One-Stop Shop Regulatory Regime and Competitiveness of FDI Manufacturing Firms in Kenya

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ABSTRACT

The basic principle of doing business is that regulations should be relatively easy to comply with and accessible to all who need to use them, so that anyone with talent and good ideas can start and grow a business in the formal sector. In this context, in order to improve access to government services, decentralize government service points, increase awareness of the range of government services and also to attract foreign direct investment in Kenya, the Government of Kenya has adopted a one-stop shop regulatory regime. As regards FDI, the Government considered that by providing investors with a clear and convenient source of information to enable them to compete more effectively on the market, this model could improve transparency and openness. However, studies have shown that foreign direct investment firms continue to withdraw from the Kenya market on grounds of good reasons. For this reason, the study sought to establish the relationship between the one-stop shop regulatory regime and the competitiveness of FID firms in Kenya. The unit of analysis was the management staff of 66 manufacturing FDI firms which were members of Kenya Association of Manufacturers (KAM) in the Nairobi Metropolitan while the unit of observation comprised human resource manager 1, finance manager 1, marketing manager 1, production manager 1 and CEO/GM/owner 1. Primary data were collected by means of a semi structured questionnaire, while secondary data included the analysis of statistical abstracts from published materials and reports. Data analysis was carried out using the statistical package for social sciences (SPSS) software version 25 as well as descriptive and inferential statistics. The results have shown that the competitiveness of foreign direct investment manufacturing firms in Kenya has been significantly influenced by the one-stop shop regulatory regime. Energy costs were found to have a moderating effect on the influence of innovation strategies on competitiveness of FDI manufacturing firms in Kenya. In particular, the data showed that the competitiveness of foreign direct investment manufacturing firms and their decision to stay or leave the business is influenced by the cost of electricity and petroleum.

INTRODUCTION

In order to assist investors in making investment decisions, the idea of a one-stop shop regulatory framework aims to serve as their initial and, ideally, last point of contact. A single point of contact is used to issue work permits, licenses, land titles, personal identification numbers, power quotes, and approvals for environmental impact assessments to those who are interested in starting up operations. There is also sharing of labor laws and practices. The reduction in time and costs associated with business registration processes is a significant advantage for investors (Otuki, 2014). Globally, there are three levels of one-stop investment centers. In the first level, which Kenya has been operating for the longest time, the investment agency receives application documents from investors and forwards them to different regulatory bodies for processing, acting as an intermediary. The second level involves junior officials being assigned to the one-stop shop by regulators to handle basic functions, while the approval and issuance of permits are still done by senior officials at their respective offices. The highest level, known as the empowered one-stop center, is the recently established approach in Kenya. It involves bringing together senior officials who have the authority to approve and issue licenses and permits in one centralized location.

A key principle of Doing Business is that economic activity thrives on clear and accessible regulations. These rules should be effective, finding a middle ground between protecting essential aspects of the business environment and preventing unnecessary barriers that can burden businesses. In environments where regulations are cumbersome and competition is limited, success often hinges on personal connections rather than merit. Conversely, in places where regulations are straightforward and available to all, individuals with talent and innovative ideas should have the opportunity to establish and expand businesses within the formal economy (World Bank, 2011). Additionally, a one-stop shop simplifies the process of obtaining documents and relevant information for foreign investors, including details on land access, local financing, and procurement opportunities. Onyango and Kiriti-Nganga (2016) have highlighted

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that the Kenya Investment Authority (KIA) is the designated statutory agency responsible for promoting and supporting investment in Kenya. The KIA functions as a comprehensive resource center, providing investors with streamlined access to licenses, permits, incentives, and various other services. Their research, titled “Trade facilitation and foreign direct investment flows in Kenya”, revealed that the impact of domestic taxes on profits is positively correlated. This positive relationship may be attributed to the favorable investment environment created by initiatives such as the one-stop shop approach, enabling businesses to thrive and comply with regulations while remaining profitable.

By providing a range of services, including assistance with regulatory requirements, access to funding and capital, and support in identifying local partners and suppliers, a centralized service center can offer comprehensive assistance to investors. This can help create a more attractive investment environment due to the anticipated profitability. Moreover, it enhances transparency and accessibility by providing investors with a clear and convenient information hub. This, in turn, can foster investor confidence and trust. Ultimately, a centralized service center can help make the environment more appealing and efficient for foreign investors, potentially encouraging them to invest in a particular location (Saeed and Abdullah, 2023).

