STRATEGIC ISSUE MANAGEMENT PRACTICES OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN MOMBASA COUNTY, KENYA

BY

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DECLARATION

This research project is my own original work and has never been presented in any other university or college for the award of degree or diploma or for examination purposes.

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D61/75705/2009

This project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

I dedicate this project to my father Athanas Lwova and my late mother Beatrice Mweleme, who denied themselves fortunes to ensure that my academic study destiny was fulfilled. Special dedications also go to my loving wife Mary-Conceptor Zainab; my loving children Bradley and Kingston; and my brother Brian Lwova. They went through many inconveniences and endured my absence during this cumbersome and challenging MBA journey.

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ABBREVIATIONS AND ACRONYMS

CAK	Cooperative Alliance of Kenya
CCG	Centre for Cooperative Governance
DCO	District Cooperative Officer
ECCOS	Ethics Commission for Cooperative Societies
FOSA	Front Office Service Activity
HIV/ AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICA	International Cooperative Alliance
KUSCCO	Kenya Union of Savings and Credit Cooperatives
MBO	Management by Objectives
MDG	Millennium Development Goals
SACCO	Savings and Credit Cooperative Society
SASRA	Sacco Societies Regulatory Authority
SIM	Strategic Issue Management
SIMS	Strategic Issue Management System
SME	Small and Medium Enterprise
SPSS	Statistical Package for Social Sciences
SWOT	Strengths, Weaknesses, Opportunities and Threats

ABSTRACT

This study focused on Strategic Issue Management (SIM) practices by Savings and Credit Cooperative Societies in Mombasa County in Kenya. Strategic Issue Management specialises in detecting surprise developments in the business environment through constant monitoring and surveillance; and execution of timely responses (Ansoff and McDonnell, 1990). The study was deemed necessary because the environments are full of surprises and instabilities the world over. Such instabilities include: political instability, traditional products, competition and capital base to mention but a few.

Ansoff and McDonnell (1990) define strategic issues as forthcoming developments, either inside or outside of the organization that are likely to have an important impact on the ability of the enterprise to meet its objectives. They are developments or trends that emerge from an organization's internal or external environment, perceived to have the potential to affect an organization's performance (Ansoff, 1984; King, 1982). The issues require to be viewed from the context of strength, weaknesses, opportunity and threats of an enterprise (Ansoff and McDonnell, 1990:369). In fact, issue management has become established as a distinct business discipline, with proven capacity to add strategic value to organizations (Pearce & Robinsonl, 2005). Broadly speaking, issue management attempts to minimise surprises which accompany social and political change by serving as an early warning system for potential and environmental threats and attempts to promote more systematic and effective responses to particular issues by serving as a co-ordinating and integrating force within the corporation (David, 2005).

Cooperatives in Kenya's turbulent business environment have faced critical moments. Despite of their fundamental socio-economic role in Kenya, most cooperatives are faced with a number of challenges, such as: traditional products, leadership and governance issues, capitalisation, taxation, Information and Communications Technology, regulation and supervision, developing competitive business models, demand for loans, non-remittance of fees by members, forgery, HIV/AIDS and outreach issues. These among others have forced cooperatives managers to pause, ponder and devise ways to strengthen their enterprises. Thus the central challenge for cooperatives is to find constructive ways to build and retain competitive advantages in the market place. This is only possible if they incorporate good governance practices in their institutions (Sacco Societies Act, 2008).

It is evident that Strategic Issue Management is very significant to a cooperative's future. This is in line with what Perrot (2008) found out when he posits that tracking, monitoring and managing priority issues is necessary for a firm's survival during turbulence. Today may not be the same as yesterday and tomorrow may be very different from today. It is therefore today more relevant than ever, to understand the dynamics of how to respond to strategic issues, due to the increasingly fast-paced changes in the globalized world (Kajanto, Keijola, Kunnas, Laamanen & Maula, 2006).

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

This study focused on Strategic Issue Management (SIM) practices by Savings and Credit Co-operative Societies in Mombasa County in Kenya. Strategic Issue Management specialises in detecting surprise developments in the business environment through constant monitoring and surveillance; and execution of timely responses (Ansoff and McDonnell, 1990). The study was deemed necessary because the environments are full of surprises and instabilities the world over. Such instabilities include: political instability, traditional products, competition and capital base to mention but a few.

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responses to particular issues by serving as a co-ordinating and integrating force within the corporation (Mkamunduli, 2005).

Cooperatives in Kenya's turbulent business environment have faced critical moments. Despite of their fundamental socio-economic role in Kenya, most cooperatives are faced with a number of challenges, such as: traditional products, leadership and governance issues, capitalisation, taxation, Information and Communications Technology, regulation and supervision, developing competitive business models, demand for loans, non-remittance of fees by members, forgery, HIV/AIDS and outreach issues. These among others have forced cooperatives managers to pause, ponder and devise ways to strengthen their enterprises. Thus the central challenge for cooperatives is to find constructive ways to build and retain competitive advantages in the market place. This is only possible if they incorporate good governance practices in their institutions (Kenya Saccos Societies ACT, 2010).

Hence strategic management is a level of managerial activity under setting goals and over tactics. Strategic management provides overall direction to the enterprise and is closely related to the field of organisation studies.

1.1.1 Strategic Issue Management

Strategic Issue Management is a dynamic process of aligning strategies, performance and business results; it is all about people, leadership, technology and processes. Strategy can be seen as the building of defences against competitive forces, or as the finding of positions in the industry where competitive forces are weakest. A strategy represents a firm's "game plan" (Pearce and Robinson, 2005). Strategy is therefore a fundamental framework through which the organization can simultaneously assert its vital continuity and facilitate its adaptation to the changing environment.

Organizations, like living organisms do not exist in isolation but within surroundings that constitute their environment. Ansoff and McDonnell (1990) define strategic issues as forthcoming developments, either inside or outside of the organization that are likely to have an important impact on the ability of the enterprise to meet its objectives. For the modern executive to achieve desired results, it's not enough to respond by managing internal activities of the firm only but also the firm's remote environment (Pearce & Robinson, 2005). By so doing, the firm will enhance its growth, profitability and affirm its social legitimacy. However, this may not be achieved without timely resolution of prevailing issues. In their extensive scholarship study of 'issue life cycle' (concern-problem-issue-crisis), they noted that the sooner an organization starts to participate in the development of an issue, the greater the chance of positively influencing the outcome. To be able to effectively deal with the discontinuous and surprising environment, organizations should embrace Strategic Issue Management Systems (SIMS) to enhance their capacity and to adapt and to learn (Xolile, 2004). Adapting implies that an organization can achieve a better alignment with its environment (Mintzberg, 1994) while learning implies the alignment is facilitated by greater knowledge and understanding.

Strategic Issue Management Systems facilitate an organization's adaptive capability in two distinctly different, yet complementary ways. First, a Strategic Issue Management System can collect, disseminate, and interpret information and by doing so, identify issues that require managerial interpretation (Dutton & Ottensmeyer, 1987). Thus, adaption of Strategic Issue Management System role in helping to solve the problem of managing equivocally, that is, differing interpretations or reducing uncertainty (Thompson, 1967). It also requires that an organization deal with resource dependencies and pressures for accountability (Pfeffer, 2005). Ansoff and McDonnell

(1990) further concluded that at high turbulence levels, it becomes necessary to start the firm's response while the environment signals are still weak. This can be achieved if firms can implant systems that can detect, analyze and respond to these changes. Hesterly and Barney (2008) mentioned that the proponents of Strategic Issue Management assert as unique in the following ways: It is proactive rather than reactive, it allows companies to intercept problems at an early stage and it requires application of substantial empirical, qualitative and quantitative analysis to solve corporate planning problems.

This therefore means that managers must depart from the planned change practices and adopt real-time systems. Real-time strategic response is based on the appreciation that the periodic systems of managing organizations may no longer be capable of perceiving and responding to the threats and opportunities in a highly turbulent environment. The nature of strategic response of the firm enables it to reduce adverse effect or make the firm miss an opportunity. For the purpose of this study, Strategic Issue Management is therefore, how to make the conditions that make proactive change a natural way of life (Englun et al, 2003). The firms should therefore be able to anticipate, create and respond effectively and efficiently to changes in the external and internal environment to increase profit potential.

