

A faint, light blue world map is centered in the background of the top half of the cover.

Journal of **Human Resource and Leadership** (JHRL)

Adaptability and Performance of Youth-Owned Businesses in Kenya



CARI
Journals

Adaptability and Performance of Youth-Owned Businesses in Kenya



^{1*}Judy Chelangat Kimeto, ²Dr. Samson Nyangau' Paul, ³Dr. Paul Kariuki, ⁴Dr. Emmy Rotich

¹PhD Student, Jomo Kenyatta University of Agriculture and Technology

^{2,3,4}Lecturer, Jomo Kenyatta University of Agriculture and Technology

Accepted: 6th Sep, 2026, Received in Revised Form: 21st September, 2026, Published: 6th October, 2026

ABSTRACT

Purpose: This study sought to examine the effect of adaptability on the performance of youth-owned businesses in Kenya. This study was anchored by: Social Cognitive Theory.

Methodology: A descriptive research design was used, targeting 47,378 licensed youth entrepreneurs in the wholesale and retail trade sector in Nairobi, Mombasa, Makueni, Nyeri, Bomet, Bungoma, Siaya and Mandera counties. Using systematic random sampling, the sample size consisted 397 youth-owned enterprises. Data was collected through structured questionnaires. A pilot study, involving 39 entrepreneurs (10% of the sample) was conducted to assess the reliability and validity of the data collection tools. Quantitative and qualitative data were analysed using descriptive and inferential statistics, with regression analysis used to assess relationships between variables and test the study's hypotheses. The results were presented using tables, graphs, and histograms to provide a clear visual representation and facilitate interpretation.

Findings: The findings showed that adaptability explained 28.3% of the variation in performance of youth-owned businesses ($R = 0.532$, $R^2 = 0.283$, Adjusted $R^2 = 0.282$). The regression model was significant and a good fit ($F(1, 354) = 141.249$, $p = 0.000$), indicating that a one-unit increase in adaptability improved performance by 0.347 units ($\beta = 0.347$, $t = 3.856$, $p = 0.000$). The null hypothesis was therefore rejected in favor of a positive significant effect of adaptability on performance. The study concluded that adaptability positively and significantly influences performance of youth-owned businesses in Kenya, and is critical to the resilience, competitiveness, and performance.

Unique Contribution to Theory, Practice and Policy: The findings suggest that owners and managers should continuously monitor market trends, customer preferences, and technological developments and proactively adjust their strategies, products, and operations in response to changing business conditions. Fostering a flexible organizational culture and encouraging innovation can further enhance the ability of youth-owned businesses to respond effectively to disruptions and capitalize on emerging market opportunities.

Key Words: *Adaptability, Youth-Owned Businesses, Performance, Competitiveness*

Background of the Study

Globally, youth entrepreneurship has been recognized as a vital strategy for addressing youth unemployment, enhancing innovation, and promoting inclusive economic growth. According to the International Labour Organization (ILO, 2023), nearly 73 million young people globally are unemployed, and youth entrepreneurship is increasingly seen as a viable pathway to economic self-reliance and job creation. However, the performance and sustainability of youth-owned businesses remain a significant challenge across both developed and developing economies.

In developed countries such as the United States, Canada, and parts of Europe, youth entrepreneurs benefit from strong support systems including access to financing, mentorship, innovation hubs, and entrepreneurial education. Yet, despite these advantages, many youth-owned businesses struggle to scale due to limited experience, regulatory hurdles, and rapidly changing market dynamics. Research by the Global Entrepreneurship Monitor (GEM, 2022) shows that while youth in high-income economies exhibit high entrepreneurial intention, business survival beyond the early stages remains low, with only 40% of youth startups surviving past three years.

In Kenya, the youth population constitutes approximately 75% of the total population, representing both a significant economic asset and a development challenge (Kenya National Bureau of Statistics [KNBS], 2023). To harness the potential of this demographic, the Kenyan government and its development partners have implemented numerous initiatives to support youth-owned enterprises. These include the Youth Enterprise Development Fund (YEDF), Uwezo Fund, Ajira Digital Program, and provisions in the Micro and Small Enterprises (MSE) Act, among others. These interventions aim to enhance youth participation in economic development through entrepreneurship, job creation, and innovation.

Despite these efforts, the sustainability and performance of youth-owned businesses remain a concern. Research indicates that approximately 80% of youth-owned enterprises in Kenya fail within the first five years of operation (Mutuma, 2022; World Bank, 2021). These failures are often attributed not only to external factors such as access to finance and market conditions but also to internal organizational factors, including weak leadership, poor governance, inadequate management practices, and limited entrepreneurial capacity (KNBS, 2023). This high failure rate raises critical questions about the effectiveness of existing support structures and the internal leadership mechanisms of youth-led enterprises.

Leadership mechanisms are the structured approaches, processes, and practices through which leaders influence organizational direction, mobilize resources, and guide employees toward achieving set goals (Tumuhimbise, Buluma & Muweesi, 2024). They provide the framework within which leaders make strategic choices, maintain ethical standards, and adapt to dynamic environments. In youth-owned businesses, leadership mechanisms are particularly critical because these enterprises often face resource constraints, market uncertainties, and managerial weaknesses that can easily undermine their sustainability (Mumo, Kirigia & Rintari, 2025). Effective

leadership mechanisms therefore serve as the engine that shapes organizational culture, drives innovation, and enhances overall performance outcomes such as sales growth, market share, and customer satisfaction (Jonyo, 2020).