The establishment of a centralized database focusing on Foreign Direct Investment (FDI) in Least Developed Countries (LDCs) could enhance the organization of investment-related activities. This platform would provide comprehensive information on various aspects related to investing in LDCs, such as regulations and guidelines. Such a resource could be utilized by all stakeholders to facilitate their endeavors in promoting FDI, particularly by channeling investments towards initiatives that enhance the technological infrastructure of LDCs and strengthen the capabilities and profitability of FDI enterprises (United Nations Office of the High Representative for the Least Developed Countries (UN-OHRLIS, 2015).

**Statement of the Problem**

In Kenya, the one-stop shop model has shown various impacts on the delivery of Government services, such as enhancing Government services, decentralizing Government service points, and increasing awareness of the range of Government services (Waruhia, 2018). The Government of Kenya implemented the one-stop shop model for Foreign Direct Investments to create a more attractive environment for investments due to the expected profitability. Additionally, the Government believed that this model could enhance transparency and openness by providing investors with a clear and convenient source of information. However, despite the Government’s efforts to implement the one-stop shop model, FDI firms are still withdrawing from the Kenyan market for valid reasons. The main reasons for exiting the market appear to be the failure to achieve marketing objectives and corporate refocusing. Other contributing factors include political interference, lack of competitiveness, and unfavorable policies (Mwangi, 2012). In January 2017, the world Bank Lead Economist Mr. Apurva Sanghi warned that FDI firms were leaving Kenya at an unprecedented rate, with many attributing this trend to the uncontrolled influx of cheap imports that undermine their competitiveness (Oduor, 2017).

On an international scale, Olters (2011) noted that Montenegro’s implementation of the One Stop Shop has positioned it as a more “competitive” player, providing a comparative advantage in attracting international capital, expertise, skills, and technology by offering a legal framework, public goods, infrastructure, and a high-quality labor force to sustainably boost economic activity and social welfare. However, the paper does not delve into the specific level of competitiveness individual firms have achieved as a result of the one-stop shop governance. Furthermore, the research paper was based on secondary data, which raises concerns about the reliability of the collected information. The data may contain outdated details, which may not be of much value, especially for companies operating in rapidly changing markets. Ikiara (2014) argued that Kenya had made efforts to enhance the ease of doing business in 2014 by establishing a centralized platform for investors, eliminating the need for multiple approvals and licenses from various institutions across the country. However, no specific study has been conducted to assess the effectiveness of this one-stop shop government approach in enhancing the competitiveness of firms since 2014. This study aimed to bridge this gap by gathering and analyzing both primary and secondary data to determine the correlation between the one-stop shop regulatory regime and the competitiveness of Foreign Direct Investments in Kenya.

**METHODOLOGY**

The research philosophy adopted by the study was positivism. This choice was made because positivism holds the belief that “factual” knowledge can only be considered reliable if it is obtained through observation, which includes measurement. The study utilized a cross-sectional research design. The focus of analysis was the management staff of 66 manufacturing Foreign Direct Investments (FDIs) who were members of the Kenya Association of Manufacturers (KAM) in the Nairobi Metropolitan area. The unit of observation consisted of one human resource manager, one finance manager, one marketing manager, one production manager, and one CEO/GM/owner. The study employed a multistage sampling method, which is a probability sampling technique that involves reducing the sample size at each stage. Initially, the Yamane formula was applied to determine the number of firms in each of the nine categories for the study. From the selected firms, five members of management (one CEO and four managers) were chosen using purposive sampling. Finally, the
Yamane formula was used to determine the final sample size, resulting in a total population of 325 and a sample size of 283. Primary data was collected through a semi-structured questionnaire, while secondary data involved analyzing statistical abstracts from published materials and reports. The data analysis was conducted using the Statistical Package for Social Sciences (SPSS) software version 25, along with descriptive and inferential statistics.

