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Strategic Leadership and Performance of Small and Medium Enterprises in the Leather Sector In Nairobi County, Kenya

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Abstract: *Strategic leadership within strategy implementation aligns organizational vision with operational activities, guiding decision-making, and fostering employee commitment toward achieving strategic goals. However, the Kenyan leather goods and footwear industry, SMEs face persistent performance challenges such as compliance with quality standards and production cost efficient. It was against this problem that the current research assessed the effect of strategic leadership on performance of small and medium enterprises in the leather sector in Nairobi County, Kenya. The study was guided by Bourgeois and Brodwin's five models of strategy implementation. A descriptive research design was adopted. The target population was the 47 small and medium enterprises registered under the Kenya Leather Development Council. Structured questionnaire was used to collect data. Descriptive and inferential statistical methods were employed for data analysis, which was aided by Statistical Packages from Social Sciences (SPSS). The research findings revealed a significant relationship between strategic leadership and the performance of small and medium enterprises in the leather sector ($r = 0.518$, $p = .000$). Regression results indicated that strategic leadership significantly predicts performance, explaining 26.8% of the variation ($R^2 = 0.268$). The study concludes that strategic leadership plays a crucial role in enhancing the performance of Leather Goods and Footwear SMEs. It is recommended that leather goods and footwear SMEs should align managerial decisions with a clear mission and implement structured performance monitoring to enhance productivity and performance.*

Key Words: *Strategic Leadership, Strategy Implementation, Performance, Small and Medium Enterprises, Leather Sector*

1. Introduction

Strategy implementation encompasses the deliberate coordination of resources, people, systems, and processes to ensure that strategic objectives are effectively realized across all operational levels (Sugianto, Suhardi, & Afrizal, 2024). This process requires a dynamic alignment between leadership intent and organizational capabilities, ensuring that strategic priorities are embedded within daily operations and decision-making frameworks (Claesson & Karlsson, 2024). Successful implementation depends on effective communication, stakeholder commitment, and the establishment of robust control mechanisms that facilitate progress monitoring and adaptive responses to emerging challenges. It integrates both technical and behavioral dimensions, balancing structural adjustments such as resource allocation, workflow redesign, and policy development with cultural and motivational factors that influence employee engagement (Holm, Kringelum, & Anand, 2025). The dynamic nature of contemporary business environments demands that strategy implementation be both structured and flexible, allowing organizations to sustain strategic focus while adapting to evolving market realities. Ultimately, strategy implementation bridges the gap between vision and performance, transforming strategic aspirations into measurable outcomes through purposeful leadership, disciplined execution, and continuous organizational learning.

Strategic leadership acts as the driving force that sustains and directs the entire strategy implementation process, ensuring that organizational intent is effectively translated into tangible performance outcomes (Hitt, Holmes, & Mistry, 2023). It provides the vision, commitment, and oversight needed to align strategic priorities with operational realities while fostering a culture of accountability, innovation, and adaptability. Through strategic leadership, organizations cultivate a shared sense of purpose and direction that integrates decision-making across hierarchical levels, ensuring coherence and unity in the pursuit of strategic goals (Coker, 2024). Leaders play a central role in mobilizing resources, guiding teams, and maintaining the momentum required to execute complex strategies in rapidly changing environments. They influence organizational behavior by embedding strategic values, shaping culture, and ensuring that performance measures reflect long-term strategic objectives rather than short-term outputs (Agu, Nwabekee, Ijomah, & Abdul-Azeez, 2024). Moreover, strategic leadership ensures that performance evaluation, people development, and organizational learning are embedded within the implementation process, enabling flexibility and continuous improvement. By anchoring strategic leadership within the broader framework of implementation, organizations strengthen their capacity to sustain growth, adaptability, and long-term competitiveness (Coker, 2024).

