

Navigating Institutional Voids

An Ethnographic Analysis of Entrepreneurial Agency and Market Formation in Morocco (2000–2026)

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ABSTRACT

In emerging economies, institutional voids—the absence of market-supporting institutions—pose significant challenges for enterprise. The prevailing literature often frames these voids as constraints, with less focus on how entrepreneurs actively navigate and reshape these conditions to create new markets. This study investigates the mechanisms of entrepreneurial agency within institutional voids, aiming to elucidate how entrepreneurs perceive, interpret, and act upon these gaps to facilitate market formation. A longitudinal, multi-sited ethnography was conducted, employing participant observation, in-depth interviews, and document analysis with a cohort of 42 entrepreneurs across three urban centres. Data collection and analysis followed an iterative, grounded theory approach. Entrepreneurs did not merely circumvent voids but proactively constructed informal substitutive arrangements. A dominant theme was the strategic bundling of social capital with formal business processes; approximately 70% of observed ventures relied on trusted community networks to enforce contracts, effectively creating parallel governance structures. This agency was central to the gradual formalisation of previously informal market segments. Entrepreneurial agency is a constitutive force in market formation within contexts of institutional absence. The study reframes voids as spaces of generative potential where entrepreneurial action contributes to incremental institutional change. Policymakers should design interventions that recognise and support these organic, entrepreneur-led institutional adaptations rather than imposing rigid formal frameworks. Business development programmes should facilitate network building and legitimise hybrid formal-informal practices. institutional voids, entrepreneurial agency, market formation, ethnography, informal institutions, Morocco This paper provides a novel, empirically grounded process model detailing the sequential stages through which entrepreneurial action translates institutional gaps into operable market mechanisms.

Keywords: *Institutional voids, Entrepreneurial agency, Market formation, Ethnographic methodology, North Africa*

Article Highlights

- 70% of ventures used trusted community networks to enforce contracts.
- Entrepreneurial agency reframed as a constitutive force for market formation.
- Strategic bundling of social capital with formal business processes emerged as a dominant theme.
- Study reveals voids as spaces of generative potential for incremental institutional change.

Policy Implication

Interventions should recognise and support organic, entrepreneur-led institutional adaptations rather than imposing rigid formal frameworks.

Presents a novel process model for how entrepreneurial action translates institutional gaps into market mechanisms.

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