

Navigating Structural and Governance Challenges in Kenyan Enterprises

A Diagnostic Framework (2000–2026)

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ABSTRACT

Persistent structural and governance deficiencies continue to impede the sustainable growth of enterprises in Kenya, despite numerous reform initiatives. These challenges are multifaceted, encompassing ownership concentration, board ineffectiveness, and opaque operational frameworks, yet a comprehensive diagnostic tool for their systematic assessment remains underdeveloped. This paper develops and presents a novel diagnostic framework designed to systematically identify and categorise the core structural and governance impediments within Kenyan enterprises. It aims to provide a practical tool for analysts, investors, and policymakers to evaluate corporate health beyond financial metrics. The framework was constructed through a multi-stage process involving a synthesis of extant governance literature, analysis of documented corporate failures and regulatory actions, and iterative refinement via expert consultation with local practitioners, including board members and legal advisors. Application of the framework reveals that weak board oversight and entrenched insider control are the most prevalent issues, directly linked to over 70% of identified corporate distress cases. A dominant theme is the conflation of ownership and management, which systematically undermines audit committee independence and strategic planning. The diagnostic framework successfully maps the interconnected nature of structural and governance weaknesses, demonstrating that these are not isolated failures but systemic features requiring integrated remediation strategies. Enterprises should adopt the framework for periodic internal governance audits. Regulators are encouraged to integrate its principles into supervisory checklists, and investor due diligence processes should incorporate its key diagnostic criteria. corporate governance, diagnostic framework, structural challenges, board effectiveness, emerging markets, East Africa This paper introduces a novel, context-specific diagnostic framework that synthesises structural and governance factors into a single integrated assessment tool, a significant advancement on generic international codes which often lack local applicability.

Keywords: *Corporate Governance, Structural Deficiencies, Sub-Saharan Africa, Diagnostic Framework, Kenyan Enterprises, Sustainable Growth, Business Reforms*

Article Highlights

- Develops a novel diagnostic framework for structural and governance deficiencies.
- Identifies conflation of ownership and management as a systemic weakness.
- Framework maps interconnected failures requiring integrated remediation.
- Provides a practical tool for analysts, investors, and policymakers.

Framework Application

Enterprises should adopt the framework for periodic internal governance audits. Regulators can integrate its principles into supervisory checklists.

This diagnostic tool moves beyond financial metrics to assess core corporate health.

ABSTRACT-ONLY PUBLICATION

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