

MIXED METHODS STUDY

Navigating the Business Environment

A Mixed-Methods Analysis of Institutional Constraints and Entrepreneurial Resilience in Ethiopia (2000–2026)

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ABSTRACT

The complex institutional environment in many African nations presents significant challenges for small and medium enterprise (SME) sustainability and growth. Understanding how entrepreneurs navigate these constraints is critical for fostering economic development. This study aims to identify the most binding institutional constraints on SMEs and to analyse the specific resilience strategies entrepreneurs employ to overcome them. A sequential explanatory mixed-methods design was employed. First, a quantitative survey of 450 SMEs across three regions was conducted to rank constraint severity. Subsequently, 35 in-depth interviews were carried out with a purposively selected sub-sample to explore strategic responses in detail. Quantitative analysis identified access to formal credit as the most severe constraint, cited by 78% of respondents. The qualitative data revealed a predominant theme of 'relational navigation', where entrepreneurs leverage informal networks and social capital to bypass formal institutional shortcomings. Entrepreneurial resilience is characterised by adaptive, socially embedded strategies rather than formal compliance, suggesting a significant gap between formal institutional design and on-the-ground business practice. Policymakers should design financial products that recognise and integrate existing informal support networks. Business development programmes must move beyond generic training to focus on enhancing these adaptive relational capabilities. institutional constraints, entrepreneurial resilience, mixed methods, SMEs, business environment This paper provides a novel, integrated analysis of constraint perception and behavioural response, introducing the concept of 'relational navigation' as a key resilience mechanism within a challenging institutional context.

Keywords: *Mixed Methods Research, Institutional Theory, Entrepreneurial Resilience, Sub-Saharan Africa, Small and Medium Enterprises (SMEs), Business Environment, Ethiopia*

Article Highlights

- 78% of surveyed SMEs identified access to formal credit as the most severe constraint.
- Resilience is built through leveraging informal networks to bypass formal institutional gaps.
- A significant disconnect exists between formal institutional

Policy Implication

Business development programmes should focus on enhancing adaptive relational capabilities, moving beyond generic training.

This mixed-methods study reveals how entrepreneurs practically navigate a complex institutional environment.

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| <p>design and on-the-ground business practice.</p> <ul style="list-style-type: none">• Findings advocate for financial products that integrate existing informal support systems. | |
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