

# Policy Diagnostics and Governance Frameworks for Kenyan Enterprise

A Critical Analysis (2000–2026)

Fatima Hassan<sup>1,2</sup>, Omondi Otieno<sup>3</sup>, Kamau Njoroge<sup>4,5</sup>

Wanjiku Mwangi<sup>3,6</sup>

Department of Interdisciplinary Studies, Kenyatta University | Strathmore University | Kenya Medical Research  
Institute (KEMRI) | Department of Research, Kenya Medical Research Institute (KEMRI) | Department of  
Interdisciplinary Studies, Strathmore University | Department of Advanced Studies, University of Nairobi

Correspondence: [fhassan@hotmail.com](mailto:fhassan@hotmail.com)

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## ABSTRACT

The persistent gap between policy formulation and implementation has been identified as a critical constraint on enterprise development and economic growth in Kenya. Despite numerous policy initiatives, systemic governance challenges continue to undermine the business environment, affecting competitiveness and investment. This analysis critically evaluates the evolution of enterprise policy and governance frameworks, aiming to diagnose specific institutional failures and propose a coherent model for enhancing policy efficacy and accountability within the business ecosystem. The study employs a longitudinal policy analysis, combining documentary analysis of key policy texts, legislative frameworks, and official reports with a structured review of independent evaluations and stakeholder assessments. This diagnostic approach assesses coherence, implementation fidelity, and outcomes. A central finding is the recurrent theme of policy dilution during implementation, where an estimated 60% of analysed policies exhibited significant deviation from their original design intent due to fragmented institutional mandates. This has perpetuated a high-compliance-cost environment for small and medium-sized enterprises. The diagnostic reveals that structural governance weaknesses, rather than a lack of policy intent, are the primary impediment to a transformative business environment. Effective enterprise development requires fundamentally re-engineered implementation mechanisms. Establish an independent, statutory Policy Implementation Oversight Unit; mandate integrated regulatory impact assessments for all new business legislation; and adopt a unified digital platform for all national and county-level business licensing and compliance. This paper provides a novel diagnostic framework that disaggregates policy failure into discrete institutional and procedural components, offering a replicable model for systemic governance analysis in emerging economies.

**Keywords:** Policy implementation gap, Governance frameworks, Enterprise development, Sub-Saharan Africa, Policy diagnostics, Institutional analysis, Business environment

### Article Highlights

- 60% of analysed policies exhibited significant deviation from original design intent.
- Fragmented institutional mandates perpetuate high-compliance-cost environments for SMEs.
- Diagnostic framework disaggregates policy failure into institutional components.

### Core Recommendation

Establish an independent Policy Implementation Oversight Unit and a unified digital platform for all business licensing to address systemic governance failures.

*This analysis provides a replicable diagnostic model for governance in emerging economies.*

<ul style="list-style-type: none"><li>• Proposes statutory oversight and unified digital platform for business compliance.</li></ul>	
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