Key leadership mechanisms include strategic vision, decision-making, ethical leadership, and adaptability (Nutley, McNabb & Salentine, 2021). This study focused on the four leadership mechanisms as the primary dimensions through which leadership influences the performance of youth-owned businesses in Kenya. These mechanisms were selected based on their strong theoretical grounding, contextual relevance, empirical significance, and practical applicability to youth enterprise management. While leadership literature presents a broad range of mechanisms such as communication, motivation, delegation, and team building, the four mechanisms under consideration capture the strategic, analytical, moral, and adaptive capacities of leadership that are particularly critical for youth-led enterprises operating in dynamic and uncertain business environments. Adaptability reflects the leader's capacity to adjust strategies and operations in response to changes in the business environment, such as technological disruptions or market shocks (Jeruto & Kiprop, 2022). This study, therefore, investigated the impact of adaptability on the performance of youth-owned businesses in Kenya

Youth-owned businesses in Kenya form a significant component of the broader Micro, Small and Medium Enterprises (MSME) sector, which is widely recognized as a key driver of economic growth, employment creation, and poverty reduction. According to the Central Bank of Kenya, MSMEs account for millions of enterprises and contribute substantially to national output and livelihoods, employing over 14 million people and contributing about one-third of the country's GDP. Within this sector, youth-owned enterprises are particularly prominent due to Kenya's youthful population structure, where a large proportion of individuals fall below the age of 35. These enterprises are typically small-scale, often informal, and operate in sectors such as retail trade, agriculture, manufacturing, and digital services, reflecting both low entry barriers and the adaptive nature of youth entrepreneurship (KNBS, 2024).

The growth of youth-owned businesses in Kenya is closely linked to the country's persistent youth unemployment challenge, which has pushed many young people toward self-employment and entrepreneurship as alternative livelihood strategies. Evidence from the World Bank indicates that entrepreneurship initiatives have enabled tens of thousands of young people to start businesses, with programs supporting over 86,000 youth-led enterprises and generating more than 125,000 jobs in recent years. This demonstrates that youth entrepreneurship is not only a survival mechanism but also a viable pathway for job creation and income generation. However, a large share of these businesses remains in the informal sector, often characterized by low productivity, limited scalability, and vulnerability to economic shocks (Micro and Small Enterprises Authority (MSEA), 2024).

Despite their importance, youth-owned businesses in Kenya face numerous structural and operational challenges that constrain their growth and sustainability. Access to finance remains a major barrier, as many young entrepreneurs lack collateral or credit history required by formal financial institutions. Studies also highlight constraints related to inadequate business skills, limited access to markets, and regulatory hurdles that disproportionately affect small enterprises. Additionally, while financial inclusion has improved in recent years—with formal access rising to over 84%—a significant proportion of youth, especially in rural areas, remain excluded due to lack of resources such as mobile devices and identification documents. These challenges underscore the need for targeted interventions to strengthen the capacity and sustainability of youth-owned businesses in Kenya (KNBS, 2024).

Statement of the Problem

Youth-owned businesses are widely recognized as a critical engine for employment creation, innovation, and inclusive economic development in Kenya. In recognition of this role, the Government of Kenya has implemented several supportive policy and legislative frameworks, including the Youth Enterprise Development Fund, Uwezo Fund, the Ajira Digital Program, and the Micro and Small Enterprises Act of 2021. These interventions are intended to enhance entrepreneurial capacity, promote sustainability, and improve the performance of youth-owned enterprises. In an increasingly technology-driven business environment, effective leadership mechanisms—such as strategic vision, sound decision-making, ethical leadership, and adaptability—combined with appropriate adoption of digital technologies are expected to enhance competitiveness, operational efficiency, market access, and long-term business performance among youth-owned enterprises.

Despite these supportive frameworks, the performance and sustainability of youth-owned businesses in Kenya remain persistently low (KNBS, 2021). Empirical evidence indicates that more than 75% of youth-owned enterprises fail within the first five years of operation (Mutuma, 2022; World Bank, 2021) significantly exceeding the international failure benchmark of 50%. This underperformance is evident across both urban and rural counties and manifests in low sales turnover, declining profitability, limited business growth, shrinking market share, and low levels of customer satisfaction (World Bank, 2021; GOK 2022). Recent macroeconomic indicators further reflect the challenging operating environment facing enterprises in Kenya. For instance, the Stanbic Kenya Purchasing Managers' Index declined to 49.6 in May 2025, signaling a contraction in business activity driven by reduced consumer demand and sluggish sales. These conditions disproportionately affect micro and small enterprises, where youth entrepreneurs are highly concentrated, thereby increasing vulnerability to poor performance and business exit.

