

A Theoretical Framework for Diagnosing Structural and Governance Challenges in Nigerian Enterprises (2000–2026)

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ABSTRACT

The persistent underperformance of domestic enterprises, despite reform efforts, suggests a need for a more systematic diagnostic approach to underlying structural and governance pathologies. This article develops a novel theoretical framework to systematically diagnose the root causes of enterprise underperformance, moving beyond descriptive analysis to identify causal mechanisms and interlinkages. The framework is constructed through a synthesis of institutional economics, agency theory, and resource-based view logic, applied to the enterprise ecosystem. It employs a systems-thinking approach to model interactions between formal institutions, informal norms, and firm-level governance structures. The framework identifies a dominant, self-reinforcing cycle where weak contract enforcement erodes trust, leading to a predominant reliance on informal kinship networks for governance, which in turn perpetuates opaque decision-making and constrains strategic growth. A central theme is the misalignment between formal corporate governance codes and the informal relational governance that actually dictates firm operations. The proposed framework provides a coherent lens for analysing enterprise challenges as systemic outcomes rather than isolated failures, offering a foundation for targeted intervention design. Policymakers and development practitioners should apply this diagnostic framework to design interventions that specifically address the identified causal linkages, particularly focusing on aligning formal and informal governance mechanisms. theoretical framework, corporate governance, institutional voids, enterprise development, diagnostic model, business ecosystems This paper's novel contribution is a diagnostic framework that models the recursive relationship between macro-level institutional voids and micro-level governance failures, providing a tool for generating context-specific enterprise development strategies.

Keywords: *Corporate governance, Institutional theory, Emerging markets, Sub-Saharan Africa, Structural analysis, Diagnostic framework, Nigerian enterprises*

Article Highlights

- Models the recursive link between institutional voids and firm-level governance failures.
- Identifies misalignment between formal codes and informal relational governance.
- Provides a systemic diagnostic tool for context-specific intervention design.
- Synthesizes institutional economics, agency theory, and resource-based view logic.

Core Diagnostic Insight

The framework reveals how weak contract enforcement erodes trust, forcing a reliance on kinship networks that then perpetuates governance opacity and limits growth.

This theoretical framework enables a systemic analysis of enterprise challenges as interconnected outcomes.

ABSTRACT-ONLY PUBLICATION

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