



DE-RISKING KENYAN START-UPS THROUGH CORPORATE GOVERNANCE

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Abstract

Corporate governance remains the focus of current research and a concept that continues to evolve to meet the needs both small and Large corporate firms. Kenya's startup ecosystem has witnessed significant growth in recent years, propelled by a surge in entrepreneurial activities and a supportive environment for innovation. However, despite this growth, many startups still struggle to survive beyond the initial stages. In the recent past, attention has been given to financing and access to finance by the enterprises in the sector however, the failure rates continue to escalate. Scant literature is available on the role of corporate governance in de-risking the startup ecosystem in Kenya. A mixed method approach of desktop reviews as well as case study sheds light on whether corporate governance practices enhance the survival prospects of startups in Kenya. The review identifies key challenges faced by startups in Kenya, analyzes the importance of corporate governance mechanisms in mitigating risks, and discusses strategies for integrating effective corporate governance practices into the startup ecosystem. The case study espouses the dilemma faced by startups even though they are able to attract a large sum of capital, their survival rate is relatively low. The policy and legal framework governing the ecosystem is examined and recommended to be considered by the start ups, the startup Bill awaits ascension, this will be the gateway to success for the start ups.

Keywords: Startup ecosystem, Kenya, corporate governance, de-risking, survival



INTRODUCTION

The startup ecosystem in Kenya has experienced remarkable growth in recent years, fueled by a combination of factors such as technological advancements, increased access to funding, and a growing culture of entrepreneurship. According to the Global Entrepreneurship Index (GEI), Kenya ranks among the top countries in Africa for entrepreneurial activity, with a vibrant ecosystem comprising startups across various sectors, including technology, agriculture, finance, and healthcare¹. According to the report, Kenya's startup ecosystem has achieved significant progress, including increased funding and the introduction of supportive policies and regulations. However, the lack of accurate and quality data on the development and dynamics of the ecosystem is a significant barrier to effective startup and innovation policy and program design.

A startup is a newly developed or young company that presents great growth potential and markets services and products using information and communication technologies. Startups are defined as companies whose (highly) innovative technologies and/or business models characterize them. Usually, they are less than 10 years old and have increased or are trying to increase their number of employees and/or sales.² defines the term "startups" as an independent technology-based project or company that appears with the mission of validating a clearly innovative business, product, or service model that has high growth potential³. In this sense, the most important characteristics of startups are the absence of routines and their flexible encouragement of innovative skills. These factors are very important for managers who monitor these companies. They must emphasize creativity and engage with partners to get the legitimacy and resources they lack.⁴

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. It encompasses mechanisms designed to ensure accountability, transparency, and fairness in the management of an organization, thereby safeguarding the interests of stakeholders and enhancing overall performance⁵. While corporate governance has traditionally been associated with established corporations, its relevance to startups is increasingly being recognized, particularly in the context of risk management and sustainable growth. Corporate governance plays an important role in the establishment of ethical and social practices throughout the firm's structure and its relations with creditors, cus-

¹ Global Entrepreneurship Index, 'Global Entrepreneurship Index 2020: Sub-Saharan Africa' (2020) <https://thegedi.org/global-entrepreneurship-index-2020-sub-saharan-africa/>

² Kollmann et al. (2016)

³ The Spanish Association of Startups

⁴ Fernández and Beukel (2017)

⁵ R Tricker, *Corporate Governance: Principles, Policies, and Practices* (Oxford University Press 2015).

tomers, employees, shareholders, investors, and regulatory bodies. Moreover, it enhances the legal compliance recommendations and prevents unethical and illegal firm behavior⁶.

Most empirical literature on corporate governance has examined characteristics of listed companies on this field, theoretically and empirically, whether in a Spanish or an international context. Lessons can be learnt from Israel infamously known as “the Start-Up Nation”, currently ranked first among the OECD countries in terms of country investment in research and development (R&D). The Israeli Innovation Authority (IIA) manages the process by providing startup companies with grants for R&D of technological products and services. With over 6,000 active startups and an economy dominated by industrial high-tech and entrepreneurship, Israel in 2016 alone, startups raised a record \$4.8 billion from investors, while high-tech and startup companies were sold for \$10.02 billion through acquisitions or IPO's⁷.

De-risking should be normally a government initiative that will ensure startups become attractive to conservative commercial lenders. This arrangement is very vital for the startup ecosystem. De-risking startups also opens doors for local and international venture capitalists who would have their confidence affirmed⁸.

