



Effect of Strategic Management Practices on Market Performance of Clothing SMEs in Nakuru Central Business District, Kenya

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Abstract

Clothing SMEs in Nakuru CBD contribute to employment and local economic growth, yet they continue to experience fluctuating sales, intense competition from boutiques, second-hand clothing traders, chain stores and online sellers, and pressure on profitability. Limited sector-specific evidence exists on whether structured strategic management practices improve their market outcomes. Consequently, the study examined the effect of strategic management practices on the market performance of clothing small and medium enterprises (SMEs) in Nakuru Central Business District (CBD), Kenya. Specifically, the study assessed the effects of strategic planning, goal setting, resource allocation and environmental scanning practices on market performance. The study was anchored on the Resource-Based View, Goal-Setting Theory and Dynamic Capabilities Theory and adopted a descriptive correlational research design. The target population was 132 owners, supervisors and sales staff drawn from 16 licensed clothing SMEs. A sample of 112 respondents was selected through census and stratified random sampling. Primary data was collected using a structured questionnaire, and 94 usable questionnaires were returned (83.9% response rate). Data was analysed in SPSS Version 29 using descriptive statistics, Pearson correlation and multiple regression analysis. Findings revealed that all four practices had positive and statistically significant effects on market performance, jointly explaining 79.6% of its variation ($R^2 = 0.796$; $F(4, 89) = 86.743$, $p < 0.001$). Strategic planning had the strongest effect ($\beta = 0.342$, $p < 0.001$), followed by environmental scanning ($\beta = 0.311$, $p < 0.001$), goal setting ($\beta = 0.258$, $p = 0.002$) and resource allocation ($\beta = 0.214$, $p = 0.006$). In light of the findings, the study recommends that clothing SMEs should institutionalise formal strategic planning, set measurable performance targets, allocate resources in line with strategic priorities and continuously monitor their business environment, and that the County Government of Nakuru and SME support agencies strengthen capacity-building programmes in strategic management.

Keywords: Strategic management practices, Market performance, Strategic planning, Environmental scanning, Clothing SMEs, Nakuru

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1.0 Introduction

Small and medium-sized enterprises (SMEs) are key drivers of economic growth, job creation, innovation and poverty reduction, and they account for the majority of businesses and a substantial share of employment in developing economies (Erdin & Ozkaya, 2020). However, SMEs operate in an increasingly dynamic environment characterised by globalisation, technological change, shifting consumer preferences, shorter product life cycles and intense competition. These conditions require SMEs to adopt strategic management practices that help them anticipate market changes, define a clear competitive direction and use their limited resources effectively (Mohammed & Rugami, 2019).

The clothing and apparel industry is particularly competitive because purchasing decisions are shaped by rapidly changing fashion trends, prices, product quality, brand image and digital marketing. Clothing SMEs compete with boutiques, supermarkets, chain stores, imported apparel, second-hand clothing traders and online retailers, while e-commerce and social media allow customers to compare products, prices and service quality across sellers. Clothing enterprises must therefore understand their markets, formulate suitable plans, set measurable targets and direct resources to the products and promotional channels that generate favourable market outcomes (Chevrollier & Kuijf, 2023).

In Kenya, SMEs are a major source of employment, household income and entrepreneurial development, yet many face limited access to finance, inadequate managerial capabilities, weak innovation, inefficient resource use and restricted market access (Kenya National Bureau of Statistics [KNBS], 2016). The clothing subsector faces additional pressure from the extensive second-hand clothing market, which offers apparel at prices well below those of comparable new garments. Nakuru County provides an appropriate context for examining these issues because of its concentration of commercial and retail enterprises, most of which are located in Nakuru Town. The County Integrated Development Plan identifies micro, small and medium enterprise development, entrepreneurship and trade as important contributors to the county's economic growth (Nakuru County Government, 2023). The concentration of enterprises within Nakuru CBD gives clothing SMEs access to customers, suppliers and infrastructure, but it also intensifies competition for customers, affordable premises and market visibility.