1.1.2 Strategic Issue Management and Co-operative Societies

Strategic Issue Management is based on the recognition and appreciation of the fact that the periodic systems of planning are no longer capable of detecting deviations in the environment of most companies and executing timely responses (Ansoff and McDonnell, 1990). It is therefore relevant than ever, to understand the dynamics of

how to respond to strategic issues, due to the increasingly fast-paced changes in the globalised world (Kajanto, Keijola, Kunnas, Laamanen and Maula, 2006).

Due to this turbulence in business environments, enterprises need to constantly monitor their internal and external environments, as well as trends in their performance in order to detect any discontinuities and instabilities that might have any significant impact on their businesses (Ansoff and McDonnell, 1990). Tracking, monitoring and managing priority issues is necessary for a firm's survival during turbulence (Perrot, 2008). Therefore Savings and Credit Co-operative Societies need to have round-the clock surveillance in strategic preparedness thus enabling quick responses to opportunities and threats presented by environmental dynamism through appropriate realignment of resources.

This reconfiguration of resources in order to either grasp opportunities or shield an organization against threats posed by the environment requires flexibility in plans, creativity and innovativeness on the side of the management. Companies across all industries are faced with many disruptions from various quarters such as emerging technologies, political and legal, socio-cultural shifts, economic changes, competition and new business models (Rohrbeck and Gemunden, 2008). Therefore, for Savings and Credit Cooperative Societies to survive, grow and remain relevant, they have no choice but to adapt to these changes.

1.1.3 Savings and Credit Co-operative Societies in Mombasa, Kenya

Iriga (2009) defines a cooperative as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and a democratically controlled enterprise. While the cooperative movement had proved to be a formidable vehicle for wealth creation

among its members prior to, and after independence in Kenya, developments in the environment are posing a danger to sustainability.

Financial co-operatives are formed by individual members with the primary purpose of pooling savings and lending to each other as per the registered bylaws (Kenya Sacco Societies Act, 2010). In the early 1990s, Kenya experienced difficult economic times forcing commercial banks to demand higher minimum operating balances for individual accounts to sustain their businesses. This saw many middle and low income persons unable to operate bank accounts. Cooperatives became popular among employed persons who had been unable to maintain or operate bank accounts and they responded by introducing a Front Office Service Activity (FOSA) which offered quasi banking services at competitive rates. The sub sector comprises of large cooperatives, some of which have a total asset base of over 15 billion Kenya shillings to the very small ones that have fewer than 10 million Kenya shillings in assets and are well spread across the country from the large cities to the rural Kenya.

Cooperatives in Kenya's turbulent business environment have faced critical moments. Despite their fundamental socio-economic role in Kenya, most of the savings and credit cooperatives are faced with a number of challenges, such as: traditional products, leadership and governance issues, capitalisation, taxation, Information and Communications Technology, regulation and supervision, developing competitive business models, demand for loans, non-remittance of fees by members, HIV/AIDS and outreach issues. These among others have forced cooperatives managers to pause, ponder and devise ways to strengthen their enterprises. Thus the central challenge for cooperatives is to find constructive ways to build and retain competitive advantages in

the market place. This is only possible if they incorporate good governance practices in their institutions (Mburu, 2004).

Mombasa County thrives in the cooperative movement sector activities. It has a total of 129 active cooperative societies. The total membership of active cooperatives is 35,882 shareholders with a total turnover of Ksh.1,057,831,845 and total share capital and deposit of Ksh.3,882,055,698(vide appendix 2). The figures give more reasons why it is an economic hub worth studying at this point in time. Active societies are those deemed to be carrying auditing of books and are performing their objectives. Mathenge (2008) says that the institutional mission of the financial cooperatives is the provision of efficient, competitively priced financial products.

1.2 Research Problem

Strategic Issue Management is a dynamic process of aligning strategies, performance and business results; it is all about people, leadership, technology and processes. An effective combination of these elements will help with strategic direction and successful service delivery (Nyandoto, 2009). During turbulent times, managers of large firms find themselves in a state of dilemma as far as positioning their firms in their business environments is concerned (Ansoff and McDonnell, 1990).

The business environment within which cooperative societies in Mombasa County operate has experienced several changes that have greatly affected cooperatives' growth and performance. Savings and credit services offered by cooperatives, banks and other credit facilities to the society are fundamental to the success of the society's overall development strategy. The fact that cooperatives among other credit providers have helped enhance people's financial welfare, they underscore the urgency with which professionalised strategic practices in these cooperatives need to be embraced.

Dutton and Ottensmeyer (1987) say that, issues are classified as strategic because, they can alter the business performance if left unnoticed or unaddressed. Hypothetically then, cooperatives have strategic issues in their environments which they ought to strategically respond to through application of Strategic Issue Management (SIM).The ability to notice strategic issues as well as the knowledge of the effective approaches to respond to them is a major tool to effective strategic management in cooperatives.

More research therefore needs to be done to determine the Strategic Issue Management practices that affect cooperatives, so that they can participate effectively and efficiently in service delivery to their esteemed customers. It is therefore right to echo the words of Cole (2004) that the successes of an institution, depends on the manner in which changes in the environment are responded to by the management. The manager of the institution therefore needs to gain clearer understanding of all the forces and factors which contribute towards the governance of the institution.

Given the critical role played by cooperatives in Mombasa County in Kenya, there is need for management to critically embrace the concept of Strategic Issue Management; hence the researchers aspirations to carry this research. Strategic Issue Management has previously attracted some scholars in Kenya notably Mkamunduli (2005), Muya (2006) and Nyandoto (2009). However there has been no documented study of Strategic Issue Management practices among Savings and Credit Co-operative Societies in Mombasa County, Kenya.

It is upon this premise that this study aims to fill the gap left in studying Strategic Issue Management practices and challenges faced in identification and implementation of SIM of Savings and credit cooperative societies in Mombasa

County. This will be necessitated through answering the key research questions: What are the Strategic Issue Management practices adopted by cooperatives in Mombasa County? What are the factors that influence Strategic Issue Management? And what are the challenges faced in Strategic Issue Management practices by the cooperatives?

1.3 Research Objectives

The objectives of this study are:

i. To determine Strategic Issue Management practices adopted by Savings and Credit Cooperatives in Mombasa County.

ii. To establish the factors that influence Strategic Issue Management practices by Cooperatives in Mombasa County.

iii. To establish the challenges faced in Strategic Issue Management in Savings and Credit Co-operatives in Mombasa County.

1.4 Value of the Study

The findings of this study are expected to be of value to various stakeholders. The study is important to management practitioners as it provides owners and managers of cooperatives with information on the nature of environment they are operating in. From the findings, managers should know how to conduct their businesses and specifically how to manage strategic issues. Potential investors can access some of the information they may need before venturing into being stakeholders with cooperatives.

This study will add on to existing pool of knowledge on Strategic Issue Management practices for management scholars. It also forms a basis for future research works.

Management scholars should look beyond this research in their endeavours to further their knowledge in this area - Strategic Issue Management.

This research is also significant to policy makers in the government and other financial sectors like banking, SMEs (Small and Medium Enterprises), welfare organizations and semi-skilled business sectors.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will give an over view of what Strategic Issue Management is, business environment, empirical studies on Strategic Issue Management, benefits of Strategic Issue Management, factors influencing Strategic Issue Management and challenges faced in Strategic Issue Management.

2.2 Strategic Issue Management

Strategic Issue Management is a dynamic process of aligning strategies, performance and business results; it is all about people, leadership, technology and processes. Strategy can be seen as the building of defences against competitive forces, or as the finding of positions in the industry where competitive forces are weakest. A strategy represents a firm's "game plan" (Pearce and Robinson, 2005). Strategy is therefore a fundamental framework through which the organization can simultaneously assert its vital continuity and facilitate its adaptation to the changing environment.

Strategic management is the art and science of formulating, implementing and evaluating cross-functional decisions that will enable an organization achieve its objectives. Strategic management as a discipline originated in the 1950s and 60s. There are numerous early contributors to the literature on strategic management. Chandler (1962) recognized the importance of coordinating the various aspects of management under one all-encompassing strategy. Prior to this time the various functions of management were separate with little overall coordination or strategy.

Interactions between functions or between departments were typically handled by a boundary position, that is, there were one or two managers that relayed information back and forth between two departments.