In the Kenyan context, the importance of effective corporate governance in startups cannot be overstated. Poor governance practices can expose startups to various risks, including financial mismanagement, conflicts of interest, and regulatory non-compliance, which can undermine their survival prospects (Adhikari & Agrawal, 2016). Therefore, it is imperative to explore whether corporate governance can serve as a catalyst for de-risking and scaling the startup ecosystem in Kenya.

Challenges Faced by Startups in Kenya

Over the last 10 years, maturity of the business landscape has unlocked new opportunities in Africa, especially the entry of accelerators, incubators, and other start-up ecosystem players. These organizations are constantly adapting their models to respond to the ever-changing needs of the ventures they support. Kenya has made significant strides in the start-up scene, however, there is a heavy concentration of activity in Nairobi the capital city, leading to disparity within the country. Opportunities for collaboration are bypassed in favour of duplication of programs and consequently funds that should ultimately support entrepreneurs are spread thin. a number of challenges bedevilled start-ups, access to financing and risk

⁶ Al-Malkawi et al. (2010).

⁷ G Eweje and M Sakaki, 'Corporate Governance and Corporate Social Responsibility (CSR) in Emerging Economies: An Introduction to the Special Issue' (2016) 24(3) *Corporate Governance: An International Review* 207.

⁸ KPMG, 'Corporate Governance: A Practical Guide' (2020)

<https://home.kpmg/xx/en/home/insights/2017/09/corporate-governance-a-practical-guide.html>

capital, lack of sector coordination, weak start-up culture, me too businesses, insufficient policies and guidelines on incubation and commercialization, and lack of a robust monitoring, evaluation and learning system. These challenges stem from both internal and external factors and can significantly impact the viability and sustainability of startups in the long run.⁹

Some of the key challenges faced by startups in Kenya include:

1. Access to Funding: Securing adequate funding remains a major hurdle for startups in Kenya, with limited availability of venture capital and angel investors constraining growth opportunities¹⁰.
2. Regulatory Environment: Startups often grapple with complex regulatory requirements and bureaucratic hurdles, which can impede their ability to operate efficiently and comply with legal obligations¹¹
3. Talent Acquisition: Recruiting and retaining skilled personnel pose significant challenges for startups in Kenya, particularly in highly competitive sectors where demand for talent outstrips supply¹²
4. Market Dynamics: Startups face intense competition and market saturation in certain sectors, making it challenging to differentiate their products or services and gain market share¹³
5. Infrastructure Deficiencies: Inadequate infrastructure, including unreliable electricity supply and poor internet connectivity, hampers the operations of startups and increases operational costs¹⁴.

LITERATURE REVIEW

This section presents a review of relevant literature in the area of study. It provides a critical review of the available literature and highlights the gaps and issues identified in the

⁹ Stephen Muathe et al, 'Understanding Startups Ecosystem in Kenya: Drivers, Challenges, and Opportunities' (2022) 10(3) *Journal of Business and Management Sciences* 138.

¹⁰ UNCTAD, *World Investment Report 2020: International Production Beyond the Pandemic* (2020) https://unctad.org/system/files/official-document/wir2020_en.pdf

¹¹ P Muriu, C Chepngeno and TK Omwansa, 'Startup Ecosystem Analysis: Kenya' (2019) https://esip.co.ke/wp-content/uploads/2020/05/Startup-Ecosystem-Analysis_Kenya_vFinal.pdf

¹² World Bank, 'Kenya Economic Update: Lighting up the Economy' (2018) <http://documents.worldbank.org/curated/en/783371528759057963/pdf/Kenya-Economic-Update-Lighting-Up-the-Economy.pdf>

¹³ E Ngugi, J Njoroge and A Kimani, 'The Role of the Kenyan Government in Fostering a Conducive Environment for Growth of Technology Startups' (2017) 9(1) *African Journal of Science, Technology, Innovation and Development*

¹⁴ African Development Bank, 2021

study. In addition, the chapter brings out the theoretical and conceptual perspectives that present the theories and fundamental concepts that guided the study.