Although strategic management encompasses many practices, this study focused on strategic planning, goal setting, resource allocation and environmental scanning. These four practices are fundamental, interconnected and measurable within small owner-managed enterprises. Environmental scanning helps an enterprise understand customers, competitors and market changes; goal setting specifies the market outcomes to be achieved; strategic planning determines the actions through which the goals will be attained; and resource allocation provides the financial, human, inventory and technological inputs required to implement the plans.

1.1 Statement of the Problem

Clothing SMEs in Nakuru CBD contribute to employment creation, income generation and local economic development. Despite operating in a large urban market, they face intense competition from boutiques, second-hand clothing traders, supermarkets, imported apparel and online retailers. The dominance of low-priced second-hand clothing, combined with rapidly changing fashion preferences, creates substantial price competition for enterprises dealing in new and locally produced garments. These conditions may contribute to slow sales growth, limited market share, weak customer acquisition and poor customer retention.

Such market-performance challenges may stem from inadequate strategic planning, unclear market goals, limited environmental scanning and ineffective allocation of financial, human and technological resources. Previous studies have largely examined strategic management practices in manufacturing firms, financial institutions, public organisations and heterogeneous categories of SMEs, often using broad measures of organisational performance (George et al., 2019; Mousa et al., 2024; Gatimu & Amuhaya, 2022). Where county-level evidence exists, practices have typically been examined in isolation rather than within a single model (Wesonga, 2019). Consequently, limited empirical evidence explains how strategic planning, goal setting, resource allocation and environmental scanning individually and collectively affect the market performance of clothing SMEs in Nakuru CBD. This study sought to fill this empirical and contextual gap.

1.2 Objectives of the Study

- i. To examine the effect of strategic planning practice on market performance of clothing SMEs in Nakuru CBD.
- ii. To assess the effect of goal-setting practice on market performance of clothing SMEs in Nakuru CBD.
- iii. To establish the effect of resource allocation practice on market performance of clothing SMEs in Nakuru CBD.
- iv. To evaluate the effect of environmental scanning practice on market performance of clothing SMEs in Nakuru CBD.

1.3 Research Hypotheses

- H₀₁:** Strategic planning practice has no statistically significant effect on the market performance of clothing SMEs in Nakuru CBD.
- H₀₂:** Goal-setting practice has no statistically significant effect on the market performance of clothing SMEs in Nakuru CBD.
- H₀₃:** Resource allocation practice has no statistically significant effect on the market performance of clothing SMEs in Nakuru CBD.
- H₀₄:** Environmental scanning practice has no statistically significant effect on the market performance of clothing SMEs in Nakuru CBD.

2.1 Theoretical Review

The study was anchored on three complementary theories: the Resource-Based View, Goal-Setting Theory and Dynamic Capabilities Theory.

2.1.1 Resource-Based View Theory

The Resource-Based View (RBV) was advanced by Barney (1991), building on Wernerfelt (1984). It shifts attention from external industry forces to internal firm resources as the primary source of sustained competitive advantage. RBV holds that firms achieve superior performance when they possess resources that are valuable, rare, inimitable and non-substitutable, and when they identify, allocate and deploy these resources effectively. The theory explains why firms within the same industry perform differently and has been widely applied to SMEs (Chumphong et al., 2020; Lukovszki et al., 2021). It has, however, been criticised for its static perspective and for the difficulty of measuring such resources. In this study, RBV underpins resource allocation practice: clothing SMEs that allocate and use their financial, human, inventory and marketing resources efficiently are more likely to improve sales growth, market share and customer satisfaction.

2.1.2 Goal-Setting Theory

Goal-Setting Theory was developed by Locke (1968) and expanded by Locke and Latham (2002). It asserts that specific, clear and challenging goals lead to higher performance than vague or easily attainable goals, because goals direct attention, mobilise effort, increase persistence and encourage task-relevant strategies. Goal clarity, commitment and feedback moderate these effects (Jeong et al., 2023). Critics note that an emphasis on measurable outcomes may overlook innovation and may encourage short-termism. Within SMEs, the theory supports the use of sales targets, profit-margin goals and customer-retention benchmarks (Eide et al., 2021). In this study, the theory underpins goal-setting practice by explaining how clearly defined targets guide managerial action, improve employee commitment and facilitate performance monitoring.