The idea of matching the organization's internal factors with external environmental circumstances should be viewed keenly (Rubin, 1973). This core idea was developed into what we now call strengths, weaknesses, opportunities and threats (SWOT) analysis. Strengths and weaknesses of the firm are assessed in light of the opportunities and threats from the business environment. Drucker (1974) stressed the importance of objectives. He stated that an organization without clear objectives is like a ship without a rudder. He developed a theory of management based on objectives. This evolved into his theory of Management by Objectives (MBO). According to Drucker (1974) the procedure of setting objectives and monitoring your progress towards them should permeate the entire organization, top to bottom.

Chandler (1962) views strategic management as the determination of the basic long-term goals and objectives of an enterprise, the adoption of course of action and the allocation of resources necessary for carrying out these goals. According to Yip (2003), a strategy is the pattern or plan that integrates an organization's major goals, policies and action sequences into a cohesive whole.

Collins (2001) argues that effective strategic management should be characterized by a clear business strategy and vision for the future. A strategic direction endorsed by senior managers, taking account of partners and other stakeholders, a mechanism for, a framework for governance at several levels that ensures you can coordinate everything (multiple goals) even when there are competing priorities and different goals. There needs to be the ability to exploit opportunities and respond to external

change (turbulence) by taking ongoing strategic decisions and coherent framework for managing risk – whether it is balancing the risk and rewards of a business direction, coping with the uncertainties of project risk or ensuring business continuity.

Strategic actions are influenced by the environmental factors. Changes in the environment will lead to changes in the objectives and strategy (Pearce and Robinson, 1991). The environment is complex and ever changing and it will continue to change rapidly, radically and unpredictably (Barney, 1986a). Therefore managers have to keep reviewing their strategy to match the environmental demand. This requires the establishment of real time Strategic Issue Management (Bigelow et al, 1993).

Real time strategic issue responses are necessary to facilitate the firms' preparedness in handling the impending issues that may have profound impact on the firm (Ng'ang'a, 2001). To complement this, Oliver and Donnelly (2007) shared an overview of key methodologies that comprise their organization's award-winning "generic" issue management process. She proposed a five-prong approach as follows: First, systematically identify issues by scanning the environment and stakeholders' relations. The information should be entered into issues management database. Secondly, issue analysis follows through research on issues, vulnerability check, stakeholder analysis and issues evaluation. Thirdly, issues are acted upon by finalizing on strategy, tactics and action plans, while integrating public affair. Fourth stage involves issuance of change strategy. This would put into consideration the policy and position factors, the change strategy options consensus and officer sign off and the message development. Fifth, evaluation of results which includes research from feedback, accomplish goals and archiving. This process is an effective tool which is adaptable.

Ansoff and McDonnell (1990) proposed four analytical techniques for Strategic Issue Management. These are use of Simple Environment Impact Analysis, Cross-Impact Analysis, Ranking Approach and the Euro quip Matrix. The first one is the Simple Environmental Impact Analysis which diagnosis one event/trend at a time and does not concern itself with their interdependence. Threats/opportunities and future strengths/weaknesses can be identified from the continuous surveillance of three sources (external environment trends, internal capability trends and performance trends).

The second is the Issue Ranking Approach which involves a continuous environmental surveillance through trend analyses (external environment, internal environment and internal performance) and SWOT identification. Impact and urgency of the trends are estimated and presented as key strategic issues to top management at frequent meetings and whenever a new major threat or opportunity is perceived. Then together with planning staff, top management sorts issues into one of the four categories. Highly current issues of far reaching effect which require immediate attention (i.e. urgent issues). Moderately urgent issues of far reaching effect that can be resolved during the next planning cycle (i.e. post-ponable issues). Non-urgent issues of far-reaching effect which require continuous monitoring (delay-able issues) and issues that are “false alarms” and can be dropped from further consideration (i.e. minor issues).

The urgent issues are assigned for study and resolution, either to existing organization units, or to special task forces. Top management both for strategic and tactical implications monitors the resolution of issues. The list of issues is kept up to date through periodic review by the top management. The third technique is the Cross Impact Analysis, which can be added to estimate the likelihood of simultaneous

occurrence of several events/trends. This analysis produces clusters of events/trends, which are likely to impact together on the firm and facilitates identification and preparedness of probable future disaster scenarios or opportunity scenarios.

The fourth method, 'Euro quip Matrix' analyses issues after the ranking has been done and after the synergy analysis. Either the positive or negative synergy evaluation is done for the issues impact and issue urgency. A positive synergy occurs when strengths and weaknesses are applicable to responding to threats and opportunities. A negative synergy occurs when neither strengths nor weaknesses help in with threats and opportunities.

2.3 Business Environment

The strategy of an organization depends, among other things on the environmental forces and the organization's strategic capability. That is to say that a firm's strategy is a function of both its external and internal environments. Ansoff and McDonnell (1990) observe that since the late 1950s and 1960s, a new kind of turbulence has increasingly been witnessed. Due to this turbulence, there have been many changes in business environments thus posing major threats and/or opportunities to firms. Certain changes take place so fast that it has not been possible for the traditional periodic systems of planning to perceive and respond to the environmental opportunities and threats in good time. It is therefore necessary to have a system that can augment the deficiencies of the periodic systems of planning so that an organization can respond before a threat has made a devastating impact or an opportunity is gone. Late response can have a double loss to a firm in terms of both lost profits and/or the cost of reversing the damage or loss.

There are five levels of environmental turbulence namely: repetitive, expanding (slow incremental) changing (fast incremental), discontinuous (but predictable) and finally surprisefull (discontinuous and unpredictable) (Ansoff and McDonnell, 1990; Perrott, 2008). Each of these levels put certain demands on the firm and therefore need to be matched with equal levels of strategic aggressiveness, which in turn must be supported by certain internal capabilities. Ansoff's strategic success hypothesis stipulates that a firm's performance potential is optimum when the aggressiveness of its strategic behaviour matches the environmental turbulence; the responsiveness of its capabilities matches the aggressiveness of its strategies and when the various components of its capability are supportive of one another. According to Perrott, levels of turbulence will determine the type of response an organization needs to execute in order to survive and succeed.

Environmental turbulence is a measure of how changeable and predictable a firm's environment is (Ansoff & McDonnell, 1990). While changeability is measured in terms of complexity of a firm's environment and the relative novelty or newness of successive challenges the environment has for the firm, predictability is the measure of the rapidity of those changes and the visibility of the future. Complexity of the environment refers to the number of variables in that environment; rapidity of change is the ratio of the speed at which challenges evolve in comparison to the speed of the firm's response while visibility is simply the adequacy and the timeliness of information about the future.

For a company to remain relevant, it has to keep pace with changes in its environment. There is therefore a concurrent need for simultaneous adaptation of a firm's architecture which may involve upgrades, changes in existing technologies or total replacement with new ones (Njagu, 2008). The implication is that there is need

for organizations to manage a balance between its environment, its strategies and its capabilities to implement those strategies. Where strategies lag behind the environment, a condition known as strategy gap (Ansoff & McDonnell, 1990, Perrott, 2008), an organization's ability to achieve its objectives is impeded. Existence of sufficient resources and capabilities to execute strategies avoid existence of capability gaps, a condition where internal organizational capabilities lag behind strategies. An organization which insists on producing the same old type of product despite changes in customer tastes and preferences has a strategy lag. At the same time, a firm that insists on highly specialized production systems while strategy is changing towards differentiation has a capability lag.

Johnson et al. (2006) observe that sometimes understanding a firm's operating environment may be difficult to managers. This may be so because; first, the environment exerts many different influences; second, high complexity attributed to the fact that many separate issues in the environment are interconnected and therefore do not occur in isolation and finally the pace of technological change and the speed of global communications mean more and faster change now than ever before. With such challenges facing managers today, they need to be very vigilant if they are to capture opportunities as they present themselves and at the same time shield their firms against any threats that may occur in their environments.

