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Strategic Agility and Performance of Youth Owned Micro, Small, and Medium Enterprises in Kiambu County, Kenya

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Abstract

Purpose: *The purpose of the study was to determine the influence of strategic agility on the Youth Owned Micro, Small, and Medium Enterprises. The study was anchored on dynamic capability theory, diffusion of innovation theory, institutional theory, and the resource-based view theory.*

Material/methods: *The study adopted a descriptive survey research design. The target population comprised 344 registered youth-owned manufacturing enterprises in Kiambu Town, Kiambu County. Stratified and simple random sampling techniques were used to select a sample of 120 enterprises. Primary data were collected using a structured questionnaire. Data were analyzed using multiple linear regression analysis.*

Findings: *The findings revealed that strategic sensitivity and strategic innovation had a statistically significant positive effect on the Youth Owned Micro, Small, and Medium Enterprises. This implies that enterprises that are more alert to market changes and more innovative are likely to record improved performance.*

Practical Implications*: Youth-owned enterprises should strengthen their strategic agility capabilities by investing in market intelligence systems and promoting innovation. Policymakers and enterprise support institutions should also develop training programs, mentorship initiatives, and supportive policy frameworks that enhance strategic agility competencies among youth entrepreneurs.*

Value: *The study contributes to the literature on strategic agility by demonstrating its role as a critical determinant of performance among youth-owned manufacturing enterprises in Kiambu County.*

Keywords*: Strategic Agility, Performance, Youth Owned Enterprises, Strategic Sensitivity, Strategic Innovation*

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1. Introduction

In recent years, the significance of youth entrepreneurship has gained traction as a vital component of economic development and job creation worldwide. Young entrepreneurs often bring innovation, creativity, and fresh perspectives to the marketplace, contributing to economic resilience and revitalizing industries (Adu-Appiah & Amankwah, 2024). However, youth-owned enterprises frequently encounter unique challenges, including limited access to financing and other resources,

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lack of strategic sensitivity inadequate business training, lack of technological integration, lack of networks and unshared responsibility which can hinder their growth and sustainability Mwangi, (2024). As such, understanding the strategic factors that enhance the performance of these enterprises is crucial for empowering young entrepreneurs and maximizing their contributions to the economy.

Strategic agility has emerged as a critical framework in strategic management for businesses seeking to thrive in today's dynamic and competitive environments Dayioglu, Küskü & Cetindamar, (2024); Arokodare, Falana Ranti & Olubiyi Timilehin, (2024). It refers to an organization's ability to rapidly adapt its strategies, processes, and operations in response to changing market conditions Clauss, Abebe, Tangpong & Hock, (2019) For youth-owned enterprises, strategic agility can be particularly essential as they navigate an ever-evolving landscape marked by technological advancements, shifting consumer preferences, and competitive pressures Peter, Motunrayo, Sajuyigbe, Peter & Asiyanbola, (2023). An agile organization is better equipped to seize opportunities, mitigate risks, and respond to threats, thus enhancing its overall performance. The interplay between strategic agility and the performance of youth-owned enterprises is a pivotal area of investigation. Firms that harness strategic agility are likely to demonstrate improved decision-making, enhanced innovation, and faster implementation of changes, leading to superior financial and operational outcomes Gerald, Obianuju& Chukwunonso, (2020). Consequently, the effective deployment of strategic agility can enable youth-owned enterprises to establish a performance of youth owned enterprises in Kiambu county, ensuring their sustainability and growth in challenging economic climates. Despite the acknowledged benefits of strategic agility, empirical research has explored its influence on the performance of youth-owned enterprises particularly in the context of developing economies such as Kenya.

