

Editorial

Rethinking Institutions, Capital, and Capability in African Entrepreneurship.

Special Issue – Selected Papers from the AEC Conference

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Introduction

Entrepreneurship scholarship has increasingly recognised that venture creation cannot be adequately understood in isolation from the institutional, cultural and infrastructural conditions in which it unfolds (Welter, 2011). This special issue of *AJEIDR* brings together ten papers selected from the AEC Conference for their methodological rigour, originality, and relevance to entrepreneurship, innovation, and development across the African continent. Reviewed against a common set of criteria - novelty, methodological rigour, relevance, and clarity of communication - the ten contributions gathered here represent the strongest work to emerge from a field of thirty-one submissions spanning nine conference tracks.

The premise uniting this collection is that context is not a residual variable to be controlled away in pursuit of generalisable theory, but the very terrain on which entrepreneurial behaviour, opportunity and constraint are constituted (Welter, 2011). This claim carries particular weight in African settings, where formal institutions are frequently thin, unevenly enforced, or absent altogether, and where the relationship between institutional voids and entrepreneurial behaviour is consequently more visible, and more consequential, than in the mature-market economies from which much entrepreneurship theory was originally derived (Bruton, Ahlstrom, & Li, 2010; Khanna & Palepu, 2010). A large share of entrepreneurial activity across the continent therefore takes place outside, or at the margins of, formal regulatory and financial systems. Rather than treating this informality as a deficient or transitional condition, a now well-established stream of scholarship reads it as a distinct governance order, one that mobilises collective identity, kinship obligation and community-level sanctioning to perform the trust and enforcement functions that formal courts and contracts would otherwise provide (Webb, Tihanyi, Ireland, & Sirmon, 2009).

A parallel critique applies to the dominant “high-growth” or Silicon Valley template of entrepreneurship, which is empirically the exception rather than the rule even within the economies where it originated (Audretsch, 2021), and which travels still less comfortably into settings defined by informality, kinship-based resource mobilisation and necessity-driven venturing. The risk, as management scholars working on the continent have argued, is that imported frameworks are applied to African settings as if institutional absence were simply market failure, when it is more accurately read as a different institutional configuration with its own logics, and one that African entrepreneurship research is well placed to theorise on its own terms rather than as a deviation from an assumed norm (George, Corbishley, Khayesi, Haas, & Tihanyi, 2016).

Taken together, the papers in this issue resist a single narrow reading of what African entrepreneurship research looks like in 2026. They range from a twelve-month digital ethnography of informal trading communities to a decade-long panel-data analysis spanning forty-two countries; from indigenous apprenticeship systems reimaged for the digital economy to the political economy of domestic capital formation. What unites them is a shared insistence that context — institutional, cultural, infrastructural — is not a control variable to be reasoned away, but the very subject the field must take seriously.

We have organised the contributions into three thematic clusters to help readers navigate the issue: (I) informal institutions and digital platforms, (II) capital, capability, and human development, and (III) governance, law, and policy. Each cluster is introduced briefly below and situated against the relevant literature, followed by short synopses of the individual papers.

I. Informal Institutions and Digital Platforms

The opening cluster examines how entrepreneurial activity organises where formal institutions are thin, unreliable, or absent, and how digital platforms reshape that organisation rather than replace it outright. This builds on the argument that informal economic activity is not simply formal entrepreneurship minus regulation, but a governance order in its own right, one that substitutes collective identity and community-level sanctioning for the contract enforcement that formal courts would otherwise provide (Webb et al., 2009). The paper in this cluster extends that argument into a digital register, showing how messaging platforms now perform institutional work once confined to physical marketplaces and kinship networks.

Irene, B., Asabi, A., & Dakolo, B. *“WhatsApp and Telegram Commerce as an Informal Institution: Trust, Enforcement, and Dispute Resolution in West African Trade Communities.”* Drawing on twelve months of digital ethnography across forty trading communities in Nigeria and Ghana, this paper documents how buyers and sellers on messaging platforms construct functioning institutions of trust, enforcement, and dispute resolution without recourse to formal contracts or courts. Using conversation analysis on roughly 180 negotiation sequences alongside twenty key-informant interviews, the authors show that platform commerce is not merely informal trade migrating online, but a distinct governance order with its own norms and sanctions. This paper anchors the special issue and was recognised as its best paper overall.

II. Capital, Capability, and Human Development

The second cluster turns to the resources, financial, technical, and human, that entrepreneurial ecosystems depend on, and to the models, both indigenous and imported, that mobilise them. The institutional-voids perspective is instructive here: where formal credit and equity markets are underdeveloped, entrepreneurs and investors alike must construct substitute mechanisms, informal capital networks, family labour, community-based training, to close the resulting gaps (Khanna & Palepu, 2010). The papers gathered in this cluster examine both the persistence of these substitute mechanisms and, in several cases, their reinvention for a digital and AI-inflected economy.

White, B. *“Beyond the Funding Gap: Mobilising Domestic Capital Under Institutional Thinness.”* Based on twenty-four interviews with founders, domestic investors, and policymakers in Tanzania, this paper proposes a “Domestic Capital Flywheel” model explaining why local capital mobilisation lags foreign investment even where domestic wealth exists. Written by a practising investor, the paper won both Best Paper for Knowledge Exchange and Best Practitioner-Scholar Paper for translating rigorous field research into a model ecosystem builders can use directly.