2.1.3 Dynamic Capabilities Theory

Dynamic Capabilities Theory was advanced by Teece et al. (1997) and refined by Teece (2007) to address RBV's limitations in fast-changing environments. It emphasises a firm's ability to sense opportunities and threats, seize opportunities and reconfigure internal and external competencies to sustain competitive advantage. The theory has been applied to SME strategic adaptation (Quansah et al., 2022) and specifically to the apparel industry, where sensing and seizing capabilities shape strategic orientation (Chevrollier & Kuijff, 2023). Although it has been criticised as abstract and difficult to operationalise, it offers a strong explanation of how continuous monitoring of the environment and periodic revision of plans enhance responsiveness. In this study, the theory underpins strategic planning practice and environmental scanning practice.

2.2 Empirical Review

2.2.1 Strategic Planning Practice and Market Performance

In a meta-analysis of earlier empirical studies, George et al. (2019) found that strategic planning has a positive, moderate and significant effect on organisational performance, with formal planning showing stronger effects. Rudd et al. (2008) found that the benefits of formal strategic planning are transmitted largely through the operational and financial flexibility that planning creates. In South Africa, Sandada et al. (2014) found that strategic planning had a positive association with, and a predictive relationship to, the performance of SMEs in Gauteng Province. In Iraq's manufacturing sector, Mousa et al. (2024) found that the strategic planning process had a beneficial effect on financial performance, while management participation and planning formality improved non-financial performance. In Kenya, Mohammed and Rugami (2019) and Gatimu and Amuhaya (2022) reported that strategic and competitive management practices significantly improved SME performance in Mombasa and Kiambu counties, respectively, and Wesonga (2019) found that the adoption of strategic plans among SMEs in Nakuru Town was strongly correlated with profitability ($r = .815$) and customer satisfaction ($r = .802$). These studies, however, were conducted in developed economies or across mixed sectors and did not focus on clothing SMEs in Nakuru.

2.2.2 Goal-Setting Practice and Market Performance

In an experiment on a moderately complex business task, Latham and Seijts (1999) found that setting short-term goals alongside a long-term goal produced higher performance than a long-term goal alone. A meta-analysis of 138 experimental studies by Harkin et al. (2016) showed that monitoring progress towards goals promotes goal attainment, particularly when progress is recorded or reported. Baum and Locke (2004) and Delmar and Wiklund (2008) found that the growth goals held by owner-managers predicted later firm growth. In Kenya, goal setting

has usually been studied as part of wider planning; Obare and Bowen (2026) found that strategic planning, which helps SMEs set clear goals and align resources, was a significant positive predictor of the performance of dairy SMEs in Murang'a County. These studies examined goal setting largely within planning and outside the clothing sector.

2.2.3 Resource Allocation Practice and Market Performance

Wiklund and Shepherd (2003) found that knowledge-based resources improved the performance of Swedish SMEs, particularly when combined with a strong entrepreneurial orientation, and Sirmon et al. (2007) argued that value is created by structuring, bundling and leveraging resources in line with strategy rather than by simply owning them. Temouri et al. (2022) further showed that emerging-market SMEs that deploy resources deliberately cope better with environmental uncertainty. In Kenya, Abdirahman (2024) found that human, financial, material and technological resource planning significantly influenced the performance of SMEs in Wajir County. Most of these studies treated resources broadly rather than examining their link with market performance.

2.2.4 Environmental Scanning Practice and Market Performance

Beal (2000) found among small United States manufacturing firms that the frequency and scope of environmental scanning were linked to a better alignment between competitive strategy and the environment, and through it to higher performance. In South Africa, Sandada et al. (2014) identified environmental scanning as a core dimension of strategic planning associated with SME performance. In Kenya, Chege and Wang (2020) studied 272 rural enterprises and found that environmental scanning combined with entrepreneurial innovation strategies was positively related to performance. None of these studies integrated environmental scanning with the other practices among clothing SMEs in Nakuru CBD.