The performance of Youth Owned Micro, Small, and Medium Enterprises (MSME) in Kiambu County, Kenya plays a pivotal role in economic development by creating employment opportunities, fostering innovation, and driving inclusive growth Bonareri Bosire, (2024). These enterprises are instrumental in promoting youth empowerment, reducing poverty levels, and enhancing national productivity. However, youth entrepreneurs in Kenya continue to face more pronounced challenges compared to their older counterparts. These include limited access to affordable finance, inadequate business networks and innovations, inability to sense change, minimal industry exposure, inadequate resources, insufficient adoption of modern technology, and complex or unclear regulatory frameworks Mwangi, 2024; Bonareri Bosire, (2024). The outbreak of the COVID-19 pandemic further exacerbated these challenges. According to Youth Co-Lab (2020), the pandemic disrupted operations of many youth-led businesses globally. In Kenya, over 55% of youth-owned enterprises either temporarily shut down or permanently closed due to limited adaptability and resilience among young entrepreneurs OECD, 2020; UNDP, (2021). Recent data from the Kenya National Bureau of Statistics (KNBS, 2023) indicate that more than 60% of youth-owned enterprises fail within the first three years, and nearly 80% do not survive beyond five years. The high failure rate is attributed to the volatile business environment, weak strategic planning, and the inability to respond swiftly to changing market demands. This persistent underperformance highlights the urgent need to explore mechanisms that can enhance the resilience and competitiveness of these enterprises. Therefore, this study seeks to examine the influence of strategic agility on

the MSME, with the aim of identifying adaptive strategies that can sustain their growth and impact.

Thus, the failure of youth's enterprises is attributed to lack of strategic agility practices in responding to rapidly changing environment. The rapid decline in both financial and non-financial performance of many youths' owned enterprises in the 21st century is often attributed to a poor understanding of strategic agility dimensions necessary to navigate global business trends and environmental turbulence Esazadeh, Ragheb, Kordnaeij, Karimi & Soltani, (2020). Despite global, regional and local studies linking strategic agility and business performance of youth owned enterprises there a relationship of strategic agility and the performance of youth owned enterprises Adomako, Amankwah-Amoah & Donbesuur (2022). Ocharo (2021) strategic agility including responsive capability, organizational learning, total quality management and innovation capability have a positive contribution to firm competitiveness amongst youth owned enterprise in Starehe Sub-County in Nairobi city county, Kenya. However, these studies did not provide empirical evidence on effect of strategic agility (strategic sensitivity and strategic innovation) on performance of youth owned MSME in Kiambu county.

2. Theoretical and Conceptual Framework

The study was anchored on the Dynamic Capability Theory (DCT) and the Diffusion of Innovation (DOI) Theory. Dynamic Capability Theory, developed by Teece, Pisano, and Shuen (1997), emphasizes the ability of organizations to sense opportunities and threats, seize opportunities, and reconfigure resources to respond to environmental changes. The theory explains that strategic sensitivity enables youth-owned enterprises to identify market trends, technological changes, customer needs, and competitive pressures, thereby improving adaptability, innovation, and overall performance. Scholars such as Teece (2007), Doz and Kosonen (2010), and Leih, Linden, and Teece (2015) further argued that firms with strong sensing capabilities are better positioned to allocate resources efficiently, adopt adaptive strategies, and sustain competitiveness in dynamic environments. The relevance of the theory to the current study lies in its emphasis on flexibility, proactive decision-making, and strategic resource alignment, which are essential for enhancing the Youth Owned Micro, Small, and Medium Enterprises.

The study also adopted the Diffusion of Innovation (DOI) Theory developed by Rogers (1962), which explains how innovations and technologies spread within a social system over time. The theory suggests that adoption of innovations is influenced by factors such as relative advantage, compatibility, complexity, trialability, and observability (Rogers, 2003; Al-kfairy, 2024). In the context of youth-owned enterprises, DOI theory explains how entrepreneurs adopt information technology innovations such as electronic payments, e-invoicing, online ordering, and digital business systems to improve efficiency and customer service. The theory further highlights that attitudes toward technology, institutional support, leadership, and peer influence play a significant role in shaping technology adoption. The relevance of the theory to the study is that it provides a framework for understanding the drivers and barriers to IT adoption among youth-owned enterprises in Kiambu County and how digital integration can enhance enterprise competitiveness, sustainability, and performance The conceptual framework (fig 1) constitutes of the independent

variables (strategic sensitivity, strategic innovation), dependent variable; performance of youth owned enterprises in Kiambu county

