

## STRATEGIC SENSITIVITY AND ORGANIZATION PERFORMANCE OF COMMERCIAL STATE OWNED ENTERPRISES IN KENYA

**KIMENYE NELSON MUENI & WANYOIKE CHARLES GITHIRA**

KCA University, School of Business

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### ABSTRACT

Strategic decision-making concepts argue that firms which prioritize and utilize strategic agility and its components are expected to outperform those that focus solely on conventional strategic planning. This study aimed to investigate whether these arguments are applicable in Kenya's public sector. Hence, the study sought to examine the effect of strategic sensitivity on organization performance of commercial state-owned enterprises in Kenya. The study was based on resources-based view. The study applied descriptive research design and sourced primary data through administration of questionnaires. Data was analyzed using descriptive and inferential statistics. Results of the study depicted that there was a statistically positive significant effect of strategic sensitivity on organization performance of commercial state-owned enterprises in Kenya.

**Keywords:** Strategic sensitivity, Organization Performance, Commercial Owned state enterprises.

### 1.0 INTRODUCTION

Globally, the concept of organizational performance refers to the overall effectiveness and efficiency with which an organization achieves its goals and objectives in a competitive environment. It encompasses various dimensions such as financial performance, operational efficiency, customer satisfaction, employee productivity, innovation, and social and environmental responsibility (Hitt, Ireland, & Hoskisson, 2019). Organizational performance is a critical indicator of an organization's success and sustainability in both the short and long term. In the context of CSOEs, organizational performance is viewed as their ability to achieve strategic objectives, deliver high-quality services, and generate sustainable financial returns while effectively managing resources and fulfilling their public mandate (Hamad & Yozgat, 2021).

The concept of organizational performance in the context of commercial SOEs refers to their ability to achieve strategic objectives, deliver high-quality services, and generate sustainable financial returns while effectively managing resources and fulfilling their public mandate. The liberalization of various sectors, such as telecommunications and energy, has introduced competition for SOEs. While competition can drive efficiency and innovation, it also poses challenges for SOEs accustomed to monopoly positions. Commercial SOEs need to adapt to competition by improving service quality, cost-effectiveness, and customer satisfaction. The regulatory framework must also provide a level playing field and ensure fair competition for

both SOEs and private sector players. The regulatory and competitive environment within which commercial SOEs operate affects their performance (World Bank, 2019).

Salih and Alnaji (2019) recognizes strategic sensitivity as the capability of an organization to actively gather and acquire pertinent data, convert it into meaningful information by assessing its importance, timeliness, accuracy, and content. This process entails interpreting and analyzing the information to comprehend the urgency, causes, and impact, enabling the organization to anticipate and detect opportunities and threats in the business environment. To enhance their agility, companies must outperform their competitors by swiftly identifying and seizing potential opportunities.

Salih and Alnaji (2019) propose that strategic sensitivity refers to an organization's capacity to actively acquire and collect relevant data, process it into meaningful information by evaluating its relevance, timeliness, accuracy, and content. It involves interpreting and analyzing this information to understand the urgency, causes, and impact, thereby enabling the anticipation and detection of opportunities and threats in the business environment. To achieve improved agility, firms must outpace their competitors by swiftly identifying and seizing potential opportunities. This entails conducting a comprehensive assessment of key stakeholders in the organization's external environment, including vendors, consumers, and competitors. Furthermore, firms should possess the ability to evaluate and recognize the essential factors necessary for resilience in their specific sector of expertise, considering that today's landscape is characterized by rapid and dynamic changes arising from complex and unpredictable structural interactions.

In a study conducted by Gilaninia, and Asli (2021), agility is defined as possessing qualities of a strong sense, speed, lightness, nimbleness, and a need for innovation and creativity. According to Doz (2018), strategic sensitivity involves characteristics such as engaging in an open strategy process, co-strategizing with many stakeholders, and conducting experimentation. Doz also noted that strategic agility can be hindered by resource constraints, rigidity in the business system, restrictive ties, management gaps, and competency traps. Hence, the current paper explored the effect of strategic sensitivity on performance of commercial state-owned enterprises in Kenya.