2.3 Conceptual Framework

The conceptual framework (Figure 1) presents strategic planning, goal setting, resource allocation and environmental scanning practices as the independent variables and market performance, measured through sales growth, profitability, market share and customer satisfaction, as the dependent variable (Puspaningrum, 2020; Royo-Vela et al., 2022).

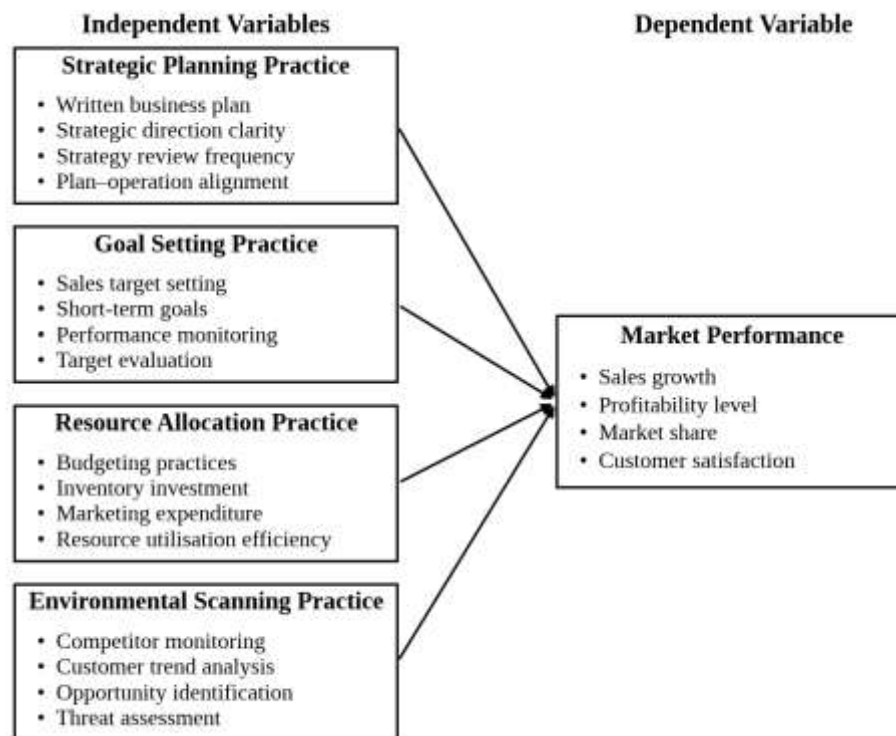


Figure 1: Conceptual Framework

Source: Researcher (2026)

3.0 Research Methodology

3.1 Research Design and Study Location

The study adopted a descriptive correlational research design. The descriptive component enabled a systematic description of the strategic management practices adopted by clothing SMEs without manipulating variables (Saunders et al., 2019), while the correlational component enabled the examination of the strength and direction of relationships between the practices and market performance (Creswell, 2014; Mugenda & Mugenda, 2019). The study was conducted in Nakuru CBD, the commercial and administrative hub of Nakuru City, which hosts a high concentration of clothing retail and wholesale enterprises.

3.2 Target Population, Sample and Sampling Technique

The sampling frame was derived from the business-licensing register of the Nakuru County Department of Trade. Enterprises were included if they held a valid county business permit, qualified as SMEs, engaged primarily in clothing retail, operated physically within Nakuru CBD and had an owner or manager, a supervisor and sales staff. After screening and physical verification, 16 clothing SMEs met the criteria. Staff registers from these enterprises identified a target population of 132 respondents: 16 owners, 16 supervisors and 100 sales staff. The unit of analysis was the clothing SME, while the units of observation were owners, supervisors and sales staff, who represent the strategic, supervisory and operational levels of strategy formulation and implementation.

A census was applied to the 32 owners and supervisors because their number was small and manageable (Kothari, 2014). For sales staff, the sample size was determined using Yamane's (1967) formula, $n = N / [1 + N(e^2)]$, with $N = 100$ and $e = 0.05$, giving $n = 80$. Stratified random

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sampling, with each enterprise as a stratum, was used to select sales staff proportionately. The total sample was therefore 112 respondents, as shown in Table 1.