Edeze, Chidimma A. “*Adapting the Igbo ‘Igba Boi’ Apprenticeship Model for the Digital Economy.*” This co-creative, participatory study with eighty-three apprenticeship participants reimagines the centuries-old Igbo Igba Boi trade apprenticeship system as a framework for closing digital-skills gaps. The paper was recognised as Best Gender & Inclusion Paper for its explicit attention to who is included in, and excluded from, traditional and digital apprenticeship pathways.

El Mnouer, O., Katfi, A., Ghallal, S., Katfi, H., & Abdelmeguid, N. “*University Incubators as Catalysts for Entrepreneurial Intentions in Morocco.*” Drawing on a multi-institutional Moroccan sample, this paper examines the conditions under which university-based incubators meaningfully shift students’ entrepreneurial intentions, rather than merely hosting activity without changing outcomes. It offers one of the more empirically grounded contributions on entrepreneurship education in this issue.

Asabi, A., & Emedo, C. “*Entrepreneurial Dynamic Capabilities and AI Readiness in the Nigerian Real Estate Sector.*” Using PLS-SEM on a sample of 250 firms, this student-authored paper tests how dynamic capabilities shape organisational readiness to adopt AI in Nigeria’s real estate sector — a technically rigorous contribution recognised as this issue’s Best Student Paper.

Ugburo, I. U., Shalimba, V., & Okorie, M. “*Unlocking Electric Bicycle Adoption: Pay-As-You-Go Battery Business Models.*” This paper models the economics of pay-as-you-go battery systems for electric bicycles, combining engineering simulation with business-model analysis to identify the cost and energy thresholds at which e-bike adoption becomes commercially viable for African micro-mobility markets.

III. Governance, Law, and Policy

The final cluster steps back to the formal institutional layer, law, taxation, and firm governance, and asks how well it serves the entrepreneurs operating beneath it. This is squarely the terrain of institutional theory’s central claim: that formal rule change does not mechanically translate into behavioural change on the ground, particularly where reform is not accompanied by shifts in the normative and cognitive institutions, social norms, taken-for-granted assumptions about legitimate practice, that actually govern everyday conduct (Bruton et al., 2010). The papers in this cluster test that claim empirically and conceptually across four distinct policy domains.

Ilonga N’Kupo, P. “*Why Legal Advances Fail to Translate Into Economic Inclusion for Women Entrepreneurs.*” Using panel data across forty-two African countries from 2011 to 2022, and combining fixed- and random-effects models with a difference-in-differences design, this paper shows that formal legal reforms expanding women’s economic rights frequently fail to produce commensurate gains in entrepreneurial participation. It is the most methodologically rigorous quantitative contribution in the issue and was awarded Best Empirical/Quantitative Paper.

Ngwenyi Meungwe & Alolo, N. E. “*Strategic Enforcement and VAT Gap Closure in Sub-Saharan Africa.*” Examining e-invoicing and enforcement reforms across five countries, this paper offers a rigorous, policy-facing analysis of what closes the value-added tax compliance gap, and what does not. It was recognised as Best Policy Impact Paper for its direct relevance to tax administrators and regulators.

Afedzie et al. *“Family Enterprise Governance in Ghana.”* This multiple-case qualitative study examines how socio-cultural norms shape governance structures in Ghanaian family enterprises, contributing a grounded account of governance that neither romanticises informal practice nor assumes the superiority of formal corporate models.

Discussion and Future Directions

Read together, these ten papers advance a case that is at once empirical and theoretical: that entrepreneurship in African settings is best understood not as a deficient or lagging version of a Western template, but as a distinct set of institutional arrangements that merit study on their own terms (George et al., 2016). Several implications follow.

Methodologically, the strongest contributions in this issue combine qualitative depth, ethnography, comparative case study, participatory co-creation, with longitudinal or cross-country evidence (a forty-two-country panel; multi-year comparative cases) that lets institutional change, and its limits, be observed over time rather than assumed. Theoretically, several papers extend rather than simply apply institutional and resource-based frameworks, reworking succession, capital formation, and legitimacy for settings in which the assumptions underlying the original frameworks do not straightforwardly hold. Most pressingly, a number of contributions converge on a related finding: that closing formal gaps - in law, in credit access, in digital infrastructure - is necessary but insufficient without a corresponding shift in the informal, normative order that shapes how those formal provisions are actually used in practice (Bruton et al., 2010).

This points toward a research agenda that we hope this special issue helps advance: more comparative, cross-country work tracing how identical formal reforms play out differently across institutional settings; more longitudinal designs capable of separating durable institutional change from short-term compliance; and sustained attention to the entrepreneurs and communities who build functioning economic institutions from below, often without formal recognition, and increasingly through digital means.

Closing Remarks

Selecting ten papers from a strong field of thirty-one submissions required difficult trade-offs, and several papers not included here were of publishable quality and narrowly missed inclusion on grounds of thematic balance or overlap with other selections. We are grateful to the AEC Conference organising committee, to the authors for their contributions, and to the reviewers whose assessments of novelty, rigour, relevance, and clarity shaped this issue.

We hope this collection sparks further inquiry into the institutional, financial, and human foundations of entrepreneurship across the continent, and that it models a standard of rigour and contextual grounding for future submissions to AJEIDR.

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