## **2.0 REVIEW OF LITERATURE**

### **2.1 Resource-Based View Theory**

The Resource-Based View (RBV) theory proposes that a firm's competitive advantage and superior performance are primarily driven by the unique bundle of resources and capabilities it possesses. According to the RBV, resources that are valuable, rare, difficult to imitate, and non-substitutable (VRIN characteristics) enable a firm to achieve sustained competitive advantages over its rivals. These resources can include tangible assets, such as physical infrastructure and financial capital, as well as intangible assets, such as intellectual property, knowledge, organizational culture, and reputation. By leveraging and strategically deploying these resources, firms can differentiate themselves from competitors and create barriers to imitation, ultimately leading to long-term success in the marketplace (Barney, 1991).

The Resource-Based View (RBV) theory originated in the field of strategic management and has evolved significantly since its inception. The theory emerged in the 1980s as a response to the limitations of the prevailing industry structure-based approach, which focused primarily on external factors such as market conditions and competitive forces. Wernerfelt (1984) laid the foundation for the RBV by proposing that firms possess heterogeneous resources and that the differences in these resources across firms can lead to sustained competitive advantages. The seminal work of Barney (1991) further contributed to the development of the RBV theory by emphasizing the role of firm-specific resources that are valuable, rare, difficult to imitate, and non-substitutable (VRIN characteristics) in creating sustainable competitive advantages. Past empirical studies on strategic agility have adopted the RBV theory as a foundational framework to explore the relationship between a firm's resources and its ability to adapt and respond to changing market conditions (Huang, Wang, & Jiang, 2019; Saeed, Yousafzai, & Eng, 2020). These studies recognize that the unique bundle of resources and capabilities possessed by a firm plays a crucial role in facilitating its agility. For instance, researchers have examined how specific resources, such as knowledge, technological capabilities, and organizational routines, contribute to a firm's ability to sense, seize, and transform opportunities. By adopting the RBV lens, these studies have shed light on the mechanisms through which a firm's resource base enables it to achieve strategic agility, thus enhancing its competitive advantage in dynamic environments.

The Resource-Based View (RBV) theory offers several strengths that contribute to its significance in strategic management research. It emphasizes the role of unique capabilities and resources of an organization in creating sustainable competitive advantages, providing a comprehensive framework for understanding firm heterogeneity and performance differences. The RBV theory focuses on internal factors, allowing firms to identify and leverage their distinct resources and capabilities to achieve competitive advantage (Grant, 2019). However, the RBV theory is not without its limitations. Its resource-centric perspective may overlook the dynamic nature of industries and the importance of external factors such as market conditions and competitive forces. Critics argue that the RBV theory lacks guidance on how to identify and develop resources and faces challenges in measuring and evaluating the VRIN characteristics of resources accurately (Priem & Butler, 2001). Nevertheless, the RBV theory remains a valuable framework for understanding competitive advantage, and scholars continue to refine and integrate it with other theoretical perspectives.

This theory supports studies proposition that organizations should be viewed from their resource capabilities to continue operating successfully irrespective of the business environmental changes. It helps describe the need for organizations to consider putting their resource into optimal use if they have to maintain desirable performance levels. The Resource-Based View (RBV) theory provides valuable understanding of strategic sensitivity, resource fluidity, leadership unity, and organizational learning (Barney & Clark, 2007). Therefore, the RBV theory suggests that firms with a strong resource base and capabilities are better equipped to detect and respond to environmental changes, enabling them to exhibit greater strategic sensitivity (Eisenhardt & Martin, 2000).

## 2.2 Empirical Review

Hamdan et al. (2020) investigated how strategic sensitivity influences the creativity of Palestinian non-governmental organizations (NGOs). The primary goal of their research was to determine the effect of strategic sensitivity on improving the creativity of non-governmental organizations in the Gaza Strip. The researchers employed a descriptive analytical approach and used questionnaires to collect data. Cluster sampling approach was utilized, resulting in a final sample size of 343 respondents, with 298 questionnaires considered for analysis. The findings revealed that strategic sensitivity accounted for 79.22% of the overall influence, while creative behavior had a relative weight of 78.99%. Additionally, a statistically significant connection was found between strategic sensitivity and creativity, indicating a possible sensitivity impact.

