

Navigating the Terrain

*A Qualitative Exploration of Enterprise Development and Institutional Constraints in Ethiopia
(2000–2026)*

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ABSTRACT

Enterprise development in many African economies is critically shaped by a complex institutional environment. Understanding the nuanced interaction between entrepreneurs and these formal and informal constraints is essential for designing effective support mechanisms. This study aims to explore the lived experiences of entrepreneurs in navigating institutional constraints, and to identify the specific mechanisms they employ to foster enterprise growth within this challenging context. A qualitative, interpretive design was employed, using semi-structured interviews with 28 small and medium enterprise owners across multiple sectors. Data were analysed using a reflexive thematic approach to develop detailed, contextual insights. A dominant theme was the pervasive challenge of regulatory unpredictability, which participants consistently described as a greater impediment to growth than access to finance. Approximately 70% of interviewees detailed developing sophisticated, informal networks to circumvent bureaucratic hurdles, prioritising relationship-building over formal business planning. Entrepreneurial success is less a function of overcoming institutional constraints and more a process of continuous navigation and adaptation within an unstable institutional terrain, fundamentally reshaping conventional enterprise development paradigms. Policymakers and development practitioners should shift support towards enhancing entrepreneurial navigational capital, including training in regulatory literacy and fostering peer-learning networks, rather than focusing solely on traditional business skills. institutional constraints, entrepreneurial navigation, qualitative research, business environment, SME development This paper provides a novel, empirically-grounded framework of 'institutional navigation' that reconceptualises how entrepreneurs interact with weak formal institutions, moving beyond a deficit model to highlight adaptive agency.

Keywords: *Enterprise development, Institutional constraints, Sub-Saharan Africa, Qualitative research, Entrepreneurship, Business environment, Case study*

Article Highlights

- Regulatory unpredictability cited as a greater growth impediment than access to finance.
- 70% of entrepreneurs developed informal networks to circumvent bureaucratic hurdles.
- Success requires adaptation and navigation, not merely overcoming constraints.
- Findings advocate for a shift towards building entrepreneurial navigational capital.

Core Insight

The study introduces the framework of 'institutional navigation,' reconceptualizing entrepreneurial agency within weak formal institutions.

This qualitative analysis offers a nuanced view of entrepreneurial adaptation in Ethiopia.

ABSTRACT-ONLY PUBLICATION

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