While existing policy interventions and empirical studies have largely emphasized external constraints—such as limited access to finance, regulatory burdens, and inadequate infrastructure—growing evidence suggests that internal organizational factors play a decisive role in shaping

enterprise outcomes. Many youth-owned businesses operate without clearly articulated strategic visions, rely on informal or intuitive decision-making processes, and demonstrate limited adaptability to competitive pressures and technological change. Weak leadership capacity has been associated with inconsistent service quality, ineffective branding, and customer attrition, with studies indicating that over 70% of youth entrepreneurs lose customers due to internal management and leadership deficiencies (Masungu, Marangu & Obunga, 2024).

Despite the acknowledged importance of leadership in business performance, significant gaps persist in the literature on youth-owned enterprises in Kenya. Empirically, many studies aggregate youth-owned businesses within the broader SME category, thereby masking the distinct leadership dynamics and challenges faced by youth-led firms (Mwangi, 2024; Bosire, 2024). Conceptually, leadership is frequently treated as a single or peripheral construct rather than examined as a set of interrelated mechanisms—strategic vision, decision-making, ethical leadership, and adaptability—that may independently and jointly influence business performance (Mumba, 2021; Mwangi & Ngugi, 2022). Contextually, existing research continues to prioritize external constraints, with limited attention given to internal leadership processes that youth entrepreneurs can directly influence. Geographically, prior studies are heavily skewed toward urban settings, leaving rural and peri-urban youth-owned businesses underrepresented.

These empirical, conceptual, contextual, and geographical gaps constrain the development of evidence-based policies, leadership development initiatives, and digital capacity-building programs tailored to the needs of youth entrepreneurs. Consequently, policy responses risk overemphasizing external support mechanisms while neglecting internal leadership processes and digital integration that are critical for sustainable enterprise performance. This study therefore seeks to examine the influence of adaptability on the performance of youth-owned businesses in Kenya.

Specific Objective

To examine the effect of adaptability on the performance of youth-owned businesses in Kenya.

Theoretical Framework

Social Cognitive Theory

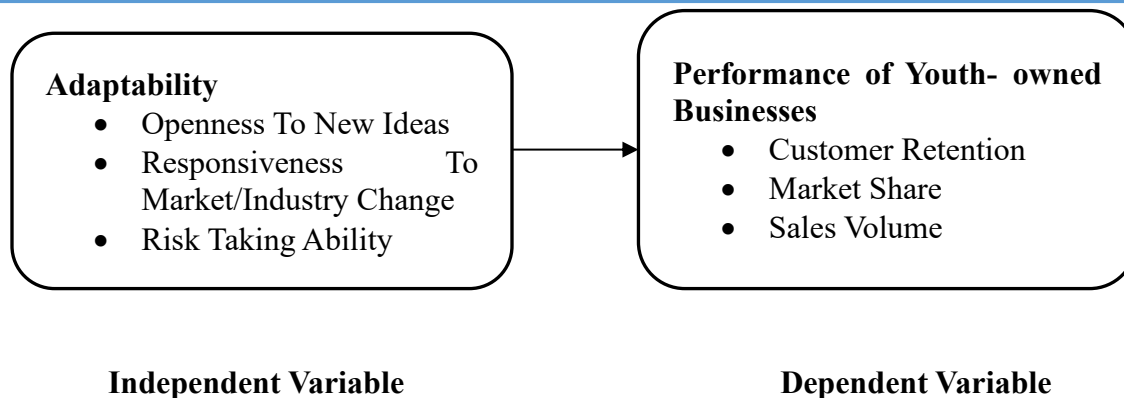
Social Cognitive Theory (SCT), developed by psychologist Albert Bandura in the 1960s, is a psychological framework that explains how individuals acquire and perform new behaviors through the interaction of personal, behavioral, and environmental factors (Pramudito & Mahfudz, 2024). The theory emphasizes the importance of social influences and cognitive processes in learning, suggesting that people learn not only through direct experience but also by observing the actions of others, a process known as observational learning or modeling. This concept positions individuals as active participants in their learning, rather than passive recipients of external stimuli (Botha & Morallane, 2020). At the core of Social Cognitive Theory is the concept of reciprocal

determinism, which refers to the dynamic and reciprocal interaction between personal factors (such as cognitive and emotional states), behavioral patterns (the actions individuals take), and environmental influences (such as social and physical surroundings) (Wainaina, Kabare & Mukulu, 2021). Bandura argued that each of these factors can influence and be influenced by the others, meaning that people can shape their own behaviors and the environment while also being shaped by them. For instance, a person might engage in a particular behavior because they see others being rewarded for it (environmental influence), while their ability to perform the behavior might be influenced by their self-confidence or skills (personal factors) (Ochieng, Aloka & Kevogo, 2020).

