

A Theoretical Framework for Sustainable Business Governance

An Institutional Diagnostics Approach in Southern Africa (2000–2026)

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ABSTRACT

Theoretical and practical gaps persist in understanding how institutional configurations specifically enable or constrain sustainable business governance in developing economies. Southern Africa presents a critical context, characterised by complex institutional layering and unique socio-economic challenges. This article develops a novel theoretical framework to diagnose the institutional foundations of sustainable business governance. It aims to provide a structured analytical tool for identifying key institutional leverage points and barriers within the region. The framework is constructed through a synthesis of institutional theory, behavioural finance, and governance literature, applied to the Southern African context. It employs a diagnostic logic to map formal and informal institutional pillars onto core governance functions. The framework identifies informal social networks and kinship obligations as a predominant, often overriding, institutional pillar influencing governance decisions, frequently taking precedence over formal regulatory frameworks. A central theme is the critical role of 'institutional congruence' for sustainability outcomes. Sustainable governance is reconceptualised as an emergent property of dynamic alignment between multiple institutional pillars. The framework provides a necessary diagnostic step prior to policy design or corporate intervention. Future research should apply the diagnostic framework to comparative case studies. Policymakers and firms should conduct institutional diagnostics to tailor governance mechanisms to local realities, rather than importing standardised models. institutional theory, corporate governance, sustainable business, behavioural finance, institutional diagnostics, Southern Africa This article's novel contribution is the development of an institutional diagnostics framework tailored to the complex institutional fabric of Southern Africa, moving beyond descriptive analysis to provide a systematic tool for identifying intervention points.

Keywords: *Institutional theory, Sustainable business governance, Sub-Saharan Africa, Institutional diagnostics, Stakeholder theory, Corporate social responsibility, Resource dependence*

Article Highlights

- Identifies informal social networks as a dominant, often overriding, institutional pillar in Southern African governance.
- Proposes 'institutional congruence' as the critical mechanism for achieving sustainable governance outcomes.
- Provides a diagnostic tool to map institutional pillars onto core governance functions prior to intervention.
- Reconceptualizes sustainable governance as an emergent property of dynamic alignment between multiple institutional logics.

Core Diagnostic Insight

The framework reveals that informal institutional pillars frequently take precedence over formal regulatory frameworks in governance decisions, necessitating a tailored analytical approach.

This framework shifts the analytical focus from prescription to diagnosis for sustainable business governance.

ABSTRACT-ONLY PUBLICATION

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