**LITERATURE REVIEW**

**Theoretical Framework**

This research was based on the Institutional Fitness Theory, which was formulated by Wilhems and Witter in 1998. The theory emphasizes the importance of a country's capacity to attract, absorb, and retain foreign direct investors, as highlighted by Makoni (2018). It assesses a country's ability to align with the expectations of foreign investors, thereby enhancing its ability to attract foreign direct investment. The Institutional FDI Fitness Theory aims to explain the disparities in FDI inflows among different countries, with a focus on four key pillars: education, government, market, and socio-cultural factors. Among these pillars, socio-cultural factors are considered the foundation and are the most intricate and longstanding components of the theory.

Education takes precedence over socio-cultural factors and plays a crucial role in creating an appealing environment for foreign investors. Well-educated individuals contribute to research and development (R&D) innovation, as well as effective information processing. The focus is not on the level of education, but rather on the skills necessary for project implementation. Basic education significantly influences the productivity and efficiency of foreign direct investment activities. Fundamental skills such as listening, speaking, understanding, interpreting, and following instructions are essential for attracting foreign direct investment. Another key aspect of the institutional FDI fitness theory is the presence of well-functioning markets, which encompass both physical capital (machinery) and financial capital (credit). Multinational corporations consider well-developed markets as a critical factor in their investment decision-making process.

The government's role and political strength are essential factors in attracting foreign direct investment. A country's government must exhibit economic openness, low corruption, transparency, a favorable regulatory environment, and minimal trade barriers and exchange rate interventions. Unfavorable policies can deter multinational corporations from investing due to increased investment risks caused by political instability. The interconnectedness of the four pillars is evident as government policies influence education, socio-cultural activities, and markets, while market forces impact education, socio-cultural factors, and markets as well. Education plays a crucial role in human capital development, affecting government, socio-cultural norms, and markets, while socio-cultural systems influence government, education, and markets.

**Empirical Literature Review**

Ongaro (2004) studied the experience of one-stop shop in Italy. The study found that successful implementation of one-stop shops in a number of Italian municipalities had determined positive results for the businesses conceived as customers. Reduced times for issuing a license and a single and a friendlier interface were the most significant tangible results of the study. However, the study did not highlight how such positive results contributed to individual firm's competitiveness and which is the dependent variable understudy. According to Otters (2011), today's public presentation of the One Stop Shop Business Registration Center is such a measure. It helps to remove disincentives to prospective entrepreneurs and bureaucratic obstacles placed in front of men and women who detect market opportunities, who have ideas of innovative services and unavailable products, men and women who have the courage to take their money, accept the risk, and make it happen, businessmen and women who have the courage to become their own bosses.

The One Stop Shop, Montenegro has taken another very important step to become “competitive”, giving it comparative advantage over international capital, know-how, skills, and technology by providing investors with a legal framework, public goods, infrastructure, and a labor force at a sufficiently high level of quality so as to generate permanently higher rates of economic activity and levels of social welfare. Nonetheless, the paper has not highlighted the level of competitiveness individual firms have earned as a result of one-stop shop governance (bne,2011).

Rwanda Investment and Export Promotion Agency (RIEPA) has one-stop shop for existing and potential investors. This has impacted in the increase in FDI in Rwanda by 305.50 United States Dollar (USD) Million in 2018. Foreign Direct Investment in Rwanda averaged 238.14 USD Million from 2009 until 2018, reaching an all-time high of 314.70 USD Million in 2014 and a record low of 118.67 USD Million in 2009 (Trading Economics,2018). However, the report has highlighted how one-stop shop has contributed to individual firm's competitiveness. According to Ikiara (2014), one of the things Kenya had focused on in 2014, was improving the ease of doing business by creating a one-stop shop for investors, so that people do not have to get approvals and licenses from multiple institutions in different parts of the country. A one-stop shop that provides information on where to invest, business registration and all other services required by investors was meant to transform ease of doing business in the country. However, no specific study has been carried to establish one-stop shop government has contributed to firm's competitiveness since 2014.

**RESULTS AND DISCUSSION**

**Response Rate**

The research sample consisted of 325 management staff from FDIs manufacturing firms in Kenya. A total
of 192 questionnaires were filled out and returned by the management staff, representing a response rate of 67.85%. This high response rate was achieved through continuous communication with the respondents via calls and emails, urging them to complete the questionnaires. The 67.85% response rate was deemed adequate for addressing the research hypotheses, as recommended by Kothari and Garg (2014). They suggest that a response rate exceeding 50% is sufficient for gathering data that can be generalized to reflect the views of respondents on the research problem within the target population. Table 1 displays the Questionnaire Return Rate by the participating management staff of FDIs.