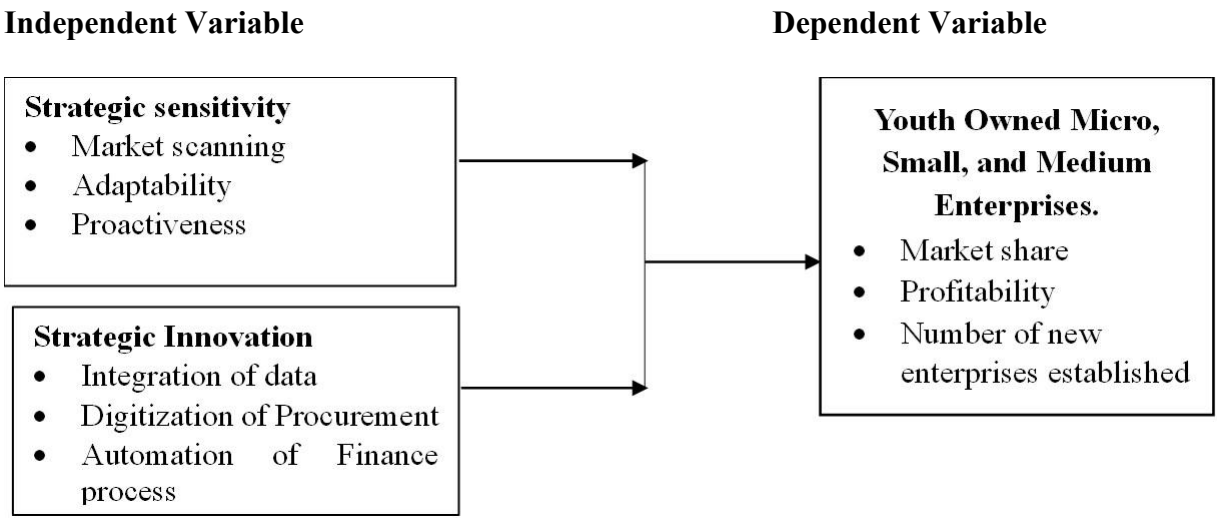

Figure 1: Conceptual Framework

3. Empirical Review (hypotheses)

The role of strategic sensitivity in shaping organizational performance has been widely examined in different industries. Clauss, Abebe, Tangpong & Hock, (2019) explored how strategic agility at the firm level influences Business Model Innovation (BMI) adoption, particularly in volatile environments. Their study, conducted in the German electronics industry with a sample of 432 firms, revealed a positive association between strategic agility and BMI, which is further amplified by environmental turbulence. The research also found that while value proposition and value creation innovations positively contribute to firm performance, value capture innovation unexpectedly showed a negative impact. Similarly, Damiete, Kormene and Elechi (2024) investigated the role of strategic sensitivity in operational efficiency within Nigeria's telecommunications industry. Their findings demonstrated that decision support systems significantly enhance strategic sensitivity, fostering efficiency. The study highlighted a strong emphasis on strategic sensitivity and operational efficiency among Nigerian communication companies.

In the context of youth owned enterprises, Sajuyigbe, Ladokun, Obi, Oladeji and Adeyemi, (2024) assessed the impact of strategic sensitivity and strategic response on youth owned enterprise performance. Using Path Analysis - Structural Equation Modeling (PA-SEM) and data collected from 405 respondents, their findings confirmed that strategic sensitivity has a significant positive impact on youth owned enterprise performance. Furthermore, Adim and Maclayton (2021) examined the link between strategic sensitivity and corporate responsiveness among fast-moving consumer goods (FMCG) companies in Rivers State, Nigeria. The study targeted nine FMCG firms, selecting five strategic managers per firm (totaling 45 respondents). Their results indicated a strong positive relationship between strategic sensitivity and corporate responsiveness, suggesting that organizations with higher strategic sensitivity are better positioned to respond to market changes effectively. Thus, the study hypothesized.

HO1: There is no significant influence of strategic sensitivity on Performance of Youth Owned MSME in Kiambu County, Kenya

Li, X., Cheng, L., Jiao, H., & Li, H. (2024) examined whether IT integration capability and data sharing improve project management performance in China's construction sector. Utilizing a Structural Equation Modeling (SEM) approach, the study analyzed data from 205 professionals and concluded that IT integration capability significantly enhances project management performance and data-sharing effectiveness. Additionally, data sharing was found to positively impact project management performance, reinforcing the need for robust IT systems.