Legal and Policy Framework governing the Small and Medium Enterprises in Kenya

One characteristic of start-ups in Kenya is that all start-ups are MSMEs, but not all MSMEs are start-ups. MSME's policy development has been an integral part of the policy process in Kenya since independence. With the dynamic nature of the business environment and changing global, regional, and local development priorities; MSME policies have been evolving over the years to adapt to the prevailing conditions. The policies date back to 1965 when Sessional Paper No. 10 of 1965 on African Socialism and its Application to Planning in Kenya was developed to provide a policy framework that would enable local Africans to acquire the skills necessary to own and manage enterprises. Under this sessional paper, the priority areas of focus were still skills development, access to finance, extension services for agriculture, incentives for investment in machinery as well as innovation and technology¹⁵. Sessional Paper No. 2 of 1992 on Small Enterprises and Jua-kali Development in Kenya followed intending to have one comprehensive policy framework that covered all aspects of supporting MSMEs as core agents in economic growth and development.

In 2005 Sessional Paper No. 2 of 2005 on Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction was developed to build on the Sessional Paper No. 2 of 1992 to enforce the implementation of the interventions proposed in the earlier paper. Among the key priority areas that this policy focused on were linkages of MSMEs with large corporates, access to finance, development, acquisition, and transfer of technology by the small enterprises, and enhanced access to larger markets by small businesses including through special reservations in public procurement as well as provision of institutional support¹⁶.

Following the enactment of the MSE Act of 2012, other policies have been developed that have direct reference to the MSME sector in the country; or enhance the implementation of the 2005 sessional paper provisions¹⁷. Sessional Paper No. 5 of 2020 on Kenya Micro and

¹⁵ P Muriu, C Chepngeno and TK Omwansa, 'Startup Ecosystem Analysis: Kenya' (2019) https://esip.co.ke/wp-content/uploads/2020/05/Startup-Ecosystem-Analysis_Kenya_vFinal.pdf accessed 2 December 2024.

¹⁶ E Ngugi, J Njoroge and A Kimani, 'The Role of the Kenyan Government in Fostering a Conducive Environment for Growth of Technology Startups' (2017) 9(1) *African Journal of Science, Technology, Innovation and Development*.

¹⁷ P Nyamwange and I Ondabu, 'The Impact of Risk Management on Financial Performance of Commercial Banks in Kenya' (2020) 9(4) *International Journal of Finance and Accounting* 181.

Small Enterprises Policy for Promoting Micro and Small Enterprises (MSEs) for Wealth and Employment Creation also came up targeting the MSME sector with the ultimate goal of creating a conducive and enabling environment for small business enterprises to grow, create decent jobs and increase their contribution to the overall social-economic development of the country.

The Startup Bill 2021 in Kenya aims to foster innovation and entrepreneurship by providing a supportive legal framework for startups. It proposes measures to simplify business registration processes, offer tax incentives, protect intellectual property rights, and facilitate access to funding and resources. By creating an enabling environment, the bill seeks to promote startup growth, job creation, and economic development in Kenya.

Corporate Governance as a De-risking Mechanism

Corporate governance mechanisms play a crucial role in mitigating risks and enhancing the resilience of organizations, including startups. By promoting transparency, accountability, and ethical conduct, effective corporate governance practices can help startups identify and address potential risks proactively, thereby reducing their exposure to adverse events (Eweje & Sakaki, 2016). Several corporate governance mechanisms are particularly relevant to startups in the Kenyan context:

1. **Board Composition:** Establishing a diverse and independent board of directors can bring valuable expertise and oversight to startups, helping them navigate challenges and make informed decisions¹⁸.
2. **Financial Controls:** Implementing robust financial controls and reporting mechanisms can safeguard against fraud, embezzlement, and mismanagement of funds, enhancing investor confidence and access to capital¹⁹.
3. **Regulatory Compliance:** Adhering to relevant laws, regulations, and industry standards is essential for startups to avoid legal pitfalls and reputational damage associated with non-compliance²⁰.
4. **Risk Management Frameworks:** Developing comprehensive risk management frameworks enables startups to identify, assess, and mitigate risks across various dimensions, including financial, operational, and strategic risks²¹.

¹⁸CJ Mbachu and UO Nwankwo, 'Corporate Governance and Firm Performance: Evidence from Nigeria' (2018) 9(3) *African Journal of Economic and Management Studies* 340.

¹⁹ KPMG, 2020.

²⁰ EM Mutunga and A Wang'ombe, 'Corporate Governance and Financial Performance of Commercial Banks in Kenya' (2019) 8(6) *International Journal of Finance and Accounting* 235.