**Table 1: Response rate**

<table>
<thead>
<tr>
<th>Target respondents (Management staff for FDI)</th>
<th>Total questionnaires issued</th>
<th>Total questionnaire returned</th>
<th>Percentage of response</th>
</tr>
</thead>
<tbody>
<tr>
<td>325</td>
<td>283</td>
<td>192</td>
<td>67.85</td>
</tr>
</tbody>
</table>

**Nature of the Firm**

The participants were requested to specify whether their company was a foreign direct investment (FDI) or a local firm. The results of the study revealed that the majority of the firms, accounting for 82.8% of the respondents, identified themselves as FDIs. In contrast, the remaining 17.2% of the respondents claimed that their firms were local. The findings are presented in Table 2. Considering that the firms included in this study are registered as FDIs in the records of KAM, it suggests that the 17.2% of firms whose respondents identified them as local may have undergone ownership changes that warrant further investigation.

**Table 2: Nature of the Firm**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI</td>
<td>159</td>
<td>82.8</td>
<td>82.8</td>
</tr>
<tr>
<td>Local Firm</td>
<td>33</td>
<td>17.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>192</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Activity of the Company**

The participants were also requested to specify the type of activity their company is involved in, and the results were as follows: A majority of the participants, accounting for 60.4%, indicated that their companies are engaged in manufacturing activities, while 39.6% stated that their companies are involved in service industries activities. The details of these findings are clearly presented in Table 3 below.

**Table 3: Activity of the Company**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>116</td>
<td>60.4</td>
<td>60.4</td>
</tr>
<tr>
<td>Service</td>
<td>76</td>
<td>39.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>192</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Work Experience**

The participants were requested to indicate the duration of their service as management staff in the FDIs firms. As per the findings of the study (Table 4), the majority of the respondents had a work experience ranging from 1 to 5 years, accounting for approximately 41.1% of the participants. Following closely were those with a work experience of 5 to 10 years. Furthermore, individuals who had worked for more than ten years constituted 17% of the respondents, while a minority of 7.3% stated that they had worked for the FDI firms for less than 1 year. This suggests that in the past year, the companies have not hired a significant number of employees. The detailed findings can be found in Table 4.

**Table 4: Distribution of Respondents by Work Experience (N=192)**

<table>
<thead>
<tr>
<th>Period</th>
<th>Frequency (n)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 years</td>
<td>14</td>
<td>7.3</td>
</tr>
<tr>
<td>1-5 Years</td>
<td>79</td>
<td>41.1</td>
</tr>
<tr>
<td>5-10 years</td>
<td>66</td>
<td>34.4</td>
</tr>
<tr>
<td>10 years and above</td>
<td>33</td>
<td>17.1</td>
</tr>
<tr>
<td>Total</td>
<td>192</td>
<td>100.0</td>
</tr>
</tbody>
</table>

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The Extent to Which Strategies Applied by the Government of Kenya Benefits FDI Manufacturing Firms in Kenya

The participants were also tasked with evaluating, using a scale of 1-5, the degree to which the one-stop shop regulatory regime has benefited their companies. The results were as follows: 8.1% of the participants reported no benefit, 24.1% reported little benefit, 26.5% reported moderate benefit, and 42.6% reported significant benefit, while only 8.7% reported a very significant benefit. This information is presented in table 5.

Table 5: The extent to which strategies applied by the Government of Kenya benefits FDI manufacturing firms in Kenya

<table>
<thead>
<tr>
<th>Statements</th>
<th>NE</th>
<th>LE</th>
<th>M</th>
<th>GE</th>
<th>VGE</th>
<th>Mean</th>
<th>Std. dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-stop shop regulatory regime</td>
<td>8.1%</td>
<td>24.1%</td>
<td>26.5%</td>
<td>42.6%</td>
<td>8.7%</td>
<td>3.74</td>
<td>0.73</td>
</tr>
</tbody>
</table>

Descriptive Findings

The primary aim of the research was to examine the impact of a one-stop shop regulatory system on the competitiveness of FDI manufacturing companies in Kenya. Statistical analysis in the study involved utilizing measures of central tendency such as mean, standard deviations, maximum and minimum values, and variances. The results obtained were organized in alignment with the research objective and were visually represented through tables. The study seeks to establish the correlation between the One-Stop Shop Regulatory Regime and the competitiveness of FDI manufacturing firms in Kenya, with energy costs acting as a moderating factor. The descriptive results were further supported by previous research findings discussed in the literature review.