A study by Putra, Mendra and Novitasari (2023) evaluated the impact of IT integration on youth owned enterprise performance in Bali, applying the Resource-Based View (RBV) theory. Their findings demonstrated that IT adoption indirectly enhances operational and financial performance through IT assimilation, meaning that merely adopting IT systems does not guarantee improved performance unless businesses actively integrate them into their operations. The study used Partial Least Squares (PLS) analysis to validate these conclusions.

Similarly, Shah, Zehri, Saraih, Abdelwahed, and Soomro (2024) investigated how digital transformation, digital orientation, and digital capability influence firm performance in Pakistan's Information, Communication, and Technology (ICT) sector. The study collected 396 valid survey responses and applied SEM analysis, revealing that digital capabilities and digital innovation significantly enhance firm performance. Moreover, digital innovation was found to mediate the relationship between digital capabilities and firm performance, emphasizing the role of continuous technological adaptation in achieving business success.

In the Kenyan context, Chege, Wang, and Suntu (2020) explored the connection between technological innovation and firm performance, focusing on the role of entrepreneurial innovativeness. Using data from 240 enterprises and applying SEM analysis, the study found that technology innovation has a positive and significant effect on firm performance. Their research recommended that entrepreneurs adopt innovative strategies and that government policies should support ICT infrastructure and provide technological resource centers to enhance youth owned enterprise performance. Thus, the study hypothesized.

$H_{O2:}$ *There is no significant influence of strategic innovation on Performance of Youth Owned MSME in Kiambu County, Kenya*

4. Methodology

The study adopted a descriptive survey research design to provide a detailed and accurate assessment of the relationship between strategic agility and the Youth Owned MSME. The target population consisted of 344 registered youth-owned manufacturing enterprises within Kiambu Town, as identified by the Kiambu County Government and the Ministry of Trade (2025). The sample size was determined using Slovin's formula as developed by Taro Yamane (1967), resulting in a sample of 120 youth-owned enterprises selected randomly from the target population.

Data Collection

The study utilized a structured questionnaire as the main data collection instrument to gather information related to the study objectives. The questionnaire consisted of closed-ended questions measured using a five-point Likert scale to capture respondents' views and opinions. Structured questionnaires were preferred because they promote uniformity of responses, ease of coding, and high response rates. According to Saunders, M. N. K., Lewis, P., & Thornhill, A. (2019), structured questionnaires enhance consistency during data collection, while Cohen, L., Manion, L., & Morrison, K. (2018) noted that Likert scales allow respondents to express varying levels of agreement, thereby improving the quality and reliability of the collected data. Before the main data collection exercise, a pilot study involving 10% of the target population, equivalent to 12 respondents from youth-owned enterprises in Kasarani Sub-County, Nairobi County, was conducted to test the clarity, relevance, and suitability of the research instruments. The pilot participants were excluded from the actual study to avoid bias and ensure that prior exposure to the questionnaire did not influence the main findings. Reliability analysis was conducted using Cronbach's Alpha coefficient to determine the internal consistency of the study constructs, with coefficients above 0.70 considered acceptable as recommended by Leech, T., Gill, T., Hughes, S., & Benton, T. (2022, April and Hair, J.F., Black, W.C., Babin, B.J. and Anderson, R.E. (2010). Strategic Sensitivity recorded the highest reliability coefficient (α = 0.884), strategic innovation (α =831), while Performance of Youth Owned Enterprises achieved an acceptable reliability coefficient of $\alpha = 0.733$, confirming that the questionnaire items consistently measured the intended constructs. To ensure validity, the researcher collaborated with the supervisor to assess the relevance of questionnaire items in relation to the study objectives, an approach supported by Ghazali, N., Nordin, M. S., Hashim, S., & Hussein, S. (2017, October), who emphasized the importance of expert judgment in establishing content validity. In addition, feedback from the pilot study helped identify ambiguities and improve the clarity of the questionnaire items as recommended by Arafat, S. Y., Hussain, F., Hossain, M. F., Islam, M. A., & Menon, V. (2021). Construct validity was further assessed through Component Factor Analysis, which examined relationships among questionnaire items to confirm that they adequately measured the intended constructs, consistent with the recommendations of Field (2018).