Table 1: Target Population and Sample Size

Respondent Category	Target Population	Sample Size	Sampling Technique
Owners	16	16	Census
Supervisors	16	16	Census
Sales staff	100	80	Stratified random
Total	132	112	

Source: Field data (2026)

3.3 Research Instrument, Validity and Reliability

Primary data was collected using a structured questionnaire comprising items measured on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). Each construct was measured using eight items. Content validity was established through review by three experts, two academics in strategic management and one SME development practitioner, yielding a Scale Content Validity Index (S-CVI) of 0.94, above the 0.80 threshold. Construct validity was addressed by deriving every item from the theory-based indicators of its construct and confirming item–construct fit through the expert review. Factor analysis was not conducted on the pilot data because 11 respondents are too few for a 40-item instrument (Hair et al., 2019).

A pilot study was conducted with 11 respondents (about 10% of the sample) from three clothing SMEs in Kiamunyi, Nakuru, outside the CBD to avoid contaminating the main sample (Mugenda & Mugenda, 2019). Pilot feedback led to the simplification of technical terms and rephrasing of three items. Internal consistency was assessed using Cronbach’s alpha; the four constructs included in the pilot (goal setting, environmental scanning, resource allocation and market performance) recorded coefficients between 0.842 and 0.884, and the overall coefficient for the 32 pilot items was 0.862, exceeding the recommended threshold of 0.70 (Nunnally & Bernstein, 1994). The strategic planning scale was not part of the pilot reliability test; its content validity was established through the expert review. Pilot data was excluded from the main analysis.

3.4 Data Collection and Analysis

Ethical approval was obtained from the Kabarak University Research Ethics Committee (KUREC), and a research licence was obtained from the National Commission for Science, Technology and Innovation (NACOSTI). Questionnaires were administered using the drop-and-pick-later method. Data was analysed using SPSS Version 29. Descriptive statistics (frequencies, percentages, means and standard deviations) summarised the data, while Pearson correlation and multiple linear regression were used to test the hypotheses. Before regression, tests of normality, autocorrelation, homoscedasticity and multicollinearity were conducted (Gujarati & Porter, 2009; Wooldridge, 2013). The regression model was:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

where Y is market performance, β_0 is the constant, β_1 – β_4 are the regression coefficients, X_1 is strategic planning practice, X_2 is goal-setting practice, X_3 is resource allocation practice, X_4 is environmental scanning practice, and ε is the error term.

3.5 Ethical Considerations

Participation was voluntary and based on informed consent, and respondents were free to withdraw at any stage. No names or identifying details of respondents or enterprises were recorded or reported; questionnaires were coded and findings are presented in aggregate form.

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Completed questionnaires were stored securely, electronic data was password-protected, and data was used solely for academic purposes.

4.0 Results and Discussion

4.1 Response Rate and Respondents' Profile

Of the 112 questionnaires administered, 94 were completed and returned, representing a response rate of 83.9%. This exceeds the 70% level considered very good for analysis (Mugenda & Mugenda, 2019). Because the questionnaire did not record respondents' positions, the returned questionnaires could not be broken down by owners, supervisors and sales staff. Table 2 summarises the respondents' profile.

Table 2: Demographic Profile of Respondents

Characteristic	Category	Frequency	Percentage
Gender	Male	59	62.8
	Female	35	37.2
Level of education	Primary	9	9.6
	Secondary	24	25.5
	Certificate	10	10.6
	Diploma	19	20.2
	Undergraduate	21	22.3
	Postgraduate	11	11.7
	Less than 1 year	13	13.8
	1–3 years	21	22.3
	4–7 years	35	37.2
	8–12 years	18	19.1
Years in the business	Above 12 years	7	7.4

Source: Field data (2026)

Male respondents constituted 62.8% of the sample, though both genders were adequately represented. More than 90% of respondents had at least secondary education and over half had post-secondary qualifications, indicating that they were able to understand and respond to the questionnaire items. Most respondents (63.8%) had been in the business for four years or more, suggesting sufficient experience to provide reliable information on strategic management practices and market performance.