One-Stop Shop Regulatory Regime and Competitiveness of FDI Manufacturing Firms in Kenya

The research aimed to investigate the correlation between the One-Stop Shop Regulatory Regime and the competitiveness of FDI manufacturing firms in Kenya. In order to assess how the management staff of these FDIs perceive the One-Stop Shop Regulatory Regime in relation to the competitiveness of FDI manufacturing firms in Kenya, a Likert scale ranging from 1 to 5 was utilized. The results indicated that when it comes to the speed of business registration and licensing processes becoming faster, 2.2% of the respondents disagreed to no extent, 3.3% disagreed to a small extent, 28.9% were neutral, 56.7% agreed to a large extent, and 8.9% agreed to a very large extent. The majority of respondents, 56.7%, strongly agreed that the speed of business registration and licensing processes has improved. Regarding the decrease in registration and licensing costs, the study revealed that 0.0% of respondents disagreed to no extent, 4.4% disagreed to a small extent, 37.8% were neutral, 48.9% agreed to a large extent, and 8.9% agreed to a very large extent. The majority of respondents, 48.9%, strongly agreed that the registration and licensing costs have significantly decreased. The overall mean was 3.72 with a standard deviation of 0.71.

According to the study, the accessibility of government services necessary for businesses has become easier. Out of the respondents, 2.2% disagreed to no extent, while 11.0% disagreed to a small extent. Additionally, 22.2% agreed to a moderate extent, 35.7% agreed to a great extent, and 28.9% agreed to a very great extent. The majority of respondents, 35.7%, agreed to a great extent. The overall mean was 3.89 with a standard deviation of 1.05, indicating a considerable decrease in corruption by dishonest civil servants.

The study aimed to assess the level of agreement among respondents regarding the ease of obtaining work permits. According to the findings, only 2.2% of the respondents disagreed completely, while 7.8% disagreed to a small extent. On the other hand, 18.9% of the respondents had a moderate level of agreement, and a majority of 52.2% agreed to a great extent. Additionally, 18.9% of the respondents agreed to a very great extent. It is noteworthy that the majority, 52.2%, strongly agreed that it is now easier to obtain work permits. The overall mean score of 3.91 and a standard deviation of 0.88 further supported the notion that obtaining work permits has become easier, which in turn affects the competitiveness of FDI manufacturing firms in Kenya.

Furthermore, the study aimed to determine whether there were any brokers or intermediaries charging fees for their services. The results showed that only 1.10% of the respondents disagreed completely, while 8.9% disagreed to a small extent. In contrast, 22.2% of the respondents agreed to a moderate extent, and a majority of 58.9% agreed to a great extent. Additionally, 8.9% of the respondents agreed to a very great extent. The majority, 58.9%, strongly agreed that there were no brokers or intermediaries charging fees for their services. The overall mean score of 3.87 and a standard deviation of 1.02 confirmed this finding, indicating that the absence of such brokers or intermediaries has an impact on the competitiveness of FDI manufacturing firms in Kenya.
manufacturing firms in Kenya. These findings are further detailed in Table 6. Similar reforms in Bangladesh, which included simplification measures and cost reductions for connecting to the electricity grid, as well as the establishment of a one-stop shop for foreign direct investors, resulted in substantial cost savings of over $721 million for FDI businesses and citizens. This successful reform program involved over 1,200 FDI projects.