Orojloo, Feizi, and Najafabadi (2022) in their study focused on examining the impact of strategic agility on performance in Iranian banks. The research targeted Iranian banks with a minimum of 5 years of industry experience. Through a literature review on agility, the factors of strategic agility were identified, and employed the PLS-SEM (Partial Least Squares Structural Equation Modeling) to measure their effect on performance, with sample limitations considered. The findings demonstrated that strategic agility significantly and positively influences performance of these organizations. Among the factors influencing strategic agility, shared commitment was identified as having the greatest effect on organizational performance.

Alhalalmeh (2021) investigated how strategic sensitivity affects the performance of employees in commercial banks in Jordan. "The researchers developed a self-administered questionnaire to gather data based on their research objectives and hypotheses. The participants in the study consisted of all managerial employees working in Jordanian commercial banks. A random sample of 250 staff members in senior administrative and supervisory positions within commercial banks was selected. Statistical techniques were utilized to examine the research hypotheses. The findings of the study revealed that strategic agility, including its various aspects, has a significant impact on employee performance in commercial banks in Jordan. Specifically, the dimensions of strategic sensitivity, core capabilities, and clarity of vision, strategic goals, information technology selection, and shared responsibility were identified as factors influencing employee performance."

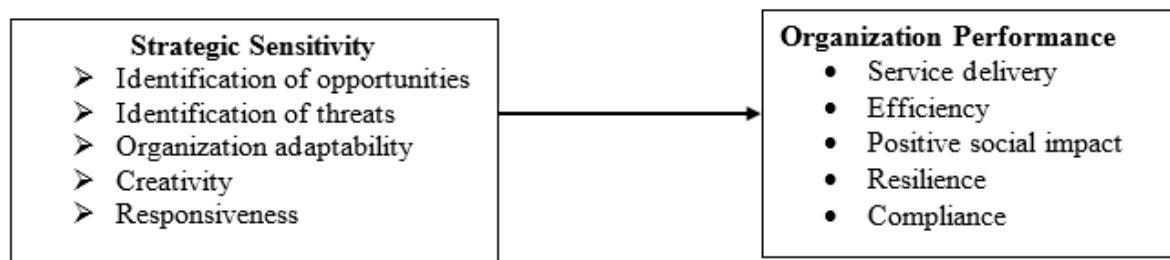
Victor and Isoboye (2021) investigated the correlation between strategic sensitivity and corporate responsiveness in the fast-moving consumer goods sector in Nigeria. The researchers utilized a cross-sectional survey methodology, focusing on nine companies operating in the region. Since the analysis was conducted at the organizational level, the study included only strategic managers as participants, totaling 45 respondents (five managers from each company). The researchers chose a census approach due to the small population size. They collected and analyzed primary data. The findings revealed that strategic sensitivity had a positive relationship with corporate responsiveness among these companies. Specifically, both strategic insight and strategic foresight were found to be significantly and positively correlated with the companies' responsiveness.

Diallo and Sow (2020) in their study examined the correlation between strategic sensitivity and organizational performance in Ghana. The research adopted a comparative analysis approach, studying organizations across different industries in several African countries. The findings suggested there was a positive connection between strategic sensitivity and organizational

performance, indicating that organizations with higher levels of strategic sensitivity tend to outperform their counterparts. The study provided valuable understanding into the benefits of strategic sensitivity for organizational success in the African context.

## 2.3 Conceptual Framework

The current study investigated the effects of strategic sensitivity on the organizational performance of commercial state-owned enterprises in Kenya. Strategic sensitivity was operationalized as identification of opportunities, identification of threats, organization adaptability, creativity and responsiveness. Organization performance will be operationalized as service delivery, efficiency, positive social impact, resilience and compliance. Figure 1 shows the conceptual framework.