4.2 Descriptive Statistics

Table 3 summarises the overall mean scores and standard deviations of the study variables together with the highest- and lowest-rated items for each construct. The means and standard deviations are averages of item-level statistics.

Table 3: Summary of Descriptive Statistics

Variable	Highest-rated item (Mean)	Lowest-rated item (Mean)	Mean	SD
Strategic planning	Employees understand how their roles contribute to strategy (3.88)	Mission and vision clearly communicated to staff (3.62)	3.76	1.23
Goal setting	Performance regularly tracked against targets (3.83)	Short-term performance goals established (3.50)	3.71	1.26
Resource allocation	Structured budget guides resource allocation (3.91)	Financial resources allocated per strategic priorities (3.43)	3.67	1.28
Environmental scanning	Changes in customer preferences continuously assessed (3.80)	New market opportunities actively identified (3.63)	3.70	1.27
Market performance	Steady sales growth; strengthened local market position (3.77)	Customers express satisfaction with products (3.65)	3.71	1.24

Source: Field data (2026)

Respondents generally agreed that strategic planning practices had been adopted ($M = 3.76$, $SD = 1.23$). Most enterprises had documented business plans ($M = 3.77$), were guided by long-term plans ($M = 3.84$) and periodically reviewed their plans ($M = 3.85$). The lower rating for communication of mission and vision and the relatively high dispersion for alignment of objectives with long-term plans ($SD = 1.33$) suggest that some enterprises still struggle to translate strategic intent into daily operations.

Goal-setting practice was also moderately to highly adopted ($M = 3.71$, $SD = 1.24$). Enterprises set specific and measurable sales targets ($M = 3.79$) and tracked performance against them ($M = 3.83$), but short-term goal setting received the lowest rating ($M = 3.50$), indicating that structured short-term plans are less developed than long-term intentions. Resource allocation recorded the lowest overall mean ($M = 3.67$, $SD = 1.28$). Budgeting was well established ($M = 3.91$), but allocation of funds in line with strategic priorities ($M = 3.43$) and to marketing activities ($M = 3.46$) received the lowest ratings, pointing to financial constraints that limit strategic investment. Environmental scanning was moderately to highly practised ($M = 3.70$, $SD = 1.27$), with customer-preference monitoring rated highest ($M = 3.80$) and competitor monitoring and competitor-informed decisions both at $M = 3.72$. Finally, respondents agreed that their enterprises had achieved satisfactory market performance ($M = 3.71$, $SD = 1.24$), reflected in steady sales growth, a strengthened local market position, an expanded customer base ($M = 3.73$) and repeat purchases ($M = 3.72$).

4.3 Correlation Analysis

Pearson correlation analysis was conducted to establish the strength and direction of the relationships among the variables. The results are presented in Table 4.

Table 4: Pearson Correlation Matrix

Variable	1	2	3	4	5
1. Strategic planning	1.000				
2. Goal setting	.742**	1.000			
3. Resource allocation	.681**	.706**	1.000		
4. Environmental scanning	.724**	.659**	.633**	1.000	
5. Market performance	.821**	.786**	.752**	.804**	1.000

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

Source: Field data (2026)

All four practices had strong, positive and statistically significant relationships with market performance. Strategic planning had the strongest association ($r = .821$, $p < .01$), followed by environmental scanning ($r = .804$, $p < .01$), goal setting ($r = .786$, $p < .01$) and resource allocation ($r = .752$, $p < .01$). The inter-correlations among the predictors were below 0.80, which, together with the diagnostic tests below, indicated that multicollinearity was not a concern.

4.4 Diagnostic Tests

The assumptions of multiple regression were tested before estimating the model. The results are summarised in Table 5.

