

Navigating the Business Environment

A Qualitative Analysis of Strategic Challenges and Governance in Kenya (2000–2026)

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ABSTRACT

The strategic and governance landscape for enterprises in Kenya has undergone significant transformation, influenced by evolving regulatory frameworks, market liberalisation, and regional integration. While quantitative studies capture macroeconomic trends, a nuanced understanding of persistent managerial challenges and adaptive governance practices remains under-explored. This study aims to identify and analyse the principal strategic challenges faced by business leaders and to examine the governance mechanisms they employ to navigate the complex institutional environment. A qualitative, multi-case study design was employed, utilising in-depth, semi-structured interviews with 42 senior executives and board members from listed and large private firms. Data were analysed using a thematic analysis approach to derive inductively generated categories. A predominant theme was the strategic burden of 'regulatory multiplicity', where conflicting directives from different agencies create operational uncertainty. Approximately 70% of participants cited this as a critical constraint on long-term investment planning. Firms adopted hybrid governance models, blending formal compliance with informal relational networks to mitigate these institutional voids. Strategic decision-making is profoundly shaped by a non-uniform institutional environment, compelling firms to develop sophisticated, context-specific governance adaptations that extend beyond conventional agency theory prescriptions. Policymakers should harmonise regulatory mandates across ministries and agencies. Corporate boards are advised to formally integrate institutional navigation and stakeholder mapping into strategic risk oversight committees. Strategic management, corporate governance, institutional theory, business environment, qualitative case study, East Africa This paper provides novel empirical evidence of 'hybrid governance' as a critical strategic response to institutional complexity, offering a refined conceptual model for analysing firm-level adaptation in emerging markets.

Keywords: *Strategic management, Corporate governance, Sub-Saharan Africa, Qualitative case study, Market liberalisation, Institutional theory*

Article Highlights

- 70% of executives cite 'regulatory multiplicity' as a critical constraint on long-term planning.
- Hybrid governance emerges as a key strategic response to institutional complexity.
- Strategic decision-making is profoundly shaped by a non-uniform institutional environment.
- Findings extend conventional agency theory with context-specific governance adaptations.

Core Finding

The study identifies 'regulatory multiplicity'—conflicting directives from different agencies—as a predominant strategic burden, compelling firms to develop sophisticated hybrid governance models.

This qualitative analysis offers novel insights into firm-level strategic adaptation in Kenya's evolving business environment.

ABSTRACT-ONLY PUBLICATION

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