According to Hatice (2021), the sustainability and competitiveness of the leather and footwear industry are greatly influenced by the quality of strategic leadership that shapes its operations and long-term growth. As one of the oldest and most globally integrated manufacturing sectors, the industry combines traditional craftsmanship with advanced production technologies to produce diverse, high-quality goods that respond to changing consumer needs (Asquali & Marchi, 2022). It serves as a critical bridge between agriculture and industrial manufacturing, transforming raw hides and skins into value-added products such as footwear, handbags, belts, and accessories. Although Kenya's share of global leather production remains relatively small, the sector continues to attract policy and investment interest because of its potential for value addition and industrial growth (Pasquali, 2021). This potential is reinforced by the country's estimated annual demand for about 35 million pairs of shoes, of which only 20 percent are locally manufactured (World Bank, 2015).

Similar to other small and medium enterprises (SMEs), those in the leather and footwear industry often operate within limited markets and specialize in a narrow product range such as handbags, wallets, belts, key chains, and shoes (Asquali & Marchi, 2022). This focused approach, while restrictive in scale, provides strategic advantages by allowing SMEs to build niche expertise, strengthen problem-solving abilities, and develop a distinct competitive edge. Their smaller size also enables flexibility in decision-making and direct engagement with customers, allowing quick adaptation to feedback and the introduction of market-driven innovations. Such adaptability not only supports customer satisfaction but also enhances the responsiveness and sustainability of the enterprises in an increasingly competitive business environment. A Kenya Leather Development Council (KLDC) survey conducted in 2012 revealed that 82.9 percent of MSMEs producing footwear were concentrated in Kariokor, Nairobi, with others located in areas such as Kariobangi and various industrial estates (Okello, 2016). The Kenya Institute for Public Policy Research and Analysis (KIPPRA, 2023) further notes that leather footwear represents the largest subsector in the local leather goods industry, while the handbag subsector has expanded into the global luxury market.

Despite this promising trajectory, the sector faces persistent challenges that undermine its growth and competitiveness. Recent reports by KLDC (2022) highlight a significant decline in the domestic market share of leather products, attributed to weak branding, limited consumer confidence in locally produced goods, and insufficient adherence to quality standards. Furthermore, many SMEs continue to struggle with inadequate market access, outdated production technologies, and low levels of innovation (Kenya Leather Development Policy, 2023). Alex & Aryee, (2021), argues that when strategies are efficiently and effectively formulated and implemented, they enhance the management of the Small and Medium Enterprise (SMEs), and therefore their productivity, performance and profitability. Nduati, Kariuki, and Wanjohi (2022)'s research on the factors affecting strategic implementation in small manufacturing firms in Nairobi County found out that strategic innovation, strategic leadership and organisational culture significantly determined the ability of small manufacturing firms in Nairobi County to implement strategic plans. Musyoka and Ouma (2024) examined strategic leadership and performance of SMEs in Nairobi County in the aftermath of the COVID-19 pandemic. It was established that strategic leadership has a significant positive effect on the performance of SMEs. These studies inadequately addressed strategic leadership within the SMEs in the leather sector, considering its unique industry dynamics and value chain complexities. The current research assessed the effect of strategic leadership on performance of small and medium enterprises in the leather goods and footwear industry of Kenya.

2. Objective of the Study

The objective of the study was to determine the effect of strategic leadership on the performance of small and medium enterprises in the leather sector in Kenya.

3. Literature Review

Strategic leadership translates the strategic intentions into operational realities through purposeful guidance, alignment of organizational resources, and consistent leadership influence (Holm, Kringelum, & Anand, 2025). It integrates both the formulation and execution of strategies by ensuring that organizational goals are communicated clearly and effectively transformed into action. Strategic leaders play a pivotal role in steering the organization through complex environments by ensuring that strategies are implemented coherently across departments and operational levels. According to Akpa, Asikhia, and Nneji (2021), leadership involves influencing individuals and teams to commit willingly toward the achievement of shared strategic goals. Likewise, Browne, Marjanovic, and Semple (2023) assert that strategic leadership requires an understanding of the organization's internal capabilities and the external environment to align them effectively with the strategic direction. Leaders, therefore, serve as the link between strategy formulation and execution, ensuring that long-term objectives are translated into tangible outcomes through effective coordination, communication, and resource mobilization.