Table 5: Summary of Diagnostic Test Results

Test	Statistic	Criterion	Decision
Normality: Kolmogorov-Smirnov	0.071 ($p = 0.200$)	$p > 0.05$	Residuals normal
Normality: Shapiro-Wilk	0.981 ($p = 0.118$)	$p > 0.05$	Residuals normal
Autocorrelation: Durbin-Watson	1.947	1.5 – 2.5	No autocorrelation
Homoscedasticity: Breusch-Pagan	$\chi^2(4) = 5.284$ ($p = 0.259$)	$p > 0.05$	Homoscedastic
			No
Multicollinearity: Tolerance	0.468 – 0.543	> 0.10	multicollinearity
			No
Multicollinearity: VIF	1.841 – 2.137	< 10	multicollinearity

Source: Field data (2026)

The residuals were normally distributed, the Durbin-Watson statistic indicated independence of errors, the Breusch-Pagan test showed constant error variance, and tolerance and VIF values confirmed the absence of serious multicollinearity. The data was therefore suitable for regression analysis.

The 94 respondents were drawn from 16 enterprises, so responses from the same enterprise may not be fully independent. Aggregating to enterprise level would leave only 16 cases, too few for a four-predictor model, and 16 groups are also too few for stable multilevel estimation. The analysis was therefore conducted at respondent level, and because standard errors may be slightly understated, the significance tests should be read with some caution; all four coefficients were nevertheless significant at $p \leq .006$.

4.5 Regression Analysis

Multiple regression analysis was used to establish the joint and individual effects of the four practices on market performance. Table 6 presents the model summary and analysis of variance.

Table 6: Model Summary and ANOVA

R	R ²	Adjusted R ²	Std. Error of Estimate	F (4, 89)	Sig.
.892	.796	.787	.412	86.743	< .001
Predictors: (Constant), strategic planning, goal setting, resource allocation, environmental scanning. Dependent variable: market performance.					

Source: Field data (2026)

The model had a strong combined relationship with market performance ($R = 0.892$). The four practices jointly explained 79.6% of the variation in market performance ($R^2 = 0.796$), and the small difference between R^2 and adjusted R^2 (0.787) indicates a stable model. The model was statistically significant, $F(4, 89) = 86.743$, $p < 0.001$, implying that the practices jointly provide a good fit for explaining market performance. The individual coefficients are presented in Table 7.

Table 7: Regression Coefficients

Predictor	B	Std. Error	Beta (β)	t	Sig.
(Constant)	0.547	0.188	—	2.910	0.005
Strategic planning	0.318	0.067	0.342	4.746	< 0.001
Goal setting	0.241	0.074	0.258	3.257	0.002
Resource allocation	0.196	0.069	0.214	2.841	0.006
Environmental scanning	0.287	0.071	0.311	4.042	< 0.001
Dependent variable: market performance.					

Source: Field data (2026)

The fitted model was:

$$Y = 0.547 + 0.318X_1 + 0.241X_2 + 0.196X_3 + 0.287X_4$$

4.6 Hypotheses Testing and Discussion

The hypotheses were tested at the 5% level of significance, with the null hypothesis rejected where $p < 0.05$. Table 8 summarises the results.

Table 8: Summary of Hypotheses Testing

Hypothesis	β	p-value	Decision
H ₀₁ : Strategic planning has no significant effect on market performance	0.342	< 0.001	Rejected
H ₀₂ : Goal setting has no significant effect on market performance	0.258	0.002	Rejected
H ₀₃ : Resource allocation has no significant effect on market performance	0.214	0.006	Rejected
H ₀₄ : Environmental scanning has no significant effect on market performance	0.311	< 0.001	Rejected

Source: Field data (2026)

Strategic planning had a positive and significant effect on market performance ($B = 0.318$, $\beta = 0.342$, $t = 4.746$, $p < 0.001$); hence H₀₁ was rejected. Holding other factors constant, a one-unit improvement in strategic planning was associated with a 0.318-unit increase in market performance. Strategic planning emerged as the strongest predictor, possibly because it provides the overall direction on which goal setting, resource allocation and scanning are anchored. The finding agrees with the meta-analytic evidence of George et al. (2019); with Rudd et al. (2008), who linked formal planning to performance through the flexibility it creates;

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with Sandada et al. (2014) in South Africa and Wesonga (2019) in Nakuru Town; and with Mousa et al. (2024) in an emerging-market manufacturing context. It also supports Dynamic Capabilities Theory, which holds that firms that continuously develop and adapt their strategies are better positioned to sustain superior performance (Teece, 2007).