**Figure 1: Conceptual Framework**

## 3.0 RESEARCH METHODOLOGY

The study adopted a descriptive research design. The descriptive research design provides an accurate portrayal of the current situation or circumstance. The study targeted the various CSOEs as the object of analysis where the top management, line managers and supervisors formed the unit of analysis. According to the National Treasury has 46 commercial state-owned enterprises. From each of these enterprises, 3 employees one each from top, middle and supervisory levels of management was eligible to participate in the study. Thus, since a census was conducted, there was no need for a sampling procedure. A census is a type of research approach that involves counting and documenting every individual within a given population (Cooper & Schindler, 2019). Instead of selecting a sample, a census surveys the entire population that shares certain characteristics. This approach is often employed to gather comprehensive data about experiences or events. The study used questionnaires as a means of gathering primary data from the participants in the sample population. The study administered the questionnaires through drop and pick basis but sought to clarify any issue arising from the questionnaire to all respondents.

Data analysis involves reducing a vast amount of data into a more manageable format, generating summaries, recognizing patterns, and applying statistical techniques (Cooper & Schindler, 2019). The received quantitative data was assessed for accuracy and completeness, followed by the coding and inputting of the entire questionnaires into Statistical Package for Social Sciences (SPSS) version 26. Descriptive and inferential statistics were utilized to analyze the quantitative data.

Descriptive statistics of frequencies, percentages, mean and standard deviation were used to analyze the data. After analysis, tables and graphs were used to present it. Exploratory factor analysis (EFA) refers to a multivariate and complex statistical technique usually employed to identify the underlying latent elements that explain the patterns of correlations among a group of observed variables (Taherdoost, Sahibuddin & Jalaliyoon, 2019). In this study EFA was applied to determine the suitability of the independent variables and their correlation. Thus, a correlation matrix, Kaiser-Meyer-Olkin (KMO) and Bartlett's Tests, Maximum Likelihood and Scree Test was used. The SPSS tool was used to carry out the EFA analysis. Further, correlation and regression analysis were used with the former for examining the strength of the link between strategic sensitivity and organization and the former elucidated the nature of the effect of strategic sensitivity on organization of commercial state-owned enterprises in Kenya. The model of the study was as follows:

$$Y = \alpha + \beta_1 X_1 + \varepsilon$$

Where;

Y= Organizational Performance (Dependent Variable)

$\alpha$  = Intercept term (constant)

X<sub>1</sub>= Strategic sensitivity

$\beta_1$ = Regression slope coefficient

$\varepsilon$ = Error term

## 4.0 FINDINGS AND DISCUSSIONS

### 4.1 Descriptive Statistics on Strategic Sensitivity and Organization Performance

The first objective sought to examine the effect of strategic sensitivity on organizational performance of commercial state-owned enterprises in Kenya. The respondents were required to respond to the study questions with a likert scale ranging 1=Not at all, 2=Small extent, 3=Moderate extent, 4=Large extent, 5=Very large extent.

### 4.2 Descriptive Statistics on Identification of Opportunities

An examination of the effect of identification of opportunities on organization performance in Table 1 indicates that majority mean =3.5 reported that to a large extent their organization currently identifies and assesses new opportunities for growth and improvement or their organization ensured that their identified opportunities that aligned with their overall strategic goals and objectives (mean =3.5). Further, it was reported that there was moderate extent effect of an organization having tools that were utilized to scan the external environment and identification of emerging trends and market shifts (mean =3.3), they have processes or mechanisms in place that evaluates and prioritizes their potential opportunities (mean =3.4). Presence of specific metrics or indicators that were used for tracking and measuring the success

of opportunities identification efforts had a coefficient of variation of 388.1% which was higher than the overall (378.1%) a clear depiction of wider variation in responses.

**Table 1 Descriptive Statistics on Identification of Opportunities**

	Mean	Std. Deviation	CV
Your organization currently identifies and assesses new opportunities for growth and improvement	3.5	1.0	360.7
Your organization has tools utilized to scan the external environment and identify emerging trends and market shifts.	3.3	0.9	350.6
There are processes or mechanisms are in place to evaluate and prioritize potential opportunities	3.4	0.9	386.5
There are specific metrics or indicators used to track and measure the success of opportunity identification efforts	3.1	0.8	388.1
Your organization ensures that the identified opportunities align with its overall strategic goals and objectives	3.5	0.9	404.8
<b>Overall</b>	<b>3.4</b>	<b>0.9</b>	<b>378.1</b>

### 4.3 Descriptive Statistics on Identification of Threats

Concerning identification of threats, the study found that majority mean = 3.9 reported that to a large extent their organization has measures in place to respond to identified threats and mitigate them. Majority mean =3.8 reported that a large extent their organization tracks and monitors changes in external environment that may pose threats or their organization frequently reviews and updates it lists of potential threats (mean =3.7) or their organization involves different departments or teams in the process of identifying threats. Moreover, majority mean = 3.4 reported that there was to a moderate extent organization performance was affected by presence of a staff responsible for identifying and monitoring threats.