According to Holm et al., (2025) the commitment to the set mission is one of the core pillars of strategic leadership that ensures successful strategy implementation. It entails a leader's ability to champion and internalize the organization's mission, translating it into achievable objectives that motivate collective action. Through such commitment, leaders instill a sense of purpose and shared identity across the organization, creating alignment between personal and organizational goals. As Ali, Ogolla, and Nzioki (2022) point out, effective leaders provide clarity of mission, enabling employees to connect their daily efforts with the broader organizational strategy. This dedication ensures that the organization remains focused on its long-term vision despite external uncertainties or operational challenges. Leaders who consistently reinforce the mission also cultivate trust and loyalty, ensuring that strategic decisions and actions reflect the core values and aspirations of the organization. Consequently, commitment to mission serves as the moral and operational compass guiding all aspects of strategic implementation (Coker, 2024).

Monitoring performance forms another essential aspect of strategic leadership within the strategy implementation process (Claesson & Karlsson, 2024). It encompasses the establishment of control systems, measurement frameworks, and evaluation mechanisms to track the progress of strategic initiatives. Strategic leaders employ continuous performance assessments to identify deviations from strategic plans, enabling them to take corrective actions promptly. According to Anyeng, Kamil, and Sina (2022), monitoring performance allows leaders to foster adaptability and organizational learning by interpreting performance feedback and integrating it into future decision-making. Effective leaders not only assess quantitative performance metrics but also pay attention to qualitative aspects such as employee engagement, innovation, and cultural alignment. This systematic evaluation enhances accountability and ensures that strategic objectives are pursued efficiently and with sustained momentum.

As Miller (2022) emphasizes, people development is a cornerstone of strategic leadership that ensures long-term sustainability and effective strategy execution. It involves empowering, training, and motivating employees to acquire the necessary skills and attitudes for implementing strategic plans successfully. Strategic leaders recognize that human capital is the driving force behind the execution of any strategy, and therefore, they invest in capacity-building initiatives that enhance both individual and organizational capabilities. Leaders promote learning environments that encourage creativity, collaboration, and accountability, enabling employees to contribute meaningfully to strategic outcomes. Additionally, people development strengthens internal succession planning, ensuring continuity in leadership and strategic execution (Claesson & Karlsson, 2024). Through mentorship, empowerment, and skill development, strategic leaders cultivate a workforce that is adaptive, innovative, and aligned with the organization's evolving strategic direction.

Effective people development ensures that strategy implementation is supported by a capable and committed team, thereby transforming strategic intent into sustainable organizational growth and excellence. Bourgeois and Brodwin (1984)'s five models of strategy implementation explains how organizations translate strategic plans into actionable outcomes through different leadership and managerial approaches. The first, the Commander Model, is characterized by a top-down process in which senior executives design the strategy and issue directives for lower-level managers to execute (Miller, 2022). This model assumes that the strategist, often the CEO, possesses the necessary knowledge and authority to dictate implementation with minimal input from subordinates. It is most effective in stable environments that demand control, consistency, and efficiency. However, its rigidity can limit responsiveness to change, as it offers little room for collaboration or adaptation once execution begins. Thus, while the Commander Model ensures strategic clarity and control, it often underplays the importance of flexibility and employee engagement in dynamic contexts (Tawse, 2021).

The second and third models the Change Model and the Collaborative Model introduce greater adaptability and participation in strategy execution.