Table 6: Descriptive analysis of One-Stop Shop Regulatory Regime and Competitiveness of FDI manufacturing firms in Kenya. (N=192)

<table>
<thead>
<tr>
<th>Statements</th>
<th>NE</th>
<th>LE</th>
<th>M</th>
<th>GE</th>
<th>VGE</th>
<th>Mean</th>
<th>Std. dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speed of business registration and licensing processes have become fastest</td>
<td>2.2%</td>
<td>3.3%</td>
<td>28.9%</td>
<td>56.7%</td>
<td>8.9%</td>
<td>3.62</td>
<td>0.75</td>
</tr>
<tr>
<td>Registration and licensing costs have considerably gone down</td>
<td>0.00%</td>
<td>4.4%</td>
<td>37.8%</td>
<td>48.9%</td>
<td>8.9%</td>
<td>3.72</td>
<td>0.71</td>
</tr>
<tr>
<td>Accessibility of all government services necessary for a business has become easiest</td>
<td>2.2%</td>
<td>11.0%</td>
<td>22.2%</td>
<td>35.7%</td>
<td>28.9%</td>
<td>3.89</td>
<td>1.02</td>
</tr>
<tr>
<td>Corruption in service provision by dishonest civil servants has considerably gone down</td>
<td>7.8%</td>
<td>7.8%</td>
<td>16.7%</td>
<td>34.4%</td>
<td>33.3%</td>
<td>3.83</td>
<td>1.05</td>
</tr>
<tr>
<td>It's now easier to get work permit</td>
<td>2.2%</td>
<td>7.8%</td>
<td>18.9%</td>
<td>52.2%</td>
<td>18.9%</td>
<td>3.91</td>
<td>0.88</td>
</tr>
<tr>
<td>No brokers or intermediaries asking to charge fees to provide the services</td>
<td>1.10%</td>
<td>8.9%</td>
<td>22.2%</td>
<td>58.9%</td>
<td>8.9%</td>
<td>3.87</td>
<td>1.12</td>
</tr>
<tr>
<td>Overall Mean</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.92</td>
<td>0.81</td>
</tr>
</tbody>
</table>

CONCLUSION
The results largely indicated that the One-Stop Shop regulatory regime has a significant impact on the competitiveness of FDI manufacturing companies in Kenya. Respondents strongly agreed that the one-stop regulatory system offers advantages such as faster business registration and licensing procedures, reduced costs for registration and licensing, easy access to all government services required for business operations, decreased corruption in service delivery by unscrupulous civil servants, simplified work permit acquisition, and elimination of middlemen or brokers requesting fees for services. All of these benefits affect the competitiveness of FDI manufacturing firms, of authority as each agency representative must seek approval from their headquarters, and management problems since the head of the one-stop shop center is not typically the line manager for representatives of other government or regulatory agencies. The results of regression analysis indicate that the linear regression model applied to the data performed well, as evidenced by p-values of 0.000 (less than 0.05) and F-statistics values of 62.758 and 39.650 for both models, with and without a moderator. This statistically significant relationship highlights the positive impact of the one-stop shop regulatory framework on the competitiveness of FDI manufacturing firms in Kenya, particularly when a moderator is present.

Based on the research results, it can be inferred that the One-stop Shop regulatory regime had a significant impact on the competitiveness of FDI manufacturing firms in Kenya. This was validated by the findings of correlation and regression analyses, which indicated a strong positive correlation between the independent variables and the dependent variable. Moreover, the summary of the regression model demonstrated that the competitiveness of FDI manufacturing firms was effectively accounted for by the One-stop Shop Regulatory Regime. The overall model was deemed satisfactory, as evidenced by the coefficient of determination, or R-square value, of 0.552.

RECOMMENDATIONS
The mean of 3.92 and standard deviation of 0.81 suggest that the one-stop shop regulatory regime has an impact on the competitiveness of FDI manufacturing firms in Kenya. However, it is worth noting that the regime has not significantly reduced the costs associated with registration and licensing for businesses. In their feedback, 48.9% and 8.9% of respondents agreed to a great extent and very great extent, respectively, that registration and licensing costs have decreased considerably. On the other hand, approximately 40% of respondents either moderately or to a lesser extent agreed that these costs have decreased significantly. When asked why the costs have not decreased to a greater extent, respondents mentioned a partial integration of processes.

They explained that sending one person from each agency to a single location did not simplify the process, as there were still issues such as moving between officers, authority problems, and management challenges. Therefore, the study recommends a full integration of agencies’ functions in the business registration and licensing processes. This integration would eliminate the need for passing information between different agencies, as their functions would be integrated, often using a shared database.

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