**Table 2 Descriptive Statistics on Identification of Threats**

	Mean	Std. Deviation	CV
Within the organization is a staff responsible for identifying and monitoring threats	3.4	0.9	378.9
The organization tracks and monitors changes in the external environment that may pose threats	3.8	0.9	421.0
The organization involves different departments or teams in the process of identifying threats	3.6	1.1	343.8
The organization frequently reviews and updates its list of potential threats	3.7	0.8	437.8
The organization has measures in place to respond to identified threats and mitigate them	3.9	0.7	518.1
<b>Overall</b>	<b>3.7</b>	<b>0.9</b>	<b>419.9</b>

### 4.4 Descriptive Statistics on Organization Adaptability

An examination on organization adaptability revealed that majority mean =3.9 either reported that to a large extent their organization allocates resources to facilitate flexibility and responsiveness to changing market conditions or an organization balancing short-term goals

with long-term strategic objectives to ensure sustainable adaptability and improved performance. To a large extent mean = 3.6 state owned enterprises encourages and supports innovation and experimentation to drive adaptability or mean = 3.8 they monitor and benchmark their performance against industry standards and best practices to drive continuous improvement.

**Table 3 Descriptive Statistics on Organization Adaptability**

	Mean	Std. Deviation	CV
The organization encourages and supports innovation and experimentation to drive adaptability	3.6	1.0	366.7
The organization allocates resources to facilitate flexibility and responsiveness to changing market conditions	3.9	0.7	552.9
The organization monitors and benchmarks its performance against industry standards and best practices to drive continuous improvement	3.8	0.9	412.0
The organization balances short-term goals with long-term strategic objectives to ensure sustainable adaptability and improved performance	3.9	0.9	448.6
<b>Overall</b>	<b>3.8</b>	<b>0.9</b>	<b>445.0</b>

#### 4.5 Descriptive Statistics on Creativity

An examination on the creativity in state owned enterprises indicates that majority mean =3.8 reported that to a large extent state owned commercial enterprises encourages and supports creativity amongst its employees, provides resources and tools for employees to explore new ideas and think creatively or their leverage technology and digital tools to enhance creativity. Further, to a large extent in commercial state-owned enterprises creativity is embedded in their long-term planning and decision-making process (mean =3.6). In overall to a large extent creativity in commercial state-owned enterprises has a large effect on organizational performance (mean = 3.7).

**Table 4 Descriptive Statistics on Creativity**

	Mean	Std. Deviation	CV
The organization encourages and supports creativity among its employees	3.8	0.9	441.8
The organization provides resources and tools for employees to explore new ideas and think creatively	3.8	1.0	396.0
The organization leverages technology and digital tools to enhance creativity	3.8	1.0	380.7
Creativity is embedded in the organization's long-term planning and decision-making processes	3.6	0.8	441.6
<b>Overall</b>	<b>3.7</b>	<b>0.9</b>	<b>415.0</b>

#### 4.6 Descriptive Statistics on Responsiveness



Regarding the extent to which responsiveness affected organization performance in state owned enterprises. Results in Table 4.6 depicts that majority mean= 3.9 reported that to a large extent state owned organization ensures that their decision-making processes are responsive to changing market conditions or their resources such as human capital, technology and financial investments, are aligned with responsiveness goals. Majority mean = 3.7 reported that to a large extent state owned enterprises has processes or mechanisms in place that gather information and insights about customer needs and preferences or they encourage cross-functional collaboration and communication to facilitate responsiveness.