5. Stakeholder Engagement: Engaging with stakeholders, including investors, employees, customers, and the community, fosters trust and collaboration, enhancing the reputation and sustainability of startups²².

In addition to de-risking startups, corporate governance can also facilitate their scaling and growth trajectory. A well-governed startup is better positioned to attract funding, forge strategic partnerships, and enter new markets, thereby accelerating its expansion and market penetration. ²³Moreover, effective corporate governance practices instill confidence among stakeholders, including investors, creditors, and customers, who are more likely to support startups with transparent and accountable management structures²⁴.

Corporate governance has become a key issue in developing countries in recent years, with its role in enhancing the performance of businesses, particularly Small and Medium-sized Enterprises (SMEs), gaining increasing attention. In the context of Sub-Saharan Africa, research has also explored the moderating role of corporate governance mechanisms, such as board size, independence, and gender diversity, in the link between capital structure and firm performance. The results show that diverse boards and institutional ownership positively influence firm performance, particularly when combined with long-term leverage. Conversely, large boards appear to weaken the relationship between capital structure and performance. This highlights the crucial role of governance mechanisms in enhancing business outcomes.

In Ghana, a survey of SMEs found that corporate governance and international orientation are key drivers of performance. The research demonstrated that SMEs engaged in international markets tended to adopt better governance practices, which positively influenced their performance. The study further revealed that international orientation significantly strengthened the relationship between governance and firm performance, suggesting that access to international markets provides SMEs with valuable knowledge that can be leveraged to improve business outcomes. Based on these findings, the study advocates for policies that

²¹ P Nyamwange and I Ondabu, 'The Impact of Risk Management on Financial Performance of Commercial Banks in Kenya' (2020) 9(4) *International Journal of Finance and Accounting* 181.

²² SJ Kakakhel and SR Khan, 'Corporate Governance and Firm Performance: A Case of Pakistan' (2017) 9(4) *Journal of Business Studies Quarterly* 51.

²³ R Kajananthan and A Ahamed, 'The Influence of Corporate Governance on Firm Performance: Evidence from Sri Lanka' (2018) 5(1) *Journal of Business and Accounting*.

²⁴ VO Ongore and PO K'Obonyo, 'Effects of Corporate Governance on Financial Performance of Firms in Kenya' (2017) 5(3) *International Journal of Economics, Commerce and Management* 87.

support SME internationalization in developing countries to foster growth and competitiveness²⁵. Similarly, a study examining corporate governance in Ghana's energy sector emphasized the relationship between governance practices and organizational performance. The results indicated that adherence to a Code of Conduct, along with the involvement of the board of directors and audit committee, positively predicted organizational performance. However, the CEO's influence was found to have little impact. The study highlighted the importance of a strong commitment to governance structures, particularly the Code of Conduct, to improve overall performance.

The impact of corporate governance on the performance of SMEs in Lusaka's hardware industry has been examined. The research aimed to assess the influence of board independence, the separation of powers between shareholders and management, and to develop a framework for sustainable corporate governance practices. It found that a significant proportion of SMEs lacked a formal board, and those with boards did not see clear benefits in resource utilization or profitability from board oversight. The study also revealed that most firms had overlapping roles of shareholders and managers, which impeded the separation of powers. Further studies have investigated the mediating role of innovation in the relationship between corporate governance and firm performance, comparing results from developed and developing countries. The findings suggest that innovation fully mediates this relationship in developed countries, while in developing countries, its effect is partial. This difference is attributed to varying socioeconomic factors and innovation capabilities in these regions, underlining the importance of context when assessing corporate governance practices.²⁶ More over, studies on corporate governance in private firms in Kenya and Isuzu East Africa have shown the importance of board diversity and resource management in improving performance. In both cases, diverse boards were associated with better firm performance, although CEO tenure was found to negatively affect this relationship. These findings suggest that while governance practices can enhance strategic implementation and performance, the influence of leadership structure, such as CEO power, must also be considered.²⁷

²⁵ J Kwaku Adu-Ntim and E Kwadwo Asare, 'Modelling the Effect of Corporate Governance Practices on Organizational Performance: The Energy Sector of Ghana' (2024) 6(2) *International Journal of Management Studies and Social Science Research*. 2024.