The Change Model emphasizes that strategy implementation often requires modifying organizational structures, incentive systems, processes, and cultures to align with the new strategic direction. Leaders act as change agents who manage transformation, communication, and employee buy-in to ensure successful execution. In contrast, the Collaborative Model promotes shared responsibility, where managers and employees jointly participate in shaping and executing strategy. This approach enhances ownership, trust, and creativity across organizational levels. By fostering collaboration, it enables the organization to harness diverse perspectives and capabilities, thereby improving both commitment and the quality of strategic outcomes (Miller, 2022). The final two models the Cultural Model and the Crescive (or Crescendo) Model highlight the importance of values, beliefs, and emergent learning in successful strategy implementation. The Cultural Model focuses on aligning strategy with organizational culture or gradually reshaping that culture to support strategic objectives. Leaders using this model reinforce shared norms and values that naturally guide employees toward strategic alignment. The Crescive Model, the most dynamic of the five, views strategy as an evolving process that emerges from collective learning and innovation throughout the organization. The model provides insights into strategic leadership by emphasizing the critical role leaders play in bridging the gap between strategic intent and organizational action. The models collectively highlight that effective implementation depends on how leaders communicate vision, align resources, motivate teams, and adapt strategies to changing conditions. Strategic leadership, therefore, complements these models by ensuring that strategy execution is not merely procedural but guided by foresight, flexibility, and influence. Leaders act as both architects and enablers creating alignment between people, systems, and culture to achieve strategic goals. Through this lens, the models underscore that successful strategy implementation relies on leadership that balances direction and empowerment, authority and collaboration, as well as control and adaptability, ultimately enhancing the performance of leather and footwear SMEs (Miller, 2022). The association between strategic leadership and the performance of small and medium enterprises in the leather sector is presented in Figure 1. The figure illustrates how the key dimensions of strategic leadership; commitment to set mission, monitoring performance, and people development affect the performance outcomes such as compliance to standards and production rate within the leather and footwear industry.

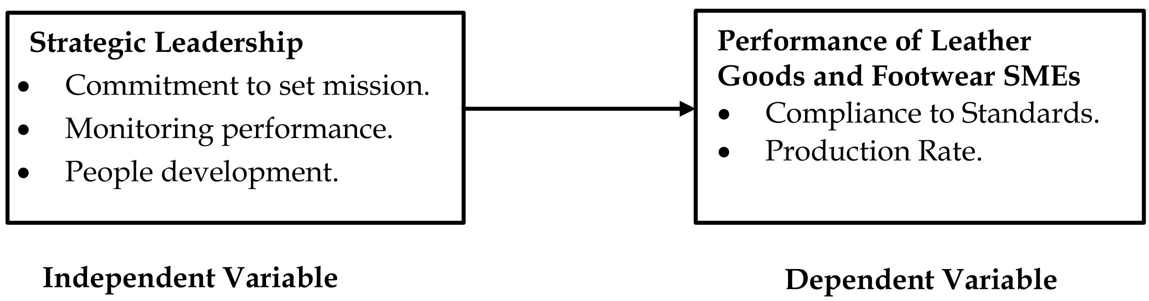

Figure 1: Conceptual Framework

Based on the figure above, the relationship between strategic leadership and the performance of SMEs in the leather and footwear industry can be conceptualized as an interconnected system where leadership practices directly shape organizational outcomes. Specifically, commitment to set mission provides strategic direction and aligns business operations with defined goals, thereby reinforcing adherence to industry standards and promoting consistent quality. Monitoring performance ensures that processes remain efficient and adaptive, resulting in improved production rates and timely delivery of outputs. Meanwhile, people development strengthens employee competence, creativity, and accountability, which collectively enhance both productivity and compliance. Thus, the figure illustrates that strategic leadership, through these three dimensions, serves as a catalyst for superior performance, operational excellence, and sustainable growth among leather and footwear SMEs. Empirical review was conducted to analyze previous studies related to strategic leadership and performance in the leather goods and footwear SMEs.

Nduati, Kariuki, and Wanjohi (2022) assessed the factors influencing the implementation of strategic plans in small manufacturing firms in Nairobi County. The findings revealed a positive and significant relationship between strategic innovation and the implementation of strategic plans among small manufacturing firms. Similarly, strategic leadership was found to have a positive and significant association with the implementation of strategic plans. Furthermore, the results indicated that organizational culture also exhibited a positive and significant relationship with the implementation of strategic plans in small manufacturing firms. Buwah, Negou, and Bie (2024) assessed the relationship between leadership and organizational performance among SMEs in Cameroon. Employing a causal research design and targeting 100 employees selected through purposive sampling, the study examined how different leadership styles influence the performance of SMEs. The findings revealed that leadership styles exert a positive effect on organizational performance, emphasizing the critical role of effective leadership in driving SME success. Similarly, Ekwevugbe and Onodavwerho (2024) conducted a study on leadership styles and organizational performance of selected firms in Nigeria. The analysis results indicated that laissez-faire leadership style has a significant positive impact on the organizational performance of the selected firms in Nigeria. Similarly, democratic leadership style was found to positively and significantly influence organizational performance. Transformational leadership style also demonstrated a significant positive effect on performance, whereas autocratic leadership style exhibited a significant negative impact on the organizational performance of the selected firms.