Data Analysis and Presentation

Data analysis involved examining completed questionnaires for consistency before coding and entering the data into the Statistical Package for Social Sciences (SPSS) for analysis. Descriptive statistics such as tables, means, and charts were used to summarize and present the findings, while inferential statistics were employed to test the study hypotheses at a 5% significance level. Regression analysis was specifically used to determine the effect of strategic agility on the Youth Owned MSME through the application of a regression model. The regression model is represented below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where,

$Y =$ performance of youth owned MSME in Kiambu county, β_0 =Constant, $X_1 =$ Strategic sensitivity, $X_2 =$ Strategic innovation

5. Findings and Discussion

This section presents the data analysis as well as the findings of the study based on the study objectives. The data was summarized and presented using tables. Out of the 120 questionnaires that were distributed to respondents involved in youth-owned MSME within Kasarani Sub-County, Nairobi County, 106 questionnaires were successfully completed and returned, resulting in a response rate of 88.3%. This indicates that a large proportion of the targeted respondents participated in the study, providing sufficient data for analysis. The high response rate enhances the credibility of the findings, as it reduces the likelihood of non-response bias and improves the representativeness of the sample.

Demographic Characteristics

The study analyzed the sample characteristics of respondents involved in youth-owned MSME in Kiambu County based on gender, education level, years of operation, and number of employees. The findings revealed that the majority of respondents, 67 (63.2%), were male, while 39 (36.8%) were female, indicating that male youth entrepreneurs constitute a larger proportion of enterprise owners or operators within the study area, although female entrepreneurs also play a significant role in enterprise development. Regarding education level, most respondents were highly educated, with 58 (54.7%) holding undergraduate degrees, 32 (30.2%) possessing postgraduate qualifications, and 16 (15.1%) having diploma qualifications. This suggests that the respondents possessed adequate knowledge, analytical skills, and managerial competence necessary to provide reliable information concerning enterprise performance and strategic practices. In terms of business experience, the study established that 38 (35.8%) enterprises had been in operation for over 15 years, 28 (26.4%) had operated for 11–15 years, 26 (24.5%) for 6–10 years, and only 14 (13.2%) for 1–5 years, implying that most enterprises had attained moderate to high business maturity, operational stability, and adaptive capabilities. Further, the findings showed that 43 (40.6%) enterprises had more than 10 employees, 41 (38.7%) had between 6–10 employees, and 22 (20.8%) had between 1–5 employees, indicating that the majority of youth-owned MSME operated within the small and medium enterprise category with varying operational capacities. Overall, the diversity in gender, educational background, years of operation, and employee size enhanced the representativeness, credibility, and reliability of the study findings by ensuring that enterprises with different experiences and operational scales were adequately represented in the analysis.

Table 1: Sample Characteristics

		Frequency	Percent
Gender	Male	67	63.2
	Female	39	36.8
	Total	106	100
Education level	Diploma	16	15.1
	Undergraduate Degree	58	54.7
	Postgraduate	32	30.2
	Total	106	100
Years enterprise has been in operation	1-5 years	14	13.2
	6 -10 years	26	24.5
	11-15 years	28	26.4
	over 15 years	38	35.8
	Total	106	100
Number of employees	1-5 years	22	20.8
	6-10 years	41	38.7
	Above 10 years	43	40.6
	Total	106	100

Descriptive Statistics

The study examined descriptive statistics for strategic sensitivity among youth-owned MSME in Kiambu County and established a moderate to high level of strategic sensitivity (Aggregate Mean = 3.61; Std. Dev = 1.03). The findings revealed that most enterprises actively monitored competitors, customer behavior, and market trends to anticipate environmental changes (Mean = 3.89; Std. Dev = 1.28), while many enterprises also adjusted strategies, processes, and offerings to align with changing market demands (Mean = 3.81; Std. Dev = 1.30). The highest-rated aspect was the proactive identification of risks and growth opportunities, where 57.5% of respondents strongly agreed that their enterprises positioned themselves ahead of competitors through early action (Mean = 4.13; Std. Dev = 1.21). However, mixed responses were observed regarding the ability to swiftly implement strategic decisions in response to emerging opportunities or threats (Mean = 3.48; Std. Dev = 1.45), suggesting that some enterprises experience structural, financial, or managerial constraints that limit rapid strategic execution. Additionally, the relatively lower rating on future-oriented strategic planning (Mean = 3.44; Std. Dev = 1.31) indicates that long-term forecasting and resource alignment are not strongly institutionalized in some enterprises. Overall, the findings suggest that while youth-owned MSME demonstrate considerable strength in environmental monitoring and opportunity recognition, weaknesses in rapid implementation and long-term strategic planning may hinder their ability to sustain competitive advantage and fully exploit emerging opportunities.