An organization's environment consists of the macro-environment (broad environmental factors that affect almost all organizations), its industry or sector (a group of organizations producing the same products or services), its competitors and markets and lastly the organization's internal environment (Johnson et al., 2006). Political, economic, social, technological, environmental (ecological) and legal factors constitute the macro-environment. Changes in any of these areas have a bearing on a

firm's businesses. They assert that managers not only need to understand how environmental factors might impact on and drive change in general, but also the key drivers of change, the differential impact of these external influences, and drivers on particular industries, markets and individual organizations. Johnson et al. (2006, p. 69) define key drivers of change as the 'forces likely to affect the structure of an industry, sector or market'. Changes in these key drivers of change put demand on organizations and therefore influence their strategies. Yip (2003) identifies market globalization, globalization of government policies, cost globalization and global competition as the key drivers that are increasing globalization of certain industries and markets.

Managers do not have to sit and wait for opportunities to present themselves. Kim and Mauborgne (1999) argue that if organizations simply concentrate on competing head-to-head with competitive rivals, there will be competitive convergence where all players will find the environment tough and threatening. Instead, they should go out there and create the space they need in the market. They encourage managers to seek out opportunities in the business environment, which they call strategic gaps. This is possible when managers start to look across their defined boundaries of competition. By doing so, they will find unoccupied territories or strategic gaps, which are opportunities in the competitive environment that are not being fully exploited by competitors.

2.4 Empirical Studies on Strategic Issue Management

Nganga (2001) established that the factors that most determine Strategic Issue Management are: company structure, company size, profitability, competition, top management, company infrastructure and technology in that order. Most of these

factors determine in one way or another the speed at which information flows within a firm. Intensity of competition will determine the level of complacence while profitability is directly associated with resource level of an organization. As pointed out earlier, environmental surveillance would be futile if a firm lacks the resources required to execute timely response (Cole, 2004).

Nganga's (2001) study showed that ownership, whether foreign or local was irrelevant as far as making strategic issue decisions was concerned. He concluded that quite a significant number of companies listed in the Nairobi Securities Exchange practiced Strategic Issue Management. Muya (2006) on his part established that in Kenya, only international hotels practiced long term planning due to their affiliation to corporate office. Quite a large number of locally owned hotels do not practice long-range planning. He established that where a firm (hotel) had more than two branches, delegation of authority in many cases was preferred in decision-making. According to Muya, hotels in Kenya make use of Strategic Issue Management and monthly reviews of strategic issues raises the level of preparedness for management.

Flexibility is vital for strategic response and therefore in turbulent times, firms need to have flexible plans in order to adapt to changing environments (Mintzberg, 1994; Muya, 2006; Nyandoto, 2009). Companies with flexible plans are likely to be dynamic, respond swiftly to changes in their environments, and thus remain competitive as opposed to those with rigid plans (Mkamunduli, 2005). This view is supported by Dibrell, Down and Bull (2007) who established that the most financially successful firms use a dynamic strategic planning process that combines key elements from both formalized and ad-hoc strategic planning through the addition of what they call strategic flex-points to allow for changes to their plans. On the other hand, their study showed that poorly performing firms often adopt a reactive approach to

opportunities or threats compared to their more successful competitors and are unable or unwilling to change.

Dibrell et al. (2007) equate strategic flex-points to planned emergence where firms have the ability to create a structured planning process while concurrently building decentralized decision making in the strategic process thus creating effective planning capabilities in turbulent environments. For example, during turbulence, information flow does not have to follow the laid down procedures or chain command. Any employee has the duty and freedom to report any strange happenings in the environment to decision makers regardless of their position. They established that firms had purposeful formalized process set in place to help managers act quickly to external triggers whenever they felt an immediate response was warranted.

2.5 Benefits of Strategic Issue Management

The strategic issues facing the organization and its response to them will call on the organization's skills in Strategic Management – its ability to recognize and deal successfully with strategic issues (Hitt et al, 2005). In Savings and credit cooperative societies , these will include ensuring greater efficiency and value for money, improved and innovative product and service delivery to the customers, increased communication with customers and partners, and greater organizational coordination.

One benefit of Strategic Issue Management is that it enables swift response to environmental surprises. SIM systems detect surprising changes as they become evident and respond in real time without waiting for annual planning (Ansoff & McDonnell, 1990). An organization that is preoccupied with environmental surveillance through out the year will notice a discontinuity way ahead of reactive ones. Ansoff (1975) argues that how quickly an organization will respond is

determined among other factors by how much knowledge the organization has about an issue. If the knowledge level is high, an organization may have time to execute an appropriate response as opposed to when information about the issue is still vague. This will enable managers to take advantage of opportunities or shield the firm from devastating environmental threats well ahead of competitors thus gaining a competitive edge.

Related to the above point is the issue of insurance against risk. An organization with a high level of information about an impending threat or opportunity is more likely to execute an appropriate response than one which is operating on a vague signal (Ansoff, 1975). This way SIM reduces uncertainty. It shields organizations from strategic shocks with unknown origins (Baucus & Ottensmeyer, 1989). It therefore prevents accumulated losses and extraordinary costs (Ansoff &McDonnell, 1990).

Dutton and Ottensmeyer (1987) observe that SIM systems can have a symbolic meaning. This way, they produce, manage and resolve meanings for strategic issues thus preserving the image of an organization as it conveys an image of a rational and effective organization. They sort and extract meaning from organization context when they are used by decision makers to create and communicate shared meanings.

Although the strategy process may incorporate timetabled events which fit into the wider management processes, strategic management is a continuous process, (Jerker, 2004). Managers at all levels in the organization may need to make decisions on business issues at any time, and some of these decisions could be regarded as ‘strategic’ – even though they may not appear so at the time. Any business-focussed strategy must be flexible enough to accommodate the demands of continuous change (Kuehner-Hebert, 2010)

According to Abdullahi (2005) a manager must be able to identify the strategic issues facing the organization – those issues it must address if it is to meet its business objectives. These might include social inclusion, for example, or environmental issues. The responses to strategic issues will be incorporated in the themes of the business strategy. There is no necessarily a one-to-one relationship between strategic issues and the themes of the business strategy, since themes will be chosen as the basis for programmes of business change, and one such programme may address several strategic issues.

A number of studies in the strategic management literature for example Ali (2008); Aosa (1992) and Njanja (2002) are based on a broad approach of the content of strategies, in which organizational features are considered as evidences of adopted strategic orientations. According to this approach, studying strategic orientations implies to evaluate organizational characteristics simultaneously. Some of these studies identify major strategic behaviours allowing organizations to succeed. In addition, they focus on the content of the strategic orientations. Their typology shows how organizations choose specific strategies that allow them to realize an adequate fit with their environment.

It has been pointed out that a strategic issue is a forthcoming development, from inside or outside of the organization, which is likely to have an impact on the ability of the enterprise to meet its objectives. An issue can be a welcome, an opportunity to be grasped in the environment, or an internal strength which can be exploited to advantage. Or it can be an unwelcome external threat, or an internal weakness which imperils continuing success, even the survival of the enterprise. Rockmore et al, (1996) argue that external threats, because they signal significant discontinuities in the environment, can be converted into opportunities by aggressive and entrepreneurial

management. This premise is the core reason why it is important for management and other employees have to actively involve themselves with Strategic Issue Management, if they want a successful future of their enterprise (Mbogo, 2007).

A comprehensive analysis of environmental trends and prospects identifies additional strategic issues. Resolution of these strategy and environment-driven issues become the central preoccupation of the annual planning process. Thus strategic issues analysis (analysis of impact and response to significant developments) was added to strategy analysis – determination of thrusts for the future development of the enterprise.

2.6 Factors Influencing Strategic Issue Management

Strategic Issue Management practices are influenced by several factors: One, Business Environment - The swiftness to perceive business environmental dynamics and changes may affect Strategic Issue Management. A proactive approach to respond to the intricate decisions of the business is required (Muya, 2006). Turbulence in environment ignites regular changes in the annual operating plans of companies. Revisions are expected in organisations operating budget so that changes may be accommodated.

Two, Environmental trends affecting business growth – The level of competition, change in top management, infrastructure, insecurity, number of training programs and number of promotional campaigns are some factors that also influence SIM practices. According to Lussier (2008), the components of the firm's capability must be supportive of one another to realise their objective. Apart from internal resources deployment, increase in budgetary allocation to deal with marketing is vital. This greatly improves the degree of competitiveness and the positive perception to

potential stakeholders around. Management sensitivity to environment is another factor - The capacity to interpret the external variables in the environment affecting competitiveness of the firm is crucial. The firm should seek ways of handling the diverse issues using appropriate strategies. This should involve continuous surveillance and identification of urgent issues/factors, which need immediate action in responding to surprising changes, both inside and outside the enterprise.