A more recent study by Musyoka and Ouma (2024) examined strategic leadership and performance of SMEs in Nairobi County in the aftermath of the COVID-19 pandemic. Drawing responses from 584 participants across different SMEs and utilizing descriptive and correlational research designs, the study established that strategic leadership has a significant positive effect on the performance of SMEs within the county. In a related empirical review, Karauri and Kyongo (2024) investigated the extent to which effective leadership influences organizational performance. Guided by transformational leadership theory and path–goal theory, the study employed a qualitative research design and reviewed scholarly articles published between 2017 and 2023. The findings affirmed that leadership effectiveness plays a crucial role in enhancing organizational performance, with certain leadership styles demonstrating greater impact depending on organizational context. While previous studies provided valuable insights into the relationship between leadership and organizational performance, several gaps remain evident.

Most of the studies focused on general SMEs or large corporations across different industries, without specific attention to the leather goods and footwear sector, which faces unique operational, market, and leadership challenges. Additionally, the existing research primarily examined leadership styles in broad terms, overlooking the strategic dimensions of leadership that directly influence performance outcomes in specialized manufacturing environments. The current study addressed these gaps by focusing specifically on strategic leadership within the context of leather goods and footwear SMEs. It first analysed commitment to set mission, focusing on how leaders' dedication to clear goals and direction enhances consistency and alignment with organizational objectives. Second, it evaluated monitoring performance, highlighting how continuous review of operations promotes accountability and efficiency. Third, the study examined people development, emphasizing how employee training, mentorship, and empowerment improve innovation and productivity. This focus is unique as it situates strategic leadership within the leather goods and footwear industry and its effect on performance.

4. Methodology

The study adopted a descriptive research design, which was appropriate for identifying trends and patterns related to the variables under research. It enabled the systematic collection and organization of data from respondents, allowing the findings to be effectively summarized and presented. Through this approach, the study provided a clear and comprehensive understanding of the relationship between strategic leadership and performance. The target population comprised 47 leather goods and footwear SMEs in Nairobi County, all registered under the Kenya Leather Development Council, which served as the unit of analysis. The unit of observation included three key managers from each SME, comprising the SME owner, production manager, and sales/marketing manager resulting in a total of 141 respondents. A census approach was adopted to include all 141 managers, ensuring comprehensive representation of the target population. Data were collected using a structured questionnaire, selected for its ability to generate uniform responses suitable for quantitative and statistical analysis. To determine the nature and strength of relationships between strategic leadership and the performance of small and medium enterprises in the leather sector, the study employed Pearson correlation and regression analysis techniques. The analysis was guided by the following linear regression model:

$$Y=\beta_0+\beta_1X_1+ \varepsilon$$

Where;

Y= Performance of Small and Medium Enterprises in the Leather Sector

β_0 = Constant

β_1 = Beta Coefficient

X_1 = Strategic Leadership

ε = Error of Margin

5. Results

This section presents the findings and discussion on how strategic leadership influences the performance of leather goods and footwear small and medium enterprises (SMEs). It provides both descriptive and inferential analyses and interpretation.

5.1 Descriptive Statistics

The study sought to examine the effect of strategic leadership on the performance of small and medium enterprises in the leather sector. The descriptive findings are presented in Tables 1 and 2:

Table 1: Effect of Strategic Leadership on Performance of Small and Medium Enterprises in the Leather Sector