**Table 5 Descriptive Statistics on Responsiveness**

	Mean	Std. Deviation	CV
There are processes or mechanisms in place to gather information and insights about customer needs and preferences	3.7	0.9	414.9
The organization ensures that its decision-making processes are responsive to changing market conditions.	3.9	0.7	542.7
Resources, such as human capital, technology, and financial investments, are aligned with responsiveness goals	3.9	0.9	458.5
The organization encourages cross-functional collaboration and communication to facilitate responsiveness	3.7	0.8	439.5
<b>Overall</b>	<b>3.8</b>	<b>0.8</b>	<b>463.9</b>

## 4.7 Exploratory Factor Analysis for Strategic Sensitivity

EFA results in table 6 depicts that 90.4% of the variations in strategic sensitivity was accounted for by the attribute that there are processes or mechanisms in place for evaluating and prioritizing potential opportunities, 84.7% was associated with presence of tools for scanning the external environment and identifying emerging trends and market shifts, 62.7% was associated with organization allocating resources to facilitate flexibility and responsiveness to changing market conditions. 73.8% was associated with proactiveness of organization staffs in identifying and monitoring threats and 68.8% was associated with organization tracking and monitoring changes in external environment that may pose threats. In addition, 81.6% was associated with state organization providing resources for exploration of new ideas and cultivation of innovative culture and 70.2% was attributed to organization support to creativity, experimentation and adaptation to changes.

**Table 6 Exploratory Factor Analysis for Strategic Sensitivity**

	1	2	3	4	5
There are processes or mechanisms are in place to evaluate and prioritize potential opportunities	0.904				
Your organization has tools utilized to scan the external environment and identify emerging trends and market shifts.	0.847				
The organization allocates resources to facilitate flexibility and responsiveness to changing market conditions	0.627				

There are specific metrics or indicators used to track and measure the success of opportunity identification efforts	0.525				
Within the organization is a staff responsible for identifying and monitoring threats		0.738			
The organization tracks and monitors changes in the external environment that may pose threats		0.688			
Your organization ensures that the identified opportunities align with its overall strategic goals and objectives		0.566			
The organization provides resources and tools for employees to explore new ideas and think creatively			0.816		
The organization frequently reviews and updates its list of potential threats			0.533		
Your organization currently identifies and assesses new opportunities for growth and improvement			0.515		
The organization ensures that its decision-making processes are responsive to changing market conditions.			0.509		
The organization encourages and supports innovation and experimentation to drive adaptability				0.702	
Resources, such as human capital, technology, and financial investments, are aligned with responsiveness goals				0.638	
The organization involves different departments or teams in the process of identifying threats				0.516	
The organization has measures in place to respond to identified threats and mitigate them					0.668
Creativity is embedded in the organization's long-term planning and decision-making processes					0.617
The organization leverages technology and digital tools to enhance creativity					0.551
Total variance explained					51.8%
KMO and Bartlett's Test					
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.587			
Bartlett's Test of Sphericity	Approx. Chi-Square	864.98			
	df	231			
	Sig.	0.000			

## 4.8 Exploratory Factor Analysis for Organization Performance

An EFA for organization performance in Table 7 that 81.8% of variations in organization learnings was attributed to presence of regular reviews that update organizational resilience strategies in response to evolving environmental challenges, 81.6% associated it with minimization of inefficiencies in the workflow or operational process or integration of sustainable principles into resilience building strategies that address long term environmental challenges. 67.1% associated organization conduct internal audits or assessments to evaluate compliance effectiveness and identify areas for improvement, 88.8% was associated with organization promotes a customer-centric mindset and focus on delivering value-added

services and 84.3% with organization having mechanisms or systems in place to monitor and measure the effectiveness of its service delivery.