²⁶ Mulenga & Haabazoka 'Effect of Corporate Governance on the Performance of Small and Medium Enterprise's (SME'S) in Lusaka's Hardware Industry' *Social Science Journal for Advanced Research* ISSN (Online): 2583-0074 V4 (2) 1-14 (2024).

²⁷ Kibe SG and Moi E, 'Corporate Governance Practices and Their Effect on Strategic Plan Implementation at Isuzu East Africa' (2024) 5(1) *Journal of Social Science & Humanities* 304.

To scale the startup ecosystem in Kenya effectively, concerted efforts are needed to promote awareness and adoption of corporate governance best practices among startups and ecosystem stakeholders. This entails providing training and capacity-building programs, establishing mentorship networks, and fostering a culture of accountability and integrity within the startup community²⁸. Furthermore, policymakers and regulatory authorities play a vital role in creating an enabling environment for corporate governance by streamlining regulatory processes, incentivizing good governance practices, and enforcing compliance with applicable laws and standards²⁹.

Theoretical Framework

Agency theory distinguishes between principals and agents, the former being parties that delegate responsibility for some set of actions to the latter. For instance, entrepreneurs and managers are often the agents of investors, who delegate the responsibility over a business organization. The theory's underlying assumption is that both parties are self-interested and that the interests of principals and agents diverge or are in conflict. Therefore, agents may make decisions on behalf of principals that are not in the principals' interests, which is called an agency problem. Agency problems are exacerbated when there is information asymmetry between principal and agents. Agency theorists propose outcome-based incentives as solutions to align the interests of agents with those of principals³⁰.

Institutional Theory and Entrepreneurship

Institutional theory is about the rules of the game in a given context³¹, such as a business environment. The rules of the game may be formal, informal, or cognitive (taken-for-granted assumptions) about the nature of the business environment. The main proposition of institutional theory when applied to entrepreneurship may be that: Context-varying social forces shape entrepreneurial success more than does economic efficiency, therefore, entrepreneurs should seek to align their strategies with the norms, beliefs and regulations of their host societies' institutions or change the rules of the game in their favour.

²⁸ CI Ezech, OK Atuma and H Nzewi, 'Corporate Governance and Firm Performance in Nigeria: Empirical Evidence from Listed Firms' (2021) 12(1) *CBN Journal of Applied Statistics* 73.

²⁹ JK Kinyanjui, D Kiragu and FM Mwema, 'Corporate Governance Practices and Financial Performance of Firms Listed at the Nairobi Securities Exchange' (2019) 9(3) *International Journal of Academic Research in Accounting, Finance and Management Sciences* 38.

³⁰ KM Eisenhardt, 'Agency Theory: An Assessment and Review' (1989) 14(1) *Academy of Management Review* 57.

³¹ WR Scott, *Institutions and Organizations* (Sage 2001).

Contingency Theory and Entrepreneurship

Contingency theory proposes that an organization's success is determined by how well its internal resources, structure, and strategies align with the external environment in which it operates. This external environment includes factors such as political, economic, social, and technological conditions. The understanding that there is no one-size-fits-all strategy for organizational design and administration is a major component of contingency theory. Depending on the particular environmental conditions in which they function, various organizations may require various structures, resources, and methods. Contingency theory also recognizes the importance of ongoing monitoring and adaptation to ensure that the organization's structure, resources, and strategies fit with changing environment³².

Agency theory informs the present study on the nature of the relationship between principals and agents, the former being parties that delegate responsibility for some set of actions to the latter. In the case of start-ups, the relationship between investors and owners is crucial in their success and survival. In addition, the study applies contingency theory which explains the organization's success is determined by how well its internal resources, structure, and strategies align with the external environment in which it operates. Finally, Institutional theory is about the rules of the game in a given context and explains the need for policy and regulatory framework in governing start ups. This therefore is the theoretical model that grounds the study.

METHODOLOGY

The current research adopted a case study approach. The case study approach is a comprehensive study of a social unit be that unit a person, a group, a social institution, a district or a community. It is a form of qualitative analysis where in careful and complete observation of an individual or a situation or an institution is done; efforts are made to study each and every aspect of the concerning unit in minute details and then from case data generalizations and inferences are drawn³³.