Another key component of Social Cognitive Theory is the concept of self-efficacy, which refers to an individual's belief in their ability to succeed in specific situations or tasks. High self-efficacy is linked to greater motivation and persistence, as individuals with strong beliefs in their abilities are more likely to take on challenges, persevere through difficulties, and achieve success (Berhe, Amuhaya & Moronge, 2024). Conversely, low self-efficacy can lead to avoidance of tasks and a lack of motivation. Bandura highlighted the importance of self-efficacy in various domains, including academic performance, health behavior change, and career development. In addition, SCT underscores the role of reinforcement and punishment in shaping behavior (Wainaina, Kabare & Mukulu, 2021). While direct reinforcement can strengthen behaviors, observational learning allows individuals to adopt behaviors based on the rewards or punishments they observe others receive. This process can be either positive or negative, depending on whether the observed consequences are rewarding or punishing (Ochieng, Aloka & Kevogo, 2020). Social Cognitive Theory was used to examine the effect of adaptability on the performance of youth-owned businesses in Kenya.

Conceptual Framework

A conceptual Framework is a graphical representation of the key variables that a study is focusing on and how the variables relate (Kothari, 2016). It shows the interaction between independent variables and dependent variable. The conceptual framework for this study is as shown in figure 1. In this study, the independent variable is adaptability while the dependent variable is performance of youth- owned businesses.

**Figure 1: Conceptual Framework****Adaptability**

Adaptability refers to an organization's or individual's ability to respond effectively to changing circumstances, environments, and demands (Pramudito & Mahfudz, 2024). It is a critical competency in today's dynamic business landscape, where technological advancements, market shifts, and socio-political changes occur at unprecedented speeds. Adaptability involves flexibility in thinking, openness to innovation, and the willingness to modify strategies, processes, or behaviors to meet evolving needs. Leaders and organizations that embrace adaptability are better positioned to seize new opportunities, recover from disruptions, and remain competitive. At an individual level, adaptability fosters resilience, problem-solving, and continuous learning, while at the organizational level, it enhances agility and responsiveness. Ultimately, adaptability ensures long-term relevance and survival in unpredictable environments (Botha & Morallane, 2020).

Openness to new ideas refers to an individual's or organization's willingness to embrace creativity, innovation, and alternative ways of thinking (Wainaina, Kabare & Mukulu, 2021). It involves being receptive to diverse perspectives, questioning existing assumptions, and exploring unconventional solutions to challenges. In organizational contexts, openness to new ideas is vital for continuous improvement, as it encourages experimentation and the generation of innovative products, services, and processes. Leaders who cultivate openness foster a culture where employees feel safe to share suggestions without fear of criticism, which enhances collaboration and problem-solving (Ochieng, Aloka & Kevogo, 2020).

Responsiveness to market or industry change is the ability of an organization to detect, understand, and adapt swiftly to evolving external conditions such as technological advancements, customer preferences, regulatory shifts, or competitive pressures (Berhe, Amuhaya & Moronge, 2024). In today's fast-changing global economy, responsiveness is a strategic necessity for survival and success. Organizations that are proactive and agile in adjusting their strategies, products, and services are better positioned to seize opportunities and mitigate risks. For instance, businesses that embraced e-commerce and digital solutions early on were able to thrive during the disruptions

caused by the COVID-19 pandemic. Responsiveness also entails continuous environmental scanning, data analysis, and stakeholder engagement to anticipate changes before they become crises. By maintaining flexibility in operations and decision-making, organizations can sustain their competitive advantage and align with evolving industry standards. Therefore, responsiveness is not merely reactive but a proactive capability that drives resilience and long-term sustainability (Pramudito & Mahfudz, 2024).

Risk-taking ability is the capacity of individuals or organizations to pursue opportunities or make decisions despite uncertainty, potential setbacks, or adverse outcomes (Botha & Morallane, 2020). While risks often carry the possibility of failure, they are also essential for innovation, growth, and strategic advancement. Organizations that are willing to take calculated risks are more likely to discover breakthrough products, enter new markets, or adopt disruptive technologies that provide a competitive edge (Wainaina, Kabare & Mukulu, 2021). Effective risk-taking is not reckless but informed, relying on thorough analysis, evidence, and contingency planning to balance potential gains against possible losses. For example, a company investing in research and development for a new product line may face initial financial strain but could gain significant long-term rewards if the product succeeds. On the other hand, organizations that avoid risk altogether often stagnate and lose competitiveness. Thus, the ability to take risks strategically is a hallmark of visionary leadership and an engine of organizational progress (Ochieng, Aloka & Kevogo, 2020).

Empirical Review

Adaptability and Performance of Youth- owned Businesses

Pramudito and Mahfudz (2024) conducted a study on the effect of change of adaptability to increase employee performance in state-owned enterprises in agriculture in Indonesia. The model was tested at Indonesian agricultural state-owned enterprise which consists of 14 companies around Indonesia. The sample comprised 373 employees in middle management. The findings suggest that learning from past change has a positive and significant effect on employee performance, but the adaptability of change and memories of change have a non-significant effect on employee performance. The study concluded that changes in technology are very influential for companies in agriculture; this can be caused by the beginning of the digitalisation era which requires companies to apply technology in company operations, where they can no longer fully use manual systems

Botha and Morallane (2020) conducted a study on the effect of cognitive adaptability and narrow personality traits: Proposing a person–entrepreneurship fit for established entrepreneurs in South Africa. A quantitative approach was followed whereby 2650 established entrepreneurs in South Africa were surveyed, and a multiple regression analysis was conducted. The study found that most studies on personality are conducted using the five-factor model of personality traits, and not necessarily the narrow traits. In this regard, new narrow traits emerged within the five main personality traits. The conclusions of this study may inform the policymakers who are trying to

encourage entrepreneurial activity, and the transition of nascent entrepreneurs to established entrepreneurs in the context of developing as well as developed markets

