, SMEs, East Africa This paper provides a novel, empirically rich account of the micro-level social processes that constitute governance in practice, offering a critical alternative to top-down institutional perspectives.

Keywords: *Organisational ethnography, Business praxis, Sub-Saharan Africa, Corporate governance, Informal economy, Entrepreneurial networks*

Article Highlights

- Identifies 'relational governance' as central to SME operations in Nairobi.
- Shows informal institutions often take precedence in daily decision-making.
- Challenges assumptions of linear formalization in business development.
- Argues for policy that strategically engages existing social structures.

Core Finding

Business praxis is characterized by a dual navigation of codified systems and deeply embedded informal institutions, where the latter often takes precedence.

An immersive 14-month ethnographic study of 24 SME owners in Nairobi.

ABSTRACT-ONLY PUBLICATION

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