Four, Issue identification by respondents - Organisational capacity to identify issues is very crucial. The management should be able to identify signals that give direction to the identification of opportunities or minimising threats. Five, Performance Measurement - Profitability, market share, customer management, liquidity and innovation are important to the future success of the organization. Management must not only consider profitability as a performance measure but also the management of customers to achieve annual targets. Six, Management pro-activeness to SIM actions - Timely resolution of issues is also crucial if an outcome is to be influenced. Passing of time reduces management choices. To maximise on the Strategic Issue Management as an effective tool it is paramount for management to institutionalise real time systems in future and adopt an immediate (very fast) culture to respond to upcoming issues.

Seven, Engagement considerations to Strategic Issue Management - Prior information and resources are necessary for implementation of SIM systems. However, prioritisation of such parameters is a huge requirement before engaging on issue management. Treatment of strategic plans and critical issues is another factor influencing SIM - The need to differentiate urgent and strategic plans affecting the business is pertinent. Strategic plans may follow the norms laid down by the management. However, the urgent and critical issues must be acted upon without

delay. Management should also have a clear distinction between planning and Strategic Issue Management to avoid ambiguity in strategy formulation.

Last but not least, Annual pre-occupation on SIM by management - To track and enumerate the nature and frequency of issues the organization faces require unrelenting effort on the part of the whole management team. Active involvement/proactive members with very good focus for change by the management can steer an organization to success. There ought to be a continuous preoccupation throughout the year with checking urgent and critical issues which may affect the daily operations.

2.7 Challenges of Strategic Issue Management

Strategic Issue Management cannot be exercised without a share of its challenges. According to Ansoff and McDonnell (1990), installation and acceptance of SIM is not likely to be simple. The difficulties come from different sources. Right from planning/formulation and implementation of Strategic Issue Management, challenges do occur normally at certain stages. Limiting funds to support Strategic Issue Management is one of the greatest challenges facing many organizations. A good resource base is a critical success factor in making sure that the strategy and the environment are aligned in the same direction (Muya, 2006). Lack of funding therefore may make the management feel that Strategic Issue Management is not taken seriously, thus may engage in more of reacting to emergent issues in environment rather than planning in advance; hence compromising competitive advantage.

The differing opinion of the people involved also limits the implementation of Strategic Issues Management. This would tend to support the view that Strategic

Issues Management implementation may not be very smooth if the organizational structure is tall instead of a lean structure which can follow faster flow of information. Learning organizations have to look for ways of accommodating varying opinions and focussing on common goals to avoid aborting opinions that could impact on an organization.

Resistance to change is another common challenge in Strategic Issue Management especially at the implementation stage. Resistance comes in because Strategic Issue Management requires real time systems. Mwangi (2008) asserts that real time wrecks hierarchical organizations by making possible instant access to activities of all types- anywhere, anytime all the time. Refusal to take charge is frequently coupled with a mentality problem, a refusal by top management to accept new and unfamiliar issues as relevant to the enterprise. Thus the acceptance of SIM by top management is the major problem to solve. The solution is a ‘sales campaign’ by the ‘converted’ subgroup of general managers. Careful education and an involvement in confrontation of issues by the top group, is more promising course of action. In cases where the new realities require a transformation of mentality of key managers the firm will probably need external help.

Refusal of the top management group to submit itself to the discipline of SIM can be a taunting challenge. Periodic planning is frequently used for organizing ‘the others’ in the enterprise. If top management refuses to become part of the process, periodic planning can still make a useful contribution to the enterprise. But if top management pay a lip service to SIM, it will not work.

2.8 Summary

The above literature review reveals that SIM is systematic, organizational environment surveillance and filtering processes embedded in the organizational structure. The environment itself is dynamic and discontinuous and therefore SIM is necessary to enhance organizational preparedness in meeting novel turbulent challenges. The principle limitation of the Strategic Issue Management System (SIMS) is that while it reacts to individual departures from the historical dynamics, it does not permit the management to rethink and redefine these dynamics as is done in periodic strategic planning. SIM needs key managers' support and it cannot work unless key managers in the organization accept a central role in the system. However, it has been noted that there are both environmental and internal issues, which may hinder effective execution of Strategic Issue Management.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the procedures that the researcher used to collect data. The following areas were covered: research design, population of the study, data collection, data analysis and presentation. The study aimed at determining SIM practices adopted by cooperatives in Mombasa County, establishing factors that influence Strategic Issue Management practices and establishing challenges facing the Strategic Issue Management. This was conducted through a survey and fact finding enquiries on Strategic Issue Management.

3.2 Research Design

This research adopted a survey research design. The choice was necessitated by the descriptive nature of typically quantitative data collected which was to be cross-sectional and therefore did not favour case study. In addition, a survey was chosen because the researcher's main aim was to get comparable data from across the study units so as to discover similarities and differences in their practices (Cooper and Schindler, 2006). The survey method therefore allowed an in-depth and complete investigation of the cooperatives.

It also allowed for comparative analysis in order to obtain rational conclusions. An extension of the survey method which Cooper and Schindler (2008) call a survey via personal interview (meaning a two way communication initiated by an interviewer to obtain information from a participant: face to face, phone or internet) was adopted.

Muya (2006), Nyandoto (2009) and Owino (2011) successfully used the survey method in their studies.

3.3 Population of Study

The population of study was all Savings and Credit Cooperative Societies in Mombasa County. According to the list obtained from the District Cooperatives Officer office in Mombasa, there were a hundred and twenty nine registered and active cooperatives in Mombasa County, Kenya as at 14th June 2013-as shown in appendix 4. This had increased from a hundred and twenty in 2010 when Owino (2011) carried his research, signifying a 7.5% growth.

However, after interacting with the office, the researcher learnt that a good number (167) had registered but were dormant - meaning that they were not carrying out their objectives and not auditing their books of accounts. This was also an increase of 70.4% since 2010 where dormant cooperatives were ninety eight only.

3.4 Data Collection

Primary data was collected using self-administered questionnaires (see Appendix 1). This was necessitated by the fact that all the cooperatives surveyed in Mombasa County were accessible. The structured questionnaire was both closed-ended and open-ended and had four sections. The first section (Part A) covered the cooperatives' general information, second section (Part B) covered Strategic Issue Management practices, third section (Part C) dealt with factors influencing Strategic Issue Management and last but not least (Part D) sought information on the challenges affecting Strategic Issue Management.

The researcher aspired to distribute a questionnaire per cooperative targeting the senior manager. However, in some cases the manager was not easily accessible and therefore the researcher sought the responses from the immediate senior manager-who were mostly chief accountants, FOSA (Front Office Service Activity) managers or democratically elected officials.

3.5 Data Analysis and Presentation

The data was coded and checked for any errors and omissions. Responses from the questionnaires were tabulated, coded and descriptive statistics used. According to Cooper and Schindler (2008), descriptive statistics are statistical measures used to depict the centre, spread and shape of distribution of findings. Statistical Package for Social Sciences (SPSS) was utilized to analyze the variables.

Tables, pie charts, mean, standard deviation and percentages were used to summarise the data. The tables were summarised as a percentage of the thirty four out of the seventy respondents for table 4.1, 4.2, 4.3, 4.4 and pie chart for figure 4.1; mean scores and standard deviations of the thirty four respondents on each aspect of the seventy respondents for tables 4.5, 4.6, 4.7, respectively. Subsequently the data was translated into specific categories in line with the objectives of the study guided by the questionnaire. Consequently the researcher objectively gave true and fair conclusions as per specified categories in the questionnaire as indicated by the respondents.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATIONS AND DISCUSSIONS

4.1 Introduction

This chapter presents the analysis of the data collected through the questionnaire (vide Appendix 1). The analysis of the general information about Savings and Credit Cooperative Societies comes first; followed by Strategic Issue Management practices adopted by cooperatives, factors influencing Strategic Issue Management, the challenges experienced by the cooperatives while practising Strategic Issue Management and finally discussions on the findings. The Likert-scale ranging from one to five and percentages were used in interpretations and codifying the responses. The data was analyzed using the SPSS and presented in form of tables and pie-charts.