	N	SA F (%)	A F (%)	N F (%)	D F (%)	SD F (%)	Mean	Std. Dev
Top management makes decisions aligned with the organisation's mission	130	8(6)	12 (9)	5(4)	55(42)	50(38)	3.98	1.164
Leaders align strategic objectives to the long-term mission of the organisation effectively.	130	54(42)	48(37)	6(5)	12(9)	10(8)	3.95	1.238
Clear key performance indicators (KPIs) are set for strategy implementation.	130	15(12)	25(19)	5(4)	45(35)	40(21)	2.46	1.399
Regular reviews are conducted to track progress toward goals.	130	42(32)	50(38)	8(6)	18(14)	12(9)	2.71	1.303
Management provides ongoing training to strengthen employee capabilities.	130	17(18)	15(15)	5(5)	38(39)	22(23)	3.56	1.341
Career progression opportunities are linked to strategic priorities.	130	20(15)	25(19)	6(5)	44(34)	35(27)	2.62	1.448
Leaders are role models in applying strategic decisions.	130	11(8)	29(22)	3(2)	49(38)	38(29)	2.43	1.341
Leaders encourage innovation and creative problem-solving.	130	39(30)	49(38)	10(8)	20(15)	12(9)	3.64	1.306
Top management motivates employees through recognition and support.	130	24(18)	30(23)	6(5)	40(31)	30(23)	2.83	1.479

The results in Table 4.8 showed that most (79%) of the respondents agreed that leaders communicate the long-term vision of the organization effectively (Mean = 3.95; Std. Dev. = 1.238). This strong vision communication likely enhances strategic alignment and performance in Kenyan leather SMEs. Similarly, a majority (71%) agreed that regular reviews are conducted to track progress toward goals (Mean = 2.71; Std. Dev. = 1.303), indicating effective monitoring mechanisms. These findings align with Benedict et al. (2021), who found that strategic leadership, particularly vision communication, significantly enhances SME performance in Kenya's leather sector through financial literacy and credit access. Also, a majority (68%) agreed that leaders encourage innovation and creative problem-solving (Mean = 3.64; Std. Dev. = 1.306), suggesting that leadership fosters creativity, a key driver of SME performance. On the other hand, most (81%) of the respondents disagreed that top management makes decisions aligned with the organization's mission (Mean = 3.98; Std. Dev. = 1.164). This significant misalignment may undermine strategic implementation. This finding is consistent with Mwangi and Namusonge (2022), who noted that poor alignment of leadership decisions with mission in Kenyan SMEs negatively affects performance ($\beta = -0.301$, $p < 0.05$).

Additionally, most (65%) disagreed that clear key performance indicators (KPIs) are set for strategy implementation (Mean = 2.46; Std. Dev. = 1.399). This lack of measurable KPIs likely hinders effective strategy execution. Similarly, a majority (46%) disagreed that management provides ongoing training to strengthen employee capabilities (Mean = 3.56; Std. Dev. = 1.341), and most (61%) disagreed that career progression opportunities are linked to strategic priorities (Mean = 2.62; Std. Dev. = 1.448). Furthermore, most (67%) disagreed that leaders act as role models in applying strategic decisions (Mean = 2.43; Std. Dev. = 1.341). This lack of role modelling may weaken leadership's impact on performance. This aligns with Okumu and Wanjala (2022), who found that ineffective leadership role modelling in East African SMEs limits strategic implementation.

Also, most (54%) disagreed that top management motivates employees through recognition and support (Mean = 2.83; Std. Dev. = 1.479). This lack of motivational support may demotivate employees, impacting strategy execution. Strong leadership practices, such as vision communication, progress reviews, and innovation encouragement, enhance strategy implementation, as evidenced by studies from Kenya. However, weaknesses in mission alignment, KPI clarity, training, career progression, role modelling, and employee motivation, as noted in Kenyan and East African studies, indicate that addressing these gaps could significantly improve SME performance in Kenya's leather sector.

Table 2: Performance of Small and Medium Enterprises in the Leather Sector

	N	SA F (%)	A F (%)	N F (%)	D F (%)	SD F (%)	Mean	Std. Dev
Our organisation follows quality standards set by the Kenya Bureau of Standards and ISO.	130	12(9)	12 (9)	2(2)	52(40)	52(40)	2.08	1.274
All employees are informed about and adhere to product quality standards.	130	7(5)	13(10)	4(3)	61(47)	45(35)	2.05	1.127
Failure to follow quality standards occasionally affects product acceptability in the market.	130	37(28)	49(38)	3(2)	24(18)	17(13)	3.50	1.410
Every employee has a clear job description outlining their role.	130	9(7)	20(15)	4(3)	59(45)	38(29)	2.25	1.228
Our organisation provides training to improve employees' skills.	130	42(32)	55(42)	5(4)	16(12)	12(9)	3.76	1.281
Lack of investment in employee welfare affects staff morale and productivity.	130 97	41(32)	54(42)	6(5)	17(13)	12(9)	3.73	1.287
Our organisation regularly monitors total sales volume over a given period.	130	45(35)	55(42)	4(3)	14(11)	12(9)	3.82	1.273
We have clear pricing strategies tailored to different products and market segments.	130	41(32)	38(29)	5(4)	25(19)	21(16)	3.41	1.498
The organisation adapts quickly to changes in market conditions.	130	18(14)	20(15)	4(3)	50(38)	38(29)	2.46	1.410

From the findings in Table 2, it is evident that a majority of respondents, 80% disagreed, that their organizations comply with KEBS and ISO product quality standards (Mean = 2.08; Std. Dev. = 1.274). This shows weak adherence to recognized quality benchmarks, which may compromise product reliability and competitiveness. These findings contrast with Mwaura and Kiarie (2023), who found that compliance with quality standards in Kenyan manufacturing SMEs enhances market trust and firm performance ($\beta = 0.435$, $p < 0.01$). Similarly, 82% disagreed that employees are consistently informed about and adhere to product quality standards (Mean = 2.05; Std. Dev. = 1.127). Weak staff commitment to quality threatens product consistency and customer satisfaction. This finding diverges from Gitau and Wambugu (2022), who observed that employee adherence to standards enhances product reliability and customer loyalty ($\beta = 0.409$, $p < 0.01$). On the other hand, 66% agreed that failure to follow standards negatively affects product acceptability (Mean = 3.50; Std. Dev. = 1.410). This suggests that although many SMEs do not adhere to standards, they recognize their importance for market performance. Regarding job roles, 74% disagreed that every employee has a clear job description (Mean = 2.25; Std. Dev. = 1.228). This lack of clarity may cause role ambiguity and inefficiency. These findings contradict Kinyanjui and Mwangi (2021), who reported that clear job descriptions improve productivity and organizational outcomes in SMEs ($\beta = 0.387$, $p < 0.05$). The majority, 74% agreed, that their organizations provide training to improve employees' skills (Mean = 3.76; Std. Dev. = 1.281). Training strengthens employee capabilities and supports adaptation to industry demands.

Similarly, 74% agreed that lack of investment in employee welfare reduces morale and productivity (Mean = 3.73; Std. Dev. = 1.287). This shows that SMEs view welfare as central to workforce motivation. These results align with Ndegwa and Kirigia (2022), who found that welfare investment improves employee satisfaction and organizational performance ($\beta = 0.401$, $p < 0.05$). On sales, 77% agreed that their organizations regularly monitor sales volume (Mean = 3.82; Std. Dev. = 1.273). Sales monitoring is therefore a relatively strong practice. Regarding pricing, 61% agreed that their organizations have clear pricing strategies (Mean = 3.41; Std. Dev. = 1.498). This supports effective positioning and profitability. Finally, 67% disagreed that their organizations adapt quickly to changes in market conditions (Mean = 2.46; Std. Dev. = 1.410). Limited adaptability weakens responsiveness to consumer preferences and competition. This contrasts with Chege and Wanjohi (2023), who found that adaptability improves competitiveness and SME performance ($\beta = 0.447$, $p < 0.001$). The findings show that leather goods and footwear SMEs in Nairobi County perform relatively well in employee training, welfare, sales monitoring, and pricing strategies. However, weaknesses in compliance with standards, employee adherence to quality, job role clarity, and market adaptability remain major performance gaps.

5.2 Inferential Analysis Results

Inferential analysis was conducted to examine the relationship between strategic leadership and the performance of small and medium enterprises in the leather sector. The analysis employed both correlation and regression techniques to determine the strength and predictive influence of the independent variable on the dependent variable.

