

# A Comparative Analysis of Corporate Governance and Entrepreneurial Diagnostics in Kenya (2000–2026)

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## ABSTRACT

The interplay between formal corporate governance frameworks and informal entrepreneurial diagnostic practices is a critical but under-researched determinant of business resilience in emerging economies. This study addresses a significant gap in the behavioural finance literature concerning how these two domains interact within a dynamic African market context. This comparative study aims to systematically analyse the convergence and divergence between established corporate governance principles and the practical diagnostic heuristics employed by entrepreneurs. It seeks to identify the behavioural and institutional factors that either facilitate or hinder their effective integration for sustainable business performance. The research employs a longitudinal, mixed-methods design, combining content analysis of corporate governance reports from listed firms with in-depth, semi-structured interviews and survey data collected from founders and senior executives of small, medium, and large enterprises. A comparative framework is used to analyse the data across different sectors and ownership structures. A key finding is a pronounced divergence, with formal governance mechanisms prioritising compliance and risk mitigation, while entrepreneurial diagnostics are predominantly oriented towards opportunity recognition and operational agility. Notably, over 60% of interviewed entrepreneurs viewed prescriptive governance codes as a constraint on strategic flexibility during periods of market volatility. The study concludes that a significant disconnect exists between codified governance standards and the adaptive, heuristic-based decision-making prevalent in the entrepreneurial sector. This misalignment can generate behavioural biases and impede the scaling of enterprises. Policymakers and industry bodies should develop hybrid governance guidelines that incorporate diagnostic flexibility. Firms are encouraged to establish governance education programmes for founders and to create board-level roles with explicit responsibility for integrating entrepreneurial insight into strategic oversight. corporate governance, entrepreneurial diagnostics, behavioural finance, Kenya, comparative analysis, business heuristics This paper provides a novel, integrated framework for analysing the behavioural tensions between formal governance and entrepreneurial practice, introducing the concept of 'diagnostic alignment' as a critical success factor for firms in emerging markets.

**Keywords:** *Corporate governance, entrepreneurial diagnostics, emerging economies, Sub-Saharan Africa, comparative analysis, business resilience*

### Article Highlights

- Over 60% of entrepreneurs view prescriptive governance codes as a constraint on strategic flexibility.
- Identifies a significant disconnect between codified

### Policy & Practice Implications

Develop hybrid governance guidelines that incorporate diagnostic flexibility. Firms should create board-level roles to integrate entrepreneurial insight into strategic oversight.

<p>standards and adaptive, heuristic-based decision-making.</p> <ul style="list-style-type: none"><li>• Proposes hybrid governance guidelines that incorporate diagnostic flexibility for emerging markets.</li><li>• Introduces 'diagnostic alignment' as a critical success factor for business resilience.</li></ul>	<p><i>This study provides a novel framework analysing behavioural tensions between formal governance and entrepreneurial practice.</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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