The major aims of the study were to determine the Strategic Issue Management practices adopted by cooperatives in Mombasa County in Kenya, establish factors influencing Strategic Issue Management practices and to establish the challenges faced by cooperatives while practising Strategic Issue Management. The explanations of the results were provided under each section and the results presented in tables and pie-charts. The study targeted 70 cooperatives; achieving 49% response rate with thirty four cooperatives returning the completed questionnaires. The response rate was considered suitable for analysis. Some lower response rates have yielded valid results before. A case in point is discussed by Englun, Robert and Dinsmore (2003) where a response rate of 20.4% was achieved with authentic results. Furthermore, probability sampling tends to elicit low response rates and non-response in general.

4.2 General Information on Cooperatives in Mombasa County

By specifying a resource profile for a firm, it is possible to find the optimal product-market activities (Andrews, 1971). The study sought information about respondents' organizations on aspects that were considered to be descriptive of the cooperatives with respect to the aspirations stimulating the study. The aspects were with respect to the cooperative's years in operation, type of membership, number of employees and shareholders each cooperative had. Seeking this information was necessary to lay ground for understanding the Strategic Issue Management practices, factors influencing SIM and the challenges cooperatives faced while practising Strategic Issue Management.

4.2.1 Information on Cooperatives' Longevity

The respondents were asked to say how long their cooperatives had been in existence. Percentage mean on response for each batch was then calculated and results ranked in ascending order. Table 4.1 gives information on how long the cooperatives under study have been operating.

Table 4.1 Information on Cooperatives' Longevity

Longevity	Between 1-10 years	Between 11-20 years	Between 21-30 years	Between 31-50 years	Over 50 years	Total
Frequency	2	5	10	17	0	34
Per cent	5.88%	14.71%	29.41%	50.00%	0%	100%
Rank	4	3	2	1	6	

Source: Research Data

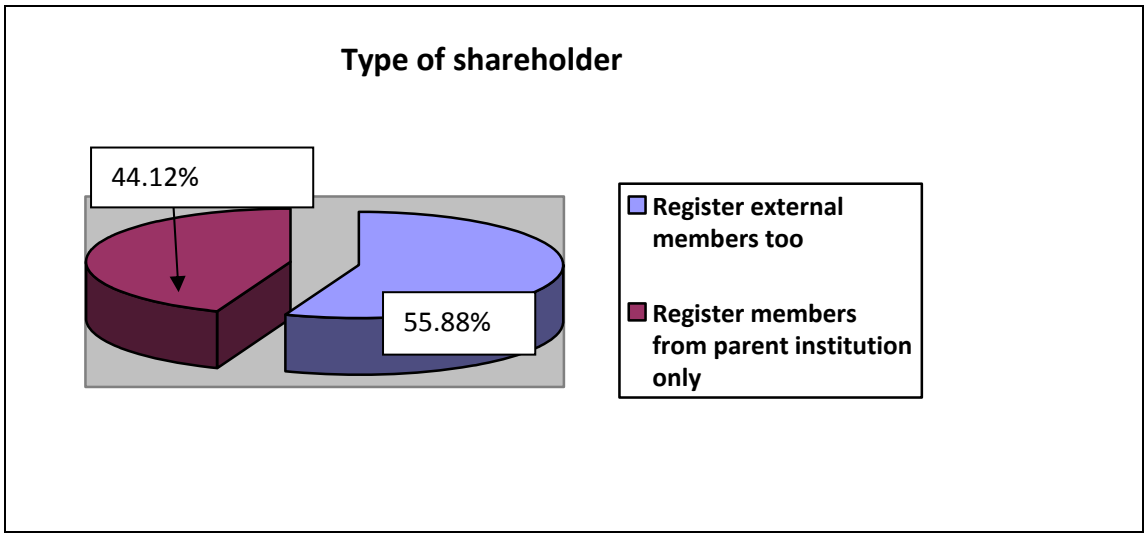
The above results showed that most cooperatives had been in existence for between 31 and 50 years representing 50%. In other words, virtually all the cooperatives under

the study were less than 50 years in age. The cooperative movement in Mombasa County was found to be as old as strategic management itself and therefore was still growing. Waters (2006) says that strategic management has a short history, having really developed since the 1950s with Drucker. This implies that as management theories continue growing, so is strategy formulation and implementation efforts with cooperatives.

4.2.2 Type of Share-holder

The objective of this question was to determine whether cooperatives in Mombasa County register shareholders either from purely members of a particular (parent) institution/grouping or allow external members from other institutions. This was to help shade light on cooperatives that take competition to the doorstep of their competitors hence stimulating strategic issues internally and externally for competitive advantage. The responses were tallied and results were as shown in the pie-chart (Figure 4.1) on page 34.

Figure 4.1 Type of Shareholder



Source: Research Data

The observations indicated that most cooperatives in Mombasa County (55.88%) register external members as compared to few (44.12%) that only restricted registration of pure members of particular institutions. The researcher viewed this as a way of bringing competition at door steps of competitor cooperatives.

4.2.3 Number of Cooperative Employees

The researcher sought to gather information on how many employees the Cooperatives under study had. Respondents were asked to tick one of the five choices represented in batches in the questionnaire. Frequencies were then calculated into percentages then ranked. See Table 4.2 for the response pattern on page 35.

Table 4.2 Number of Employees

Employees	Frequency	Percent
Less than 5	5	14.71%
Between 5-10	7	20.59%
Between 11-30	12	35.29%
Between 31-50	6	17.65%
Over 50	4	11.76%
TOTAL	**34**	**100%**

Source: Research Data

According to the research, it was discovered that most cooperatives in Mombasa County in Kenya employed between 11 and 30 employees as represented by 35.29% of the responses. It was only 14.71% of the cooperatives that have 5 employees and below. Most cooperatives in Mombasa County as figure 4.1 below shows had 501 to 1000 shareholder members and this seemed to dictate the number of employees a cooperative employed. One employee therefore could handle about 33 to 45 members on average. This is in line with observations by Dwyer (2002) who stated that the number of employees an organization can employ depends on operations levels of that firm. The results here show there is a positive relationship between number of employees and that of customers. The higher the number of customers to be served the more complex the operation levels. In other words, the more the customers the more employees needed to serve them.

4.2.4 Number of Shareholders

The respondents were asked how many shareholders their cooperative had. They were to choose one out of five batches of membership ranging from less than 50 to over

1000. The response frequencies were tallied and the results were as shown in Table 4.3 below.

Table 4.3 Number of Shareholders

Number of shareholders	Frequency	Per cent
Less than 50	0	0
Between 51-100	4	11.76
Between 101-500	9	26.47
Between 501-1000	14	41.18
Over 1000	7	20.59
TOTAL	**34**	**100**

Source: Research Data

Most cooperative-membership in Mombasa County was between 501 to 1000 shareholders (41.18%). These were followed by cooperatives with 101 to 500 shareholders at 26.47%, over 1000 shareholders at 20.59% and between 51 to 100 shareholders at 11.76%. All the respondents indicated that they had more than 50 shareholders. These figures indicate low subscription/turn up as compared to the 2009 census report which showed Mombasa County with a population of 939,370 people. This was in line with the previous findings which concluded that the cooperative movement was yet to reach its full potential (Mathenge, 2008). Cooperatives that have many members, control more assets than those with fewer members and therefore have reached their acme.

4.3 Strategic Issue Management Practices of Cooperatives

The researcher sought to know how the respondents rated Strategic Issue Management practices in their cooperatives. The cooperatives were given three

options to indicate their levels of engagement in Strategic Issue Management practices, which were: highly practiced, partially practiced and not practiced at all. Percentage of the response frequency was computed as shown in the Table 4.4 below.

Table 4.4 Level at which Strategic Issue Management is Practised

Level at which SIM is Practised	**Frequency**	**Percent**
Highly Practiced	25	73.53%
Partially Practiced	9	26.47%
Not Practiced	0	0%
TOTAL	**34**	**100%**

Source: Research Data

The findings showed that most cooperatives at 73.53% highly practiced Strategic Issue Management practices; while a few cooperatives (26.47%) partially practiced Strategic Issue Management practices. Out of the thirty four respondents, none indicated that they did not practice Strategic Issue Management practices. This clearly showed how SIM practices were embraced by cooperatives in Mombasa County.