5.2.1 Correlation Analysis Results

Correlation analysis was carried out to assess the association between strategic leadership and the performance. This analysis helped to establish how variations in strategic leadership are related to changes in the performance of small and medium enterprises in the leather sector.

Table 3: Correlation between Strategic Leadership and performance

		Performance of Small and Medium Enterprises in the Leather Sector
Strategic Leadership	Pearson Correlation	.518**
	Sig. (2-tailed)	.000
	N	130

The correlation analysis results revealed a moderate and significant positive relationship between strategic leadership and SME performance ($r = .518$, $p = .000$). The findings indicate that enhancing strategic leadership directly improves the performance of Leather Goods and Footwear SMEs. Mission-driven leaders promote strategic alignment, operational efficiency, and market adaptability, thereby optimizing resources and increasing profitability. Additionally, consistent performance monitoring enables timely, data-informed decisions that address inefficiencies and enhance productivity. Similarly, continuous investment in people development strengthens technical competence, creativity, and innovation, allowing firms to adapt swiftly to changing market demands. Overall, strategic leadership serves as a link for vision, efficiency, and performance among the Leather Goods and Footwear SMEs**.**

5.2.2 Regression Analysis Results

Regression analysis was conducted to determine the extent to which strategic leadership influences the performance of small and medium enterprises in the leather sector. The results, which illustrate the model's explanatory strength and overall statistical significance, are presented in Tables 4, 5, and 6.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.518[a]	.268	.232	.10439

a. Predictors: (Constant), Strategic Leadership

The results indicate an R Square value of 0.268, showing that 26.8% of the variation in the performance is explained by strategic leadership. This means that strategic leadership contributes significantly to improving performance of performance of small and medium enterprises in the leather sector.

Table 5: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	20.596	1	20.596	18.894	.000[b]
1	Residual	3.395	128	.011		
	Total	23.991	129			

a. Dependent Variable: Performance of Small And Medium Enterprises on the Leather Sector
b. Predictors: (Constant), Strategic Leadership

The Analysis of Variance (ANOVA) results show that the regression model is significant, as indicated by an F-value of 18.894 and a corresponding p-value of 0.000. Since the p-value is less than the 0.05 significance level, it implies that the strategic leadership has a statistically significant effect on the performance of small and medium enterprises in the leather sector. As such, the model provides a good fit for the data.

Table 6: Linear Regression Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.031	.527		3.854	.000
Strategic Leadership	.759	.342	.518	2.219	.000

a. Dependent Variable: Performance of of Leather Goods and Footwear SMEs

The linear regression model was interpreted as $Y = 2.031 + 0.759X_1 + \varepsilon$. The beta coefficient ($\beta = 0.759$) indicates that a one-unit change in strategic leadership results in a 0.759-unit change in performance. The t-value of 2.219 and a significance value $0.000<0.05$. This indicate that the relationship was statistically significant at the 95% confidence level which demonstrates that performance was predicted from strategic leadership. Therefore, strategic leadership within strategic implementation affect the performance of small and medium enterprises in the leather sector.

6. Conclusion

The study concludes that strategic leadership strongly influences the performance of Leather Goods and Footwear SMEs through commitment to the organizational mission, continuous performance monitoring, and deliberate people development. Leadership that upholds a clear mission creates a unified direction, improving coordination and decision-making across the enterprise. Regular monitoring of performance enhances accountability and ensures prompt corrective actions that maintain efficiency and stability. In addition, prioritizing employee growth cultivates creativity, technical strength, and innovation, which reinforce competitiveness and adaptability in a changing market. Overall, the study affirms that mission-driven, performance-focused, and people-centered leadership remains a vital catalyst for sustained growth and excellence in Leather Goods and Footwear SMEs.

7. Recommendation

The study recommends that Leather Goods and Footwear SMEs strengthen the alignment of managerial decisions with a well-defined mission to enhance strategic focus. They should implement structured performance monitoring systems to track progress, address inefficiencies, and facilitate timely corrective action. Moreover, continuous employee training is crucial for developing a skilled, motivated, and innovative workforce capable of improving productivity and sustaining business performance.

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