Table 2: Descriptive Statistics for Strategic sensitivity

	Mean	Std. Dev
Our enterprise actively monitors competitors, customer behavior, and market trends to anticipate shifts in the business environment.	3.89	1.28
We continuously adjust our strategies, processes, and offerings to align with evolving market demands and operational challenges.	3.81	1.30
Our enterprise swiftly implements decisions and strategic changes in response to emerging opportunities or threats.	3.48	1.45
We proactively identify potential risks and growth opportunities and take early steps to position ourselves ahead of competitors.	4.13	1.21
Our enterprise develops future-oriented strategies by forecasting industry trends and aligning resources to long-term opportunities.	3.44	1.31
Strategic Sensitivity	**3.61**	**1.03**

The study examined descriptive statistics in Table 3 for strategic innovation among youth-owned MSME in Kiambu County and established a high level of strategic innovation adoption (Aggregate Mean = 3.95; Std. Dev = 0.69). The findings revealed that many enterprises had embraced digital technologies such as mobile money services, online ordering systems, electronic invoicing, and integrated digital platforms to improve operational efficiency and customer interaction. The results showed that 46.2% of respondents strongly agreed and 30.2% agreed that their enterprises consistently used mobile money or online platforms to receive and make payments (Mean = 4.05; Std. Dev = 1.12), indicating widespread adoption of digital payment systems. Further, the highest-rated item revealed that 66.0% of respondents strongly agreed that customers could place orders through websites, social media platforms, or mobile applications (Mean = 4.24; Std. Dev = 1.26), suggesting that digital customer engagement platforms are highly utilized to improve accessibility and customer convenience. The findings also established that many enterprises had adopted electronic invoicing systems (Mean = 3.83; Std. Dev = 1.04) and integrated payment, ordering, and invoicing systems to improve business efficiency (Mean = 3.76; Std. Dev = 1.29). In addition, a majority of enterprises had trained staff to effectively use digital platforms for processing payments, orders, and invoices (Mean = 3.86; Std. Dev = 0.94), demonstrating recognition of the importance of employee digital competencies. Overall, the findings suggest that youth-owned MSME in Kiambu County demonstrate strong adoption of strategic innovation, particularly in digital transactions and customer engagement, although further improvements in system integration and staff capacity building could enhance operational efficiency and enterprise performance**.**

Table 3: Descriptive Statistics for Strategic innovation

	Mean	Std. Dev
Our business consistently uses mobile money or online platforms to receive and make payments.	4.05	1.12
Customers can place orders through our website, social media platforms, or mobile apps.	4.24	1.26
We issue electronic invoices to clients for all transactions	3.83	1.04
Integration of payment, ordering, and invoicing systems has improved our business efficiency.	3.76	1.29
We have trained our staff to use digital platforms for processing payments, orders, and invoices	3.86	0.94
Strategic innovation	**3.95**	**0.69**

The study examined descriptive statistics in table 4 for the Youth Owned Micro, Small, and Medium Enterprises and established a high level of perceived enterprise performance (Aggregate Mean = 3.85; Std. Dev = 0.67). The findings revealed that many enterprises demonstrated positive performance outcomes. The results indicated that enterprises consistently maintained adequate stock levels to meet customer demand (Mean = 3.83; Std. Dev = 1.16), suggesting effective inventory management practices and improved responsiveness to customer needs. The study further established that many enterprises had experienced a steady increase in sales over the past six months (Mean = 3.95; Std. Dev = 1.08). In addition, improved resource utilization and operational efficiency contributed to enhanced profit margins (Mean = 3.75; Std. Dev = 0.94), while enterprises also reported receiving regular positive feedback from customers regarding their products and services (Mean = 3.76; Std. Dev = 1.11). The findings also showed that many enterprises had a growing number of returning customers and referrals (Mean = 3.91; Std. Dev = 1.06), indicating strong customer loyalty and positive market reputation. The findings suggest that youth-owned MSME in Kiambu County demonstrate relatively strong performance, particularly in sales growth, customer retention, and operational management.