The researcher further sought information on various aspects adopted by cooperatives in Mombasa County in Kenya in practicing Strategic Issue Management. Respondents were to indicate their rating on given statements by applying keys on a one-to-five Likert-Scale where 5 indicated ‘Very large extent’ while 1 denoted ‘Not at all’. Frequencies for each item as specified in the table below were tallied, results tabulated and analyzed. The mean for each variable was computed, grand mean calculated by dividing total mean by the number of variables. The standard deviation for each variable was then calculated. See Table 4.5 on page 38.

Table 4.5 Aspects of SIM Practices Prevalence in Cooperatives

Extent to which the following practices apply to your cooperative	**Mean Score**	**Standard Deviation**
Strategic Issue Management (SIM) has a place in our co-operative and offers real time responses to issues	4.63	1.10
SIM is a motivating activity to undertake	3.21	0.32
The Management understands how critical it is to address Strategic Issues	3.57	0.04
The SIM is allocated ample time by top Management	3.32	0.21
There is SIM committee in our co-operative	3.01	0.52
The importance of SIM is clear to everyone in the co-operative	3.59	0.06
SIM is incorporated in our annual plans	3.45	0.08
Clear channel exists to disseminate Strategic Issues information to staff	3.04	0.49
Study of how turbulent cooperative environment is	4.52	0.99
Consider documentation of strategic issues	3.26	0.27
Use SWOT (Strengths, Weaknesses, Opportunities, Threats) in analyzing environment	4.61	1.08
Use of Simple Environmental Impact Analysis	3.87	0.34
Use of Issue Ranking Approach	3.29	0.24
Use of Cross Impact Analysis	3.06	0.47
Use of Euro quip Matrix	2.98	0.55
Classify issues as Urgent and need immediate action	3.80	0.27
Classify issues as Urgent and needs continuous action	3.11	0.42
Classify issues as Not Urgent and can be postponed	3.27	0.26
Categorise issues as of no impact	3.03	0.50
Top management responds fast to strategic issues	3.32	0.21
Staff are empowered to handle strategic issues	3.41	0.12
Staff and management take a proactive approach in SIM	3.64	0.11

Management champions the process of SIM	3.66	0.13
Strategic Issue Management is important to the future success of our cooperative	3.97	0.44
Grand Mean	**3.53**	

Source: Research Data

According to the findings above (Table 4.5), it is evident that Strategic Issue Management has a place in most cooperatives and offers real time responses to issues, leading with a mean score of 4.63. This was followed at second position with the respondents indicating that the use of SWOT (Strengths, weaknesses, opportunities, threats) in analyzing environment was common at a mean score of 4.61. At third position with a mean score of 4.52, in terms of SIM practices was the extent to which cooperatives study how turbulent environment is.

The least applied Strategic Issue Management practices were: Use of Euro quip Matrix, presence of SIM committee in co-operative and Categorising issues as of no impact with mean scores of 2.98, 3.01, and 3.03 respectively. This study confirms previous findings by Nganga (2001), Mkamunduli (2005) and Muya (2006) that the Euro quip Matrix is not widely used in Kenya. The researcher felt that the Euro quip matrix is a very important tool as it helps organizations identify situations where both strengths and weaknesses can be of use and where they are not useful, called positive and negative synergies respectively (Ansoff and McDonnell, 1990). This way, firms would know when to enhance which weaknesses or strengths but more importantly, when it is necessary to develop new capabilities.

4.4 Factors Influencing Strategic Issue Management Practices

The respondents were provided with a list of factors influencing Strategic Issue Management practices from which they were to indicate their rating using a Likert-

Scale ranging between 5 for ‘Very high’ and 1 for ‘Not at all’. Frequencies for each item as specified in the table below were tallied, results tabulated and analyzed. The mean for each variable was computed and a grand mean was calculated. The standard deviation for each variable was then calculated and the information was presented as shown in Table 4.6 below.

Table 4.6 Factors Influencing SIM Practices

Factors Influencing Strategic Issue Management Practices	**Mean Score**	**Standard Deviation**
Opinion of professional consultants	2.45	0.89
Opinion of management	4.35	1.01
Opinion of staff and subordinate (other than management)	3.87	0.53
Needs of shareholders and other stakeholders	3.46	0.12
Core competences of the co-operative	4.27	0.93
Past experience	3.21	0.13
Management support	3.93	0.59
Government policies	3.85	0.51
Culture	2.37	0.97
Resistance to change	2.48	0.86
Technological competence	3.75	0.41
Well defined authority and responsibilities	2.60	0.74
Professional development and education workshops	2.64	0.70
Constant changes in customers’ needs/demands	4.41	1.07
Longevity of mission and/or vision statement	2.52	0.82
Grand Mean	**3.34**	

Source: Research Data

According to Table 4.6 on page 40, the results imply that the most influencing factors in Strategic Issue Management practices were: constant changes in customers' needs/demands, followed with opinion of management and core competencies at mean scores of 4.41, 4.35 and 4.27 respectively. The researcher confirmed that since cooperatives depended so much on mutual benefit amidst its shareholders, their needs and demands as customers greatly affected or influenced Strategic Issue Management practices. The shareholders were seen frequently visiting their cooperatives seeking loans, advice and clarifications, remitting payments and even arguing and discussing what ought and ought not to be done regarding various issues affecting them.

The factors that least influence Strategic Issue Management practices were: culture, opinion of professional consultants and resistance to change with mean scores of 2.37, 2.45 and 2.48 respectively. This indicates that the fear of resistance to change that had become a subject of study especially in strategic management for a long time has been embraced well; staff and management know that change is inevitable. Culture which is described as beliefs, way of life of a particular organization or group, habits and the way they generally behave was earlier hypothesised by the researcher as a major factor influencing SIM practices. However, the researcher found out that Mombasa being a cosmopolitan county had been influenced by the level of literacy especially from other inhabitants from other counties in Kenya. Therefore, the notion that the 'Mijikenda' community were illiterate, specialising in semi-skilled and subsistence (the condition of just having enough food or money to survive) thus not able to pool funds through savings and thus get loans for development seems to have been overtaken by time.

4.5 Challenges of Strategic Issue Management

The last objective of this study was to establish challenges faced by cooperatives in Mombasa County in Kenya as they endeavoured to practice Strategic Issue Management to gain competitive advantage and ensure survival into the future. The researcher sought to receive information on whether cooperatives in Mombasa County encountered the challenges as indicated in Table 4.7 below. The respondents were requested to indicate by rating each of the challenges hypothesized on a Likert-scale ranging from one - for (Not at all) to five - for (Very High). The responses' mean scores were computed as in Table 4.7 on page 42 and 43.

Table 4.7 Challenges of Strategic Issue Management

Challenges affecting SIM	**Mean Score**	**Standard Deviation**
Business location	2.64	0.81
Availability of financial resources	3.48	0.03
Adequate management competence	3.23	0.22
Government policies	4.17	0.72
Resistance to change	2.73	0.72
Constant changes in customer needs/demands	3.86	0.41
Implementation time frame	3.89	0.44
Technology	3.75	0.30
Competition	4.31	0.86
Level of knowledge of employees	3.67	0.22
Ambiguity in vision and/or mission statement	3.13	0.32
Communication	3.44	0.01
Diversity (gender, ethnicity, status)	2.57	0.88
Objective of the cooperative (Profit maximization, social responsibility, market leadership, quality	3.09	0.36

leadership and survival)		
Economic instability/recession	3.95	0.50
Foreign currency instability (Dollar)	3.28	0.17
Grand Mean	**3.45**	

Source: Research Data

The findings as shown in table 4.7 above imply that the leading challenges of Strategic Issue Management were competition, government policies and economic instability/recession at mean scores of 4.31, 4.17 and 3.95, respectively. The findings also indicate that the least challenging factors affecting Strategic Issue Management were diversity (gender, ethnicity and status), business location and resistance to change with mean scores of 2.57, 2.64 and 2.73 respectively. According to (Owino, 2011) location was regarded as a unique resource that was not easy to imitate. Resource-based view of strategic management (Amit and Schoemaker, 1993; Barney, 1986, 1991) examine the resources and capabilities of firms that enable them to generate above-normal rates of return and sustainable competitive advantage. Thus competition is a major challenge for majority of cooperatives in fight for survival.