Goal setting had a positive and significant effect on market performance ($B = 0.241$, $\beta = 0.258$, $t = 3.257$, $p = 0.002$); hence H_{02} was rejected. Enterprises that set clear, measurable targets and monitor progress against them achieve better market outcomes. This is consistent with Latham and Seijts (1999), who showed that adding short-term goals to a long-term goal raises performance, and with Harkin et al. (2016), whose meta-analysis found that monitoring goal progress promotes goal attainment, and with Baum and Locke (2004) and Delmar and Wiklund (2008), who found that owner-managers' growth goals predict later firm growth. The finding supports Goal-Setting Theory, which posits that specific and challenging goals improve performance by directing effort and enabling feedback (Locke & Latham, 2002).

Resource allocation had a positive and significant effect on market performance ($B = 0.196$, $\beta = 0.214$, $t = 2.841$, $p = 0.006$); hence H_{03} was rejected. Although significant, it was the weakest of the four predictors, which is consistent with the descriptive finding that strategic financial allocation and marketing funding received the lowest ratings, suggesting that financial constraints limit the full benefit of this practice. The result agrees with Wiklund and Shepherd (2003) and Temouri et al. (2022), who found that the way SMEs deploy their resources shapes performance, and with Abdirahman (2024), who found that financial and material resource planning influenced the performance of Kenyan SMEs. It supports the Resource-Based View, which links superior performance to the effective deployment of valuable resources (Barney, 1991).

Environmental scanning had a positive and significant effect on market performance ($B = 0.287$, $\beta = 0.311$, $t = 4.042$, $p < 0.001$); hence H_{04} was rejected. It was the second-strongest predictor, reflecting the importance of tracking fashion trends, competitor pricing and customer preferences in the fast-changing clothing market. The finding is consistent with Beal (2000), Sandada et al. (2014) and Chege and Wang (2020), who linked environmental scanning to stronger SME performance. It also supports Dynamic Capabilities Theory, particularly the sensing and seizing capabilities identified in the apparel industry by Chevrollier and Kuijf (2023).

5.0 Conclusion

Strategic management practices are important determinants of the market performance of clothing SMEs in Nakuru CBD. Strategic planning provides the foundation for effective decision-making and long-term direction; goal setting enhances focus, accountability and performance evaluation; deliberate resource allocation improves operational effectiveness and supports strategic objectives; and environmental scanning strengthens responsiveness to customers, competitors and market trends. Clothing SMEs that integrate these practices are better positioned to grow sales, improve profitability, expand market share and satisfy customers in a highly competitive market.

6.0 Recommendations

Owners and managers of clothing SMEs should institutionalise formal strategic planning by preparing written plans, communicating the mission, vision and strategic priorities to all staff, and reviewing plans regularly in response to market changes. They should set specific, measurable short-term and long-term targets and implement monitoring systems that allow timely corrective action. Resources, particularly finance for inventory and marketing, should be allocated according to strategic priorities and monitored for value for money. Enterprises

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should also systematise environmental scanning by routinely tracking customer preferences, fashion trends, competitor pricing and regulatory changes, and by using customer feedback in decision-making.

The County Government of Nakuru, micro and small enterprise agencies and other business support institutions should design capacity-building programmes, mentorship and advisory services on strategic planning, performance management, financial management and market intelligence for clothing SMEs. Given that resource constraints weakened the contribution of resource allocation, policymakers and financial institutions should also improve SMEs' access to affordable credit and market information to enable strategic investment in inventory and marketing.

This study was limited to four practices, one sector and one location, and it used a cross-sectional design with self-reported data. Because the 94 respondents were nested within 16 enterprises and the same respondents rated both the practices and market performance, non-independence of observations and common-method variance may have inflated the observed relationships, so the findings should be generalised with caution. Future studies should examine other strategic management practices; test moderating or mediating variables such as digital transformation, innovation, leadership style and firm size; replicate the study in other sectors and counties; and adopt longitudinal or mixed-methods designs, including objective performance data and enough enterprises to permit multilevel analysis, to strengthen causal inference and generalisability.

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