Wainaina, Kabare and Mukulu (2021) conducted a study on the determinants of employee adaptability to transformational change in commercial in Nairobi, Kenya: empirical review. This study aims at identifying the Human Resource approaches that may probably minimize employee resistance and assist them to assimilate the benefits of migrating to a new work environment. The found that the immediate goal is to enhance the employee ability to adapt to the change process with ease. The study concluded that from the foregoing literature review, it has been observed that many of the studies done on employee resistance to change, many researchers restrict their studies on the, need for change, business change process, and economic consequences of employee resistance to change implementation process, however gaps exist in addressing the determinants of employee adaptability to transformational change.

Ochieng, Aloka and Kevogo (2020) conducted a study on the effect of relationship between adaptability and chemistry achievement among students in Kenyan secondary schools. The study targeted all the 4400 Form Three students of the year 2019 in the 80 public secondary schools, 108 chemistry teachers and 80 guidance and counselling teachers in Rachuonyo South Sub-County. The findings on the study revealed that adaptability positively influences chemistry achievement among students in Rachuonyo south sub-county, Kenya. It was therefore concluded that students with high adaptability are likely to have a high chemistry achievement than those with low levels of adaptability

Berhe, Amuhaya and Moronge (2024) conducted a study on the effect of policy adaptability and land conflict resolution in arid and semi-arid counties in Kenya. Targeting 803 stakeholders, including land department officials and local administrators across 23 ASAL counties, the research employed descriptive and correlational designs with a sample of 267 respondents to evaluate how flexible policy approaches impact conflict resolution. Results demonstrated that policy adaptability, along with capacity building and information transparency, are critical for effective land conflict resolution, as evidenced by the rejection of the null hypothesis. The study's conclusions imply that flexibility in policy implementation can foster trust, support sustainable conflict management, and improve the resilience of land governance in ASAL areas.

RESEARCH METHODOLOGY

This study used a positivist approach to examine how adaptability affect business performance. A descriptive research design was used in this study to examine the adaptability presently in use among youth-owned enterprises from the eight selected counties. Descriptive research makes it possible to get detailed information that is crucial for figuring out how well different adaptability philosophies work in this situation. In this study, the target population was all youth-owned businesses that have licensed establishments in the wholesale and retail trade sector in eight counties namely: Nairobi, Mombasa, Makueni, Nyeri, Bomet, Bungoma, Siaya and Mandera

counties. The study selected 8 counties to represent the former 8 provinces in Kenya. The youth data related to the age bracket between 18-35 years was obtained from the department for Youth Affairs and The Arts and from the business licensing department of each county government of the eight counties. The unit of analysis was licensed youth-owned businesses totaling to 47,378 from eight counties while the unit of observation was 47,378 youth business owners.

In this study, the target population was the wholesale and retail trade sector licensed youth-owned businesses totaling to 47,378 from the eight counties. This study used systematic random sampling. Systematic uniform random sampling often offers an appropriate balance between the estimator precision and the time spent to obtain samples. The sample size was determined by three factors: precision level, confidence level or risk, and the variability in the attribute being measured, alongside the study's purpose and population size (Israel, 2019).

To determine the sample size, Yamane (1967) developed a formula for calculating the sample size of a given population, which is formulated as follows:

$$n = \frac{N}{1 + Ne^2}$$

Where:

n = the desired sample size (if the target population is greater than 10,000)

N = is the population size.

e = is the margin error (assumed to be 5% or 0.05).

1 = is a constant number.

$$n = \frac{47378}{1 + 47378(0.05)^2} = 397$$

Therefore, the sample size was 397 youth-owned enterprises.

Structured questionnaires were used for collecting data. A sample of 39 young entrepreneurs (10% of the sampled respondents) participated in pilot research to evaluate the reliability and validity of the data collecting tools that were not included in the main study. Whenever the entire data collection procedure starts, this pilot study assisted to find any possible problems with the instrument design, including unclear phrasing or response alternatives, and enable improvements. Both descriptive and inferential statistics were used in the procedure for analyzing data. Tables, graphs and histograms were utilized to present the results, providing the data a clear visual representation and facilitating the interpretation of the results.

The statistical overall model used for analysis was as follows:

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

Where:

Y = Dependent Variable

X_1 = Adaptability

β_0 is the constant;

β_1 is the coefficient of X_i

ε is the error term;

RESEARCH FINDINGS AND DISCUSSIONS

Descriptive Statistics Analysis

Adaptability and Performance of Youth- Owned Businesses

The first specific objective of the study was to examine the effect of adaptability on the performance of youth-owned businesses in Kenya. The respondents were requested to indicate their level of agreement on various statements relating to adaptability and performance of youth-owned businesses in Kenya. The results were as presented in Table 1.

From the results, the respondents agreed that the organization encourages the adoption of innovative ideas ($M=3.854$, $SD= 0.883$). In addition, the respondents agreed that employees are receptive to changes in processes or practices ($M=3.840$, $SD= 0.540$). Further, the respondents agreed that the organization promotes a culture that values creativity and innovation ($M=3.835$, $SD= 0.771$). In addition, the respondents agreed that the organization quickly adjusts to changes in market conditions ($M=3.822$, $SD=0.814$). The respondents also agreed that strategies are regularly updated to align with industry trends ($M=3.810$, $SD=0.795$). The findings are in line with the findings of Pramudito and Mahfudz (2024) who revealed that adaptability leads to higher firm performance when supported by action orientation and a culture that tolerates risk. In addition, Ochieng, Aloka and Kevogo (2020) confirmed that adaptability positively influences chemistry achievement among students.

From the results, the respondents agreed that the organization monitors competitors and responds effectively to shifts in the market ($M=3.801$, $SD= 0.559$). In addition, the respondents agreed that the organization supports calculated risk-taking for growth opportunities ($M=3.785$, $SD= 0.832$). Further, the respondents agreed that leaders are willing to invest in new ventures despite potential risks ($M=3.770$, $SD=0.651$). The respondents also agreed that risk assessments are conducted before implementing significant changes ($M=3.768$, $SD=0.766$). The findings concur with the findings of Berhe, Amuhaya and Moronge (2024) who established that organizational adaptability is not just responsive to external conditions but also shaped by internal strategy and leadership, which together improve performance outcomes.

Table 1: Adaptability and Performance of Youth- Owned Businesses

	Mean	Std. Deviation
Openness to New Ideas		
The organization encourages the adoption of innovative ideas.	3.854	0.883
Employees are receptive to changes in processes or practices.	3.840	0.540
The organization promotes a culture that values creativity and innovation.	3.835	0.771
Responsiveness to Market/Industry Change		
The organization quickly adjusts to changes in market conditions.	3.822	0.814
Strategies are regularly updated to align with industry trends.	3.810	0.795
The organization monitors competitors and responds effectively to shifts in the market.	3.801	0.559
Risk Taking Ability		
The organization supports calculated risk-taking for growth opportunities.	3.785	0.832
Leaders are willing to invest in new ventures despite potential risks.	3.770	0.651
Risk assessments are conducted before implementing significant changes	3.768	0.766
Aggregate	3.809	0.735

Performance of Youth- Owned Businesses

The study sought to establish the performance of youth-owned businesses in Kenya. The performance of youth-owned businesses in Kenya was measured through use of customer retention, market share and sales volume in a period of 5 years from 2020-2024.

The respondents were requested to indicate their level of agreement on various statements relating to performance of youth-owned businesses in Kenya. The results were as presented in Table 2.

From the results, the respondents agreed that their businesses have improved in customer retention compared to the start-up phase. The moderate standard deviation suggests fair consistency, meaning most youth-owned businesses share this positive customer retention experience, although a few reports weaker improvement. Overall, the results suggests that youth-owned businesses are improving on customer retention.

The market share performance is moderate, indicating that youth enterprises are gaining customers but still face competitive constraints and uneven market penetration. Overall, sales volume is the strongest performance dimension, suggesting that youth-owned businesses are better at generating and sustaining sales than maximizing profitability or market dominance. The findings concur with the findings of Koech and Namusonge (2023) who established that youth owned businesses can

achieve meaningful improvements in customer retention, market share, and sales volume when supportive conditions exist.

Table 2: Performance of Youth- Owned Businesses

	Mean	Std. Deviation
Customer Retention		
The business has retained most of its customers over the past five years.	3.88	0.79
Many of our customers make repeat purchases from our business.	3.76	0.83
The business has experienced an increase in the number of loyal customers over the past five years.	3.92	0.71
Market Share		
The business has increased its share in the market compared to competitors.	3.69	0.86
The number of customers purchasing from the business has grown significantly.	3.95	0.74
The business is well-positioned to compete effectively in the current market.	3.81	0.78
Sales Volume		
The level of sales volume in my enterprise has been increasing since inception.	3.91	0.72
The business consistently meets or exceeds its sales targets.	3.73	0.84
My business enjoys repeat purchases from customers, contributing to higher sales.	3.97	0.69
Aggregate	3.86	0.77

4.4.7 Secondary Data on Performance of Youth-Owned Businesses

The performance of youth-owned businesses was measured using secondary data obtained from business records and relevant industry reports. The study assessed performance using three objective indicators: Customer Retention, Market Share, and Sales Volume. Secondary data were collected for a five-year period covering 2021 to 2025 to establish the performance trend of youth-owned businesses over time. The use of secondary data provided objective measures of business performance and enabled the study to examine changes in financial and market outcomes across the study period.

Table 3: Secondary Data on Performance of Youth-Owned Businesses (2021–2025)

Year	Customer Retention (%)	Market Share (%)	Sales Volume (Index)
2021	5.8	8.4	100
2022	6.5	9.1	108
2023	6.1	8.7	104
2024	9.0	9.6	116
2025	6.7	9.3	112

The findings indicate that customer retention increased from 5.8% in 2021 to 6.5% in 2022, before declining to 6.1% in 2023. The highest customer retention was recorded in 2024 (9.0%), followed by a slight decline to 6.7% in 2025. Overall, the results suggest that youth-owned businesses retained their customers over the five-year period, with periodic changes in their ability to retain customers.

Regarding market share, the results show that youth-owned businesses recorded 8.4% in 2021, which increased to 9.1% in 2022 before reducing to 8.7% in 2023. Market share reached its highest level of 9.6% in 2024 and slightly declined to 9.3% in 2025. These findings indicate that the businesses generally strengthened their competitive position during the study period despite experiencing moderate variations from one year to another.

The findings further show that the sales volume index rose from 100 in 2021 to 108 in 2022, followed by a decrease to 104 in 2023. Sales volume improved considerably to 116 in 2024, before recording 112 in 2025. The results demonstrate that youth-owned businesses generally experienced growth in sales performance over the five years, although annual changes reflected varying market and business conditions.

Test of Hypotheses

Test for Hypothesis One

The first objective of the study was to examine the effect of adaptability on the performance of youth-owned businesses in Kenya. The corresponding hypothesis was adaptability has no significant effect on the performance of youth-owned businesses in Kenya.

A univariate analysis was therefore conducted to test the null hypothesis. From the model summary findings in Table 4, the r-squared for the relationship between adaptability and performance of youth-owned businesses in Kenya was 0.283; this is an indication that at 95% confidence interval, 28.3% variation in performance of youth-owned businesses in Kenya can be attributed to changes in adaptability. Therefore, adaptability can be used to explain 28.3% change in performance of youth-owned businesses in Kenya. However, the remaining 71.7% variation in performance of

youth-owned businesses in Kenya suggests that there are other factors other than adaptability that explain performance of youth-owned businesses in Kenya.

Table 4: Model Summary for Adaptability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.532 ^a	.283	.282	.70542

a. Predictors: (Constant), adaptability

The analysis of variance was used to determine whether the regression model is a good fit for the data. From the analysis of variance (ANOVA) findings in Table 5, the study found out that that $\text{Prob} > F_{1, 354} = 0.000$ was less than the selected 0.05 level of significance. This suggests that the model as constituted was fit to predict performance of youth-owned businesses in Kenya. Further, the F-calculated, from the table (141.249) was greater than the F-critical, from f-distribution tables (3.868) supporting the findings that adaptability can be used to predict performance of youth-owned businesses in Kenya.

Table 5: ANOVA for Adaptability

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	31.781	1	31.781	141.249	.000 ^b
Residual	80.605	354	0.228		
Total	112.386	355			

a. Dependent Variable: performance of youth-owned businesses in Kenya

b. Predictors: (Constant), adaptability

From the results in table 6, the following regression model was fitted.

$$Y = 0.304 + 0.347 X_4$$

(X_4 is Adaptability)

The coefficient results showed that the constant had a coefficient of 0.304 suggesting that if adaptability was held constant at zero, performance of youth-owned businesses in Kenya would be at 0.304 units. In addition, results showed that adaptability coefficient was 0.347 indicating that a unit increase in adaptability would result in a 0.347 unit improvement in performance of youth-owned businesses in Kenya. It was also noted that the P-value for adaptability was 0.000 which is less than the set 0.05 significance level indicating that adaptability was significant. Based on these results, the study rejected the null hypothesis and accepted the alternative that adaptability has positive significant influence on performance of youth-owned businesses in Kenya.

Table 6: Beta Coefficients for Adaptability

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.304	.080		3.800	.003
1 Adaptability	0.347	0.090	0.346	3.856	0.000

a. Dependent Variable: performance of youth-owned businesses in Kenya

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Adaptability and Performance of Youth- Owned Businesses

The first null hypothesis test was ‘Adaptability has no significant effect on the performance of youth-owned businesses in Kenya. The study found that adaptability is statistically significant in explaining performance of youth-owned businesses in Kenya. The influence was found to be positive. This means that unit improvement in adaptability would lead to an increase in performance of youth-owned businesses in Kenya. Based on the findings, the study concluded that adaptability positively and significantly influences performance of youth-owned businesses in Kenya.

Recommendations

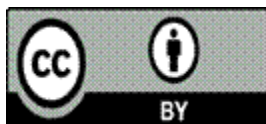
The study therefore recommends that the management of youth-owned businesses in Kenya should enhance their adaptability by continuously monitoring market trends, customer preferences, and technological changes, and then adjusting their strategies, products, and operations accordingly. By fostering a flexible organizational culture and encouraging innovation, young entrepreneurs can respond quickly to disruptions and emerging opportunities, thereby improving resilience, competitiveness, and overall business performance.

REFERENCES

- Abdelwahed, L., Soomro, B. A., & Shah, N. (2022). Exploring youth entrepreneurship challenges and opportunities: A systematic review. *Journal of Entrepreneurship and Business Innovation*, 9(1), 34-56.
- Addai, P, Avor, J., & Ofori, I. N. (2020). Ethical leadership and productive work attitudes among micro financial institutions in Ghana moderating role of organizational climate. *Management Research Review*, 42(9), 1049-1061
- Ayieko, D., & Okinda, R. (2024). The employment paradox in Kenya’s youth-led enterprises: An analysis of job creation trends. *Journal of Youth Economic Development*, 5(1), 33–47.
- Ayieko, R. A., & Okinda, O. M. (2024). Influence of ethical leadership practices on governance in Kilifi County Government, Kenya. *The Cradle of Knowledge: African Journal of Educational and Social Science Research*, 12(3), 133-141

- Bacci, M. L. (2017). A concise history of world population. London: John Wiley & Sons.
- Barney, J. B., Ketchen, D. J., & Wright, M. (2021). Strategic management and business sustainability: The role of governance frameworks. *Academy of Management Perspectives*, 35(4), 523-539.
- Botha, M., & Morallane, H. (2020). Cognitive adaptability and narrow personality traits: Proposing a person– entrepreneurship fit for established entrepreneurs in South Africa. *South African Journal of Business Management*, 50(1), 1-10
- Bryman, A. (2019). Social research methods (6th ed.). Oxford University Press.
- Burns, J. M. (2023). Transactional leadership: From theory to practice. Harvard Business Review Press.
- Chen, M. (2023). Business performance metrics: Understanding the indicators. *Business Review Journal*, 15(2), 54-63.
- Jeruto, C., & Kiprop, P. (2022). Service quality and customer satisfaction in small enterprises in Kenya: A youth enterprise perspective. *African Journal of Business Management*, 17(3), 101–113.
- Kenya National Bureau of Statistics (KNBS). (2021). *Economic Survey 2021. Nairobi, Kenya: KNBS*. Retrieved from <https://www.knbs.or.ke/reports/2021-economic-survey/>
- Kenya Youth Empowerment Strategy. (2023). The Role of Youth in Kenya’s Economic Development. Ministry of Public Service, Youth, and Gender Affairs.
- Khan, S. R, Bauman, D. C., & Javed, U. (2020). A study on the effect of ethical leadership on teachers’ moral motivation at schools in Pakistan. *International Journal of Educational Management*, 34(6), 965-985
- Kuria, L. K., Namusonge, G. S., & Iravo, M. (2024). Effect of leadership mechanisms on organizational performance in the health sector in Kenya. *International Journal of Scientific and Research Publications*, 6(7), 658-664
- Lakhwani, M., Dastane, O., Satar, N. S. M., & Johari, Z. (2022). The impact of technology adoption on organizational productivity. *Journal of Industrial Disribution & Business*, 11(4), 7-18
- Loi, Lindgren, & Faxelid, (2020). *Decision-making preceding induced abortion: a qualitative study of women’s experiences in Kisumu, Kenya*. Retrieved from <https://link.springer.com/content/>
- Murayire, Z. T. (2024). Effect of leadership mechanisms on employee performance in Rwanda revenue authority. *International Journal of Scientific Research and Management*, 12(03), 5972-5985
- Mutua, J., & Wekesa, L. (2024). Leadership influence on youth enterprise growth in Kenya. Nairobi: Centre for Business Research and Development.

- Northouse, P. G. (2023). *Leadership: Theory and practice* (8th ed.). SAGE Publications.
- Nutley, T, McNabb, S., & Salentine, S. (2021). *Impact of a decision-support tool on decision making at the district level in Kenya*. Retrieved from <https://link.springer.com/content/pdf>
- Ochieng, A., & Njeri, W. (2024). The role of governance structures in enhancing business performance in Kenya. *Journal of Entrepreneurship and Business Innovation*, 22(1), 85-102.
- Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (8th ed.). Harlow, UK: Pearson Education.
- Tavakol, M., & Dennick, R. (2019). Making sense of Cronbach's alpha. *International Journal of Medical Education*, 4, 53-55.
- Tumuhimise, J. M, Buluma, A., & Muweesi, C. (2024). Head teachers' vision and influence on financial performance in church of Uganda founded Secondary Schools. *International Journal of Educational Policy Research and Review*, 11(2), 31-43
- Uganda Bureau of Statistics. (2023). *Youth Entrepreneurship and Economic Development in Uganda*. Retrieved from <https://www.ubos.org>
- Wainaina, C. N, Kabare, K., & Mukulu, E. (2021). Determinants of employee adaptability to transformational change in commercial in Nairobi, Kenya: empirical review. *International Journal of Academic Research in Business and Social Sciences*, 4(10), 1-9
- Waqar, A., & Shaheen, F. (2025). Digital technology adoption and business performance in emerging markets: The moderating role of enterprise size. *Technology in Society*, 74, 102452. <https://doi.org/10.1016/j.techsoc.2025.102452>
- Waqar, A., & Shaheen, F. (2025). Digital technology adoption and business performance in emerging markets: The moderating role of enterprise size. *Technology in Society*, 74, 102452. <https://doi.org/10.1016/j.techsoc.2025.102452>
- Youth Entrepreneurship Fund. (2023). *Empowering Uganda's Youth Entrepreneurs*. Ministry of Finance, Planning, and Economic Development.
- Zohar, D., & Luria, G. (2023). Governance in organizations: A systematic approach. *Organizational Studies Review*, 44(3), 100-112.



2026 by the Authors. This Article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>)