The researcher observed that most cooperatives were near the base of their shareholders' employment; and some of those that were not comfortable with their location, point in case-Washa SACCO housed at Ralli house, were either making efforts to acquire land/plot, better premises or engaging in intensive advertisement to create awareness. All these were to reduce costs like rent and to make it easily accessible to shareholders and potential new comers. The researcher felt that some of the requirements by the government, for example taxation and monetary policies regulating cooperatives were too stringent and that a review is necessary for a better environment to encourage growth of cooperatives.

The fear of resistance to change that had been a subject of study especially in strategic management for a long time has been embraced well; staff and management know that change is inevitable. This might be the reason why many cooperatives viewed it as a least challenging factor as indicated in table 4.7 above. However, resistance to change is a multifaceted phenomenon which introduces delays, additional costs and instabilities into the process of change. It may take the form of procrastination and delays in triggering the process of change. There's nothing more difficult to take in hand, more perilous to implement, or more uncertain of success than to take a lead in the introduction of a novelty order of issues, because the invention has for enemies, all those who have done well under the old conditions and lukewarm defenders in those who may do well under new.

4.6 Discussions of Findings

Strategic Issue Management is a dynamic process of aligning strategies, performance and business results; it is all about people, leadership, technology and processes. Strategy can be seen as the building of defences against competitive forces, or as the finding of positions in the industry where competitive forces are weakest. A strategy represents a firm's "game plan" (Pearce and Robinson, 2005). Strategy is therefore a fundamental framework through which the organization can simultaneously assert its vital continuity and facilitate its adaptation to the changing environment.

Strategic Issue Management is systematic, organizational environment surveillance and filtering processes embedded in the organizational structure. The environment itself is dynamic and discontinuous and therefore SIM is necessary to enhance organizational preparedness in meeting novel turbulent challenges. The principle limitation of the Strategic Issue Management System is that while it reacts to

individual departures from the historical dynamics, it does not permit the management to rethink and redefine these dynamics as is done in periodic strategic planning. SIM needs key managers' support and it cannot work unless key managers in the organization accept a central role in the system. However, it has been noted that there are both environmental and internal issues, which may hinder effective execution of Strategic Issue Management.

The researcher confirmed that most cooperatives in Mombasa County had 501 to 1000 shareholder members and this seemed to dictate the number of employees a cooperative employed. One employee therefore could handle about 33 to 45 members on average. This is in line with observations by Dwyer (2002) who stated that the number of employees an organization can employ depends on operations levels of that firm. The results here show there is a positive relationship between number of employees and that of customers. The higher the number of customers to be served the more complex the operation levels. In other words, the more the customers the more employees needed to serve them.

Most cooperatives' membership in Mombasa County was between 501 to 1000 shareholders (41.18%). These were followed by cooperatives with 101 to 500 shareholders at 26.47%, over 1000 shareholders at 20.59% and between 51 to 100 shareholders at 11.76%. All the respondents indicated that they had more than 50 shareholders. These figures indicated low subscription/turn up as compared to the 2009 census report which showed Mombasa County with a population of 939,370 people. This was in line with the previous findings which concluded that the cooperative movement was yet to reach its full potential (Mathenge, 2008). Cooperatives that have many members, control more assets than those with fewer members and therefore have reached their acme.

4.6.1 Strategic Issue Management Practices

Real time strategic issue responses are necessary to facilitate the firms' preparedness in handling the impending issues that may have profound impact on the firm (Ng'ang'a, 2001). This is consistent with the findings in this study which show that most cooperatives at 73.53% highly practised Strategic Issue Management practices; while a few cooperatives (26.47%) partially practised Strategic Issue Management practices. Out of the thirty four respondents, none indicated that they did not practise Strategic Issue Management practices. This clearly showed how SIM practices were embraced by cooperatives in Mombasa County in preparedness in handling the impending issues that could bring profound impact on the cooperatives.

According to the findings in this research, just like Nyandoto (2009) found out, it is evident that Strategic Issue Management has a place in most cooperatives and offers real time responses to issues. This was followed by respondents indicating that the use of SWOT (Strengths, weaknesses, opportunities, threats) in analyzing environment was common and cooperatives signalling that the study of environmental turbulence was highly carried out. Nyandoto (2009) also found out that SWOT, in regard to the tools and techniques for analyzing real-time strategic issues, was widely used unlike the Euro quip Matrix.

The least applied Strategic Issue Management practices were: Use of Euro quip Matrix, the presence of a SIM committee in co-operative and Categorising issues as of no impact. This study confirms previous findings by Nganga (2001), Mkamunduli (2005) and Muya (2006) that the Euro quip Matrix is not widely used in Kenya. The researcher felt that the Euro quip matrix is a very important tool as it helps organizations identify situations where both strengths and weaknesses can be of use

and where they are not useful, called positive and negative synergies respectively (Ansoff and McDonnell, 1990). This way, firms would know when to enhance which weaknesses or strengths but more importantly, when it is necessary to develop new capabilities.

4.6.2 Factors Influencing Strategic Issue Management Practices

Nyandoto (2009) believes that if top management moves the organization in the wrong direction, it cannot possibly succeed and no amount of good middle and lower management will help. The researcher hoped, just like Owino (2011) that the advent of SASRA – a body created by an Act of Parliament with a view to immensely transform cooperative operations in Kenya (Kenya Saccos Societies Act 2010) – would usher in professional leadership to spur growth in the cooperative movement in Mombasa County and Kenya as a whole. Indeed the findings confirmed that the opinion of management was ranked in the top three factors influencing Strategic Issue Management practices hence consistent with Nyandoto (2009) and Owino (2011).

The most influencing factors in Strategic Issue Management practices were: constant changes in customers' needs/demands, followed with opinion of management and core competencies. The researcher confirmed that since cooperatives depended so much on mutual benefit amidst its shareholders, their needs and demands as customers greatly affected or influenced Strategic Issue Management practices. The shareholders were seen frequently visiting their cooperatives seeking loans, advice and clarifications, remitting payments and even arguing and discussing what ought and ought not to be done regarding various issues affecting them.

The factors that least influence Strategic Issue Management practices were: culture, opinion of professional consultants and resistance to change. This indicates that the

fear of resistance to change that had become a subject of study especially in strategic management for a long time has been embraced well; staff and management know that change is inevitable. Culture which is described as beliefs, way of life of a particular organization or group, habits and the way they generally behave was earlier hypothesised by the researcher as a major factor influencing SIM practices. However, the researcher found out that Mombasa being a cosmopolitan county had been influenced by the level of literacy especially from other inhabitants from other counties in Kenya. Therefore, the notion that the 'Mijikenda' community were illiterate, specialising in semi-skilled and subsistence (the condition of just having enough food or money to survive) thus not able to pool funds through savings and thus get loans for development seems to have been overtaken by time.

4.6.3 Challenges of Strategic Issue Management

Strategic Issue Management cannot be exercised without a share of its challenges. According to Ansoff and McDonnell (1990), installation and acceptance of SIM is not likely to be simple. The difficulties come from different sources. Right from planning/formulation and implementation of Strategic Issue Management, challenges do occur normally at certain stages. This was consistent with this study where the researcher found out that some of the leading challenges of Strategic Issue Management were competition, government policies and economic instability/recession.

The findings also indicated that the least challenging factors affecting Strategic Issue Management were diversity (gender, ethnicity and status), business location and resistance to change. This was also consistent with findings by Owino (2011) who posited that location was regarded as a unique resource that was not easy to imitate.

Resource-based view of strategic management (Amit and Schoemaker, 1993; Barney, 1986, 1991) examines the resources and capabilities of firms that enable them to generate above-normal rates of return and sustainable competitive advantage. Thus competition is a major challenge for majority of cooperatives in fight for survival.

The researcher observed that most cooperatives were near the base of their shareholders' employment; and some of those that were not comfortable with their location, point in case-Washa SACCO which is housed at Ralli house, were either making efforts to acquire land/plot, better premises or engaging in intensive advertisement to create awareness. All these were to reduce costs like rent and to make it easily accessible to shareholders and potential new comers. The researcher felt that some of the requirements by the government, for example taxation and monetary policies regulating cooperatives were too stringent and that a review is necessary for a better environment to encourage growth of cooperatives. These were also consistent with Nyandoto's (2009) findings where he asserted that politics and currency exchange rates had high rate of impact on firms.

The fear of resistance to change that has been a subject of study especially in strategic management for a long time has been embraced well; