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**THEORETICAL**

**A Theoretical Framework for Business Diagnostics and Governance in Tanzania**

*An African Institutional Perspective (2000–2026)*

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**ABSTRACT**

Prevailing business diagnostics and governance frameworks often inadequately capture the complex institutional realities of emerging economies. This creates a significant gap in understanding firm performance and governance challenges within specific African contexts. This article develops a novel theoretical framework for analysing business diagnostics and governance, integrating an African institutional perspective. It aims to identify and model the key institutional factors influencing firm behaviour and performance. The framework is constructed through a synthesis of institutional theory, behavioural finance, and governance literature, contextualised via a critical analysis of the domestic business environment. It employs a conceptual modelling approach to establish relational propositions. The framework posits that informal social networks exert a more substantial influence on strategic decision-making and access to capital than formal regulatory structures. A central theme is the critical role of socially embedded trust mechanisms in mitigating perceived investment risks. The proposed framework provides a more nuanced, context-sensitive lens for diagnosing business health and governance efficacy, challenging the direct application of Western-derived models. Future empirical research should apply this framework to test its propositions. Policymakers and practitioners should adopt diagnostic tools that account for the co-existence and interaction of formal and informal institutions. institutional theory, corporate governance, behavioural finance, business diagnostics, informal institutions, emerging markets This paper's novel contribution is the integration of an African institutional lens into a unified diagnostic and governance model, explicitly theorising the mediating role of social capital between formal rules and firm-level outcomes.

**Keywords:** *Institutional theory, Business diagnostics, Corporate governance, Sub-Saharan Africa, Emerging economies, Qualitative research, Case study*

**Article Highlights**

- Integrates African institutional theory with business diagnostics and governance.
- Posits social capital as a key mediator between formal rules and firm outcomes.
- Challenges the direct application of Western-derived models

**Core Proposition**

A diagnostic framework must account for the co-existence and interaction of formal and informal institutions to accurately assess business health and governance in emerging African economies.

*This conceptual framework establishes propositions for future*

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| <p>in African contexts.</p> <ul style="list-style-type: none"><li>• Emphasizes socially embedded trust mechanisms for mitigating investment risk.</li></ul> | <p><i>empirical testing in Sub-Saharan Africa.</i></p> |
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## ABSTRACT-ONLY PUBLICATION

This is an abstract-only publication. The complete research paper with full methodology, results, discussion, and references is available upon request.

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