**Table 7 Exploratory Factor Analysis for Organization Performance**

	1	2	3
There are regular reviews that update organizational resilience strategies in response to evolving environmental challenges	0.818		
Bottlenecks or inefficiencies in the workflow or operational processes are minimal	0.816		
The organization integrate sustainability principles into its resilience-building strategies to address long-term environmental challenges	0.816		
Organization's processes have streamlined and improved performance	0.778		
The organization has resources set aside to remain resilient to external challenges	0.771		
Compliance to operating procedures has improved thus affecting performance	0.771		
Resources, such as financial or human capital, are allocated towards social impact initiatives	0.664		
The organization has well-defined goals and objectives that align with its mission and vision	0.656		
Social impact initiatives have increased and meet the intended purpose	0.653		
Service delivery has improved as a result of strategic agility	0.64		
There are strategies to identify and leverage opportunities for innovation and improvement in service delivery processes	0.629		
The organization conduct internal audits or assessments to evaluate compliance effectiveness and identify areas for improvement		0.671	
Compliance considerations are incorporated into strategic planning and performance management processes		0.646	
The organization adapts or pivots its social impact initiatives in response to changing external factors or stakeholder needs		0.621	
The organization promotes a customer-centric mindset and focus on delivering value-added services			0.888
The organization has mechanisms or systems in place to monitor and measure the effectiveness of its service delivery			0.843
Total variance explained			97.50%
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.875	
Bartlett's Test of Sphericity	Approx. Chi-Square	2345.6	
	df	86	
	Sig.	0.00	

## 4.9 Correlation Analysis

Product moment correlation analysis was adopted to examine the strength of the effect of strategic agility and organization performance in State owned enterprises in Kenya. Results in Table 8 indicates that there was positive and statistically significant effect of strategic sensitivity (rho = 0.717, p value < 0.05).

**Table 8 Correlation Analysis**

		Organization Performance	Strategic Sensitivity
Organization Performance	Pearson Correlation	1	
Strategic Sensitivity	Pearson Correlation	.717**	1
	Sig. (2-tailed)	0.00	
	N	119	119

#### 4.10 Regression Analysis

Regression model summary in Table 9 has an R squared of 51.4% that depicts that 51.4% of changes in organization performance of commercial state-owned enterprises can be explained by strategic sensitivity while the remaining percentage is associated with other aspects excluded from the model.

**Table 9 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.717a	0.514	0.51	0.26378

a Predictors: (Constant), Strategic Sensitivity

ANOVA results in Table 10 has an F statistic whose P value is less than 0.05 this indicates that strategic sensitivity has statistically significant effect on organization performance and regression analysis may be adopted for data analysis.

**Table 10 ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.612	1	8.612	123.772	.000b
	Residual	8.141	117	0.07		
	Total	16.753	118			

a Dependent Variable: Organization Performance

b Predictors: (Constant), Strategic Sensitivity

Regression coefficients results in Table 10 depicts that there was a statistically positive significant effect of strategic sensitivity on organization performance of commercial state-

owned enterprises in Kenya ( $\beta = 0.663$ ,  $p$  value  $< 0.05$ ). Thus, a unit increase in strategic sensitivity is associated with positive change in organization performance. The study found that strategic sensitivity has a large extent effect on organization performance of state-owned in Kenya. Regarding the first hypothesis the study found strategic sensitivity has positive statistically significant effect on organization performance of commercial state-owned enterprises in Kenya. The study findings were in agreement with Salih and Alnaji (2019) who found that firms should possess the ability to evaluate and recognize the resilience that would create competitive advantage. The study mirrors Hamdan et al. (2020) creative behavior among employees that enhances organization performance. Orojloo, et al. (2022) demonstrated that strategic agility significantly and positively influences performance of these organizations. Thus, strategic agility enhances organization performance.

**Table 11 Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.467	0.227		6.453	0.000
	Strategic Sensitivity	0.663	0.06	0.717	11.125	0.000

a Dependent Variable: Organization Performance

**5.0 CONCLUSION AND RECOMMENDATIONS**

Since there was a positive statistically significant effect of strategic sensitivity on organization performance of state-owned enterprises in Kenya. Then an increase in identification of opportunities, identification of threats, organization adaptability, creativity and responsiveness enhance organization performance of commercial owned-state enterprises. Consequently, there is need for commercial owned state enterprises to develop measures that would optimize their strategic sensitivity capabilities and ultimately achieve desired goals and objectives.

From the foregoing findings, though there are benefits associated with provision of public goods and services. The likelihood of survival and remaining as a going concern should be put into considerations by public entities. Thus, they ought to be concerned on how they avail their services to members of the public. Further, the level of information awareness has changed and current period customers understands their needs and their rights. Therefore, policy makers should develop policies that would enhance strategic agility of state-owned enterprises so as to ultimately attain their desired goals and visions.

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