FINDINGS AND OUTCOME OF CASE STUDY

The following case study of Sendy a Kenyan logistics start up highlights the challenges generally faced in the start-up ecosystem. Sendy, a Kenyan logistics startup that enabled retailers to purchase FMCGs directly from manufacturers, among other services, is

³² Lawrence & Lorsh, (1967)

³³ Kothari, C. R. *Research methodology: Methods and techniques*. (2nd ed., New Delhi: WishwaPraskashan. 2004)

shutting down its operations and exploring a sale of its assets. Founded in 2014, Sendy initially offered a marketplace for last-mile package delivery and logistics services. In 2021 though, the startup expanded into the fulfillment service space targeting e-commerce and direct-to-consumer businesses that do not have storage or delivery systems. In addition, it recently, unveiled a payment on delivery product for e-commerce and social commerce vendors in Africa, in a bid to enhance secure online shopping across the continent.

In its first year, Sendy completed 12,000 deliveries, had 27 drivers on its platform and revenues totaled USD 45,000. In the three years since, the company has grown fast. It has now completed over 180,000 deliveries, has more than 700 drivers on its platform and posted revenues of USD 1.5 million in 2018. Despite this, the growth potential remains massive.

Sendy provides a large, positive social impact for people in the region living on low and middle incomes. Reducing logistics costs for manufacturers and SMEs helps reduce product prices and makes goods more widely affordable. Even with these offerings, the startup has been facing a lot of sustainability challenges, a move that saw it send home 10% of its workforce in August 2022.

In October of the same year, Sendy wound down its Supply service. The startup said it will now lay more emphasis on its Fulfilment Service and provide more streamlined services to its business clients. The move came after the firm failed to raise \$100 million funding it had targeted to get that year only raising a small portion from MOL PLUS the Corporate Venture Capital of Japanese transport firm Mitsui O.S.K. Lines (MOL). The startup went ahead and laid off a further 20% of its workforce.

The startup had targeted to raise \$100 million last year but only got a fraction of the funding from MOL PLUS, the corporate venture capital of Japanese transport company Mitsui O.S.K. Lines. Since the deal, Sendy has been exploring other options to shore up its business these past few months, including seeking fresh capital and a buyer, three people familiar with the matter said. But that hasn't come easy.

The Kenyan startup, valued at over \$80 million late last year, was in talks with several investors to raise additional capital a few months back but at a lower valuation of \$40 million to \$60 million. However, one of its key investors backed out of the transaction, leaving Sendy short on funds for the last two to three months, including funds to cover salaries consequently it is now attempting to sell some of its assets.

Given the clenched fist with which founders control their companies, maintaining effective corporate governance might be difficult. Governance is effectively the prerogative of the board of directors. Granted, many of the larger corporates have boards, however, the founders still control overwhelming equity which still gives them control. More so, these boards

often comprise their investors, many of whom are after safeguarding their investments, and not necessarily the business. These businesses fall victim to different situations, from regulatory, over-bloated valuation, spending problems.

RECOMMENDATIONS

Startups in Kenya can enhance corporate governance by appointing diverse and skilled boards, establishing clear decision-making processes, and fostering transparency in financial reporting. Regular reviews of governance practices and compliance with regulatory standards are also crucial to mitigate the risk of failure.

To prevent startup failures in Kenya, policymakers should streamline business registration processes, simplify tax regulations, and provide accessible legal resources for entrepreneurs. Moreover, the board Composition needs to be diverse and independent who consequently bring valuable expertise and oversight to startups, helping them navigate challenges and make informed decisions.

It is recommended further to implement robust financial controls and reporting mechanisms which will safeguard against fraud, embezzlement, and mismanagement of funds, enhancing investor confidence and access to capital.

Startups need to adhere to relevant laws, regulations, and industry standards is essential for startups to avoid legal pitfalls and reputational damage associated with non-compliance. Other actions include setting up risk Management Frameworks and stakeholder engagements. Additionally, enforcing contracts efficiently, protecting intellectual property rights, and promoting investor-friendly laws will foster a conducive legal environment for startups to thrive.

CONCLUSION

In conclusion, corporate governance represents a critical factor in de-risking and scaling the startup ecosystem in Kenya. However, achieving meaningful progress in this regard requires concerted efforts from startups, investors, policymakers, and other ecosystem stakeholders to promote awareness, build capacity, and create an enabling regulatory environment. Moving forward, it is essential to prioritize the integration of corporate governance principles into the fabric of the startup ecosystem in Kenya to unlock its full potential for the innovation, entrepreneurship, and sustainable economic development.

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