

Navigating Institutional Voids and Market Dynamics

A Diagnostic Framework for African Business Growth

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Received: 02 April 2020 | Accepted: 02 July 2020 | Published: 05 August 2020 | DOI: [10.5281/zenodo.18945762](https://doi.org/10.5281/zenodo.18945762)

ABSTRACT

African markets are characterised by significant institutional voids and complex socio-economic dynamics, which present distinct challenges and opportunities for enterprise growth. Existing frameworks often inadequately capture the interplay between these voids and evolving market forces, particularly in the context of South Africa's dual economy. This paper develops and presents a diagnostic framework to analyse how firms strategically navigate institutional voids and leverage market dynamics to achieve sustainable growth. It aims to identify the key components of this navigation process and assess their relative influence on business outcomes. The research employs a multi-method design. A systematic literature review synthesises existing concepts, which are then refined through an exploratory case study analysis of twelve high-growth firms operating across multiple sectors. Data were collected via semi-structured interviews and analysed using thematic coding. Analysis revealed that successful firms employ a three-pronged adaptive strategy: bridging institutional gaps through network alliances, innovating business models to circumvent regulatory constraints, and leveraging informal market signals. Notably, over 80% of case study firms prioritised building relational capital over formal institutional compliance as a primary growth mechanism. The proposed framework provides a more nuanced understanding of strategic adaptation in imperfect markets, moving beyond a deficit view of institutional voids to recognise their potential as catalysts for innovative business practice. Policymakers should focus on enabling environments that support relational contracting and adaptive innovation. Managers are advised to invest in building robust stakeholder networks and developing capabilities for interpreting informal market signals. institutional voids, market dynamics, diagnostic framework, business growth, adaptive strategy, relational capital This paper introduces a novel diagnostic framework that integrates behavioural finance principles with institutional theory to explain firm-level strategic adaptation in Africa's complex business landscapes, offering a tool for both academic analysis and managerial decision-making.

Keywords: *Institutional voids, Emerging markets, Business ecosystems, Diagnostic framework, Sub-Saharan Africa, Market dynamics, Enterprise growth*

Article Highlights

- Proposes a novel diagnostic framework integrating institutional theory and behavioural finance.
- Identifies a three-pronged adaptive strategy: bridging, innovating, and leveraging.
- Finds relational capital more critical than formal compliance for growth in voids.
- Shifts perspective from institutional deficits to catalysts for innovation.

Managerial Implications

Invest in building robust stakeholder networks and develop capabilities for interpreting informal market signals.

This framework offers a tool for both academic analysis and strategic decision-making.

ABSTRACT-ONLY PUBLICATION

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