Table 4: Descriptive Statistics for Performance of Youth Owned MSME

	Mean	Std. Dev
Our business consistently maintains adequate stock levels to meet customer demand.	3.83	1.16
We have experienced a steady increase in sales over the past six months	3.95	1.08
Our profit margins have improved as a result of better resource use and operational efficiency.	3.75	0.94
We receive regular positive feedback from our customers about our products or services.	3.76	1.11
We have a growing number of returning customers and referrals	3.91	1.06
Aggregate Enterprise Performance	**3.85**	**0.67**

Correlation Analysis

The correlation analysis in Table 5 indicates that strategic sensitivity has a positive and significant correlation with enterprise performance ($r = 0.483$, $p < 0.01$). This indicates that youth-owned MSME that actively monitor competitors, anticipate market shifts, and respond strategically tend to perform better. Strategic innovation also exhibits a positive and significant correlation with performance ($r = 0.328$, $p < 0.01$). This suggests that enterprises that invest in innovative processes, digital solutions, and creative problem-solving achieve improved competitiveness and operational outcomes. Shared responsibility shows a positive and significant correlation with performance ($r = 0.270$, $p < 0.01$). This implies that businesses emphasizing ethical practices, accountability, and compliance tend to experience enhanced performance, although the strength of this association is moderate compared to other variables.

Table 5 Correlation Analysis

		EP	SS	SI
Performance of youth owned MSME (EP)	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	106		
Strategic sensitivity (SS)	Pearson Correlation	.483**	1	
	Sig. (2-tailed)	0.000		
	N	106	106	
Strategic innovation (SI)	Pearson Correlation	.328**	0.068	1
	Sig. (2-tailed)	0.001	0.486	
	N	106	106	106

* Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

Regression Analyses

The multiple regression analysis was conducted to determine the combined effect of strategic agility dimensions, namely strategic sensitivity and strategic innovation, on the Youth Owned Micro, Small, and Medium Enterprises. The model summary results indicated that the regression model was statistically significant and demonstrated a good fit. The R value of 0.604 showed a strong positive relationship between strategic agility and enterprise performance, while the R Square value of 0.365 implied that strategic sensitivity and strategic innovation jointly explained 36.5% of the variation in the performance of youth-owned MSME. The Adjusted R Square of 0.352 further confirmed that the explanatory variables contributed meaningfully to the model after adjusting for model complexity. The ANOVA findings also established that the regression model was statistically significant ($F = 29.542$, $p = 0.000$), indicating that strategic agility significantly predicts the Youth Owned Micro, Small, and Medium Enterprises.

The regression results further revealed that strategic sensitivity had a positive and statistically significant effect on the performance of youth-owned MSME ($\beta = 0.356$, $\beta = 0.508$, $p = 0.000$), leading to the rejection of the null hypothesis HO1, which stated that there is no significant relationship between strategic sensitivity and enterprise performance. The findings suggest that enterprises that actively monitor market trends,

customer preferences, competitor activities, and environmental changes are better positioned to anticipate opportunities and threats, make timely strategic decisions, and enhance operational efficiency and competitiveness. The findings are consistent with Clauss, T., Abebe, M., Tangpong, C., & Hock, M. (2019), Damiete, Kormene, and Elechi (2024), and Sajuyigbe, A. S., Ladokun, I. O., Obi, N. J., Oladeji, A. A., & Adeyemi, M. A. (2024), who established that strategic sensitivity improves responsiveness, innovation, and overall enterprise growth in dynamic business environments.

