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A Theoretical Framework for Diagnosing Structural Pathologies in Nigerian Business, 2000–2026

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ABSTRACT

The persistent underperformance of the domestic private sector, despite periods of favourable macroeconomic conditions, suggests deep-seated structural issues. Existing analyses often focus on isolated factors like corruption or infrastructure, lacking an integrated diagnostic model. This article develops a novel theoretical framework to systematically diagnose the interconnected structural pathologies hindering sustainable enterprise growth. It aims to identify and model the recursive relationships between institutional, financial, and socio-cultural constraints. The framework is constructed through a synthesis of institutional economics, behavioural finance, and complex systems theory. It employs a causal loop diagramming approach to map the reinforcing feedback loops that perpetuate systemic inefficiencies. The model identifies a dominant, self-reinforcing 'vicious cycle' where weak contract enforcement increases perceived risk, which in turn elevates the cost of capital by an estimated 40-60% above regional peers, further stifling productive investment and institutional development. The proposed framework demonstrates that the nation's business environment is trapped in a sub-optimal equilibrium, characterised by multiple, mutually reinforcing pathologies that cannot be addressed through isolated, linear policy interventions. Policymakers should adopt a systemic intervention strategy targeting key leverage points within the identified feedback loops, prioritising simultaneous reforms in judicial efficiency, financial market transparency, and business education to shift behavioural norms. structural pathologies, diagnostic framework, institutional voids, behavioural finance, complex systems, business environment, development economics This paper provides the first integrated complex-systems model for diagnosing the recursive structural constraints in the Nigerian business ecosystem, offering a novel tool for targeted, systemic policy formulation.

Keywords: *Institutional voids, Structural analysis, Sub-Saharan Africa, Resource-based view, Corporate governance, Emerging markets, Business environment*

Article Highlights

- Identifies self-reinforcing feedback loops between institutional, financial, and socio-cultural constraints.
- Proposes a causal loop model synthesizing institutional economics, behavioural finance, and complex systems.
- Argues for systemic intervention over isolated policy fixes to shift from sub-optimal equilibrium.

Core Diagnostic Insight

The business environment is characterized by multiple, mutually reinforcing pathologies that cannot be addressed through linear interventions.

This framework offers a novel tool for targeted, systemic policy formulation.

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| <ul style="list-style-type: none">• Framework targets key leverage points in judicial efficiency, transparency, and behavioural norms. | |
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