The study also established that strategic innovation had a positive and statistically significant influence on the performance of youth-owned MSME ($\beta = 0.272$, $\beta = 0.363$, $p = 0.000$), resulting in the rejection of the null hypothesis HO2. This implies that enterprises that adopt innovative processes, integrate digital technologies, and implement creative operational solutions are more likely to achieve improved operational and financial performance. The findings underscore the importance of innovation in enhancing efficiency, customer service delivery, and competitive advantage among youth-owned MSME. The results support previous studies by Li, X., Cheng, L., Jiao, H., & Li, H. (2024), Putra, Mendra, and Novitasari (2023), Shah, N., Zehri, A. W., Saraih, U. N., Abdelwahed, N. A. A., & Soomro, B. A. (2024)., and Chege, Wang, and Suntu (2020), which concluded that digital innovation and technological integration significantly enhance enterprise performance and sustainability.

Table 6: Multiple Regression Model for Strategic Agility on Performance of Youth Owned MSME

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	3.771	0.265		14.238	0.000
Strategic sensitivity	0.356	0.055	0.508	-6.453	0.000
Strategic innovation	0.272	0.059	0.363	4.608	0.000
Model Summary					
R	0.604				
R Square	0.365				
Adjusted R Square	0.352				
model Goodness of Fit					
F	29.542				
Sig.	0.000				

a Dependent Variable: Enterprise performance

6. Conclusions

The study concludes that strategic sensitivity plays a fundamental role in shaping the performance of youth-owned MSME. Enterprises that actively monitor their external environment, including customer preferences, competitor actions, and market trends, are better positioned to anticipate changes and respond proactively. This environmental awareness enables informed decision-making and supports the identification of emerging opportunities and potential risks. However, the findings also reveal that while many enterprises demonstrate strong awareness, there are gaps in rapid execution and long-term strategic planning. Strengthening the ability to translate insights into timely actions and improving future-oriented planning frameworks would

significantly enhance the overall impact of strategic sensitivity on enterprise performance.

The study further concludes that strategic innovation is a key driver of enterprise performance, particularly through the adoption of digital technologies and innovative business processes. Youth-owned MSME have made considerable progress in integrating digital platforms for payments, customer engagement, and transaction management, which has improved efficiency and accessibility. The emphasis on innovation reflects a shift toward more technology-driven operations that support competitiveness in dynamic markets. Nonetheless, there is a need to deepen system integration and continuously build digital capabilities among employees to maximize the benefits of innovation. Sustained investment in innovation and capacity development will enable enterprises to remain agile and responsive in an increasingly digital business environment.

7. Recommendations

Based on the conclusions of the study, it is recommended that youth-owned MSMEs in Kiambu County deliberately adopt and strengthen strategic agility practices to enhance their performance, sustainability, and competitiveness. First, youth enterprises should enhance strategic sensitivity by continuously monitoring market trends, customer preferences, and community needs. Young entrepreneurs should actively engage with stakeholders, including customers, financial institutions, and community groups, to gather relevant information that can inform business decisions. This will enable them to identify emerging opportunities early, adapt quickly to changes, and align their products and services with market demands, thereby improving performance.

Youth-owned MSMEs should prioritize strategic innovation by investing in new ideas, technologies, and business models. Entrepreneurs should embrace digital tools, develop innovative products and services, and explore creative ways of engaging customers. In addition, they should collaborate with other businesses, institutions, and innovation hubs to enhance knowledge sharing and access to resources. Strengthening innovation capacity will help youth enterprises improve efficiency, differentiate themselves in the market, and achieve sustainable growth.

8. Limitations and Future Studies

The current study has provided valuable evidence on the influence of strategic agility on the Youth Owned Micro, Small, and Medium Enterprises. However, several limitations suggest avenues for further research. First, this study was conducted within a specific geographic area Kiambu County which may limit the generalizability of the findings to youth-owned MSME in other regions. Future studies should expand the scope to include multiple counties or nationally representative samples to examine whether the observed effects of strategic agility on enterprise performance are consistent across diverse socio-economic and cultural contexts. Second, the study focused on two dimensions of strategic agility: strategic sensitivity, strategic innovation. While these are important aspects, other dimensions of agility such as strategic learning, operational flexibility, digital adaptability, and risk responsiveness were not considered. Future research could investigate additional dimensions of strategic agility to provide a more holistic view of the factors that enable youth-owned MSME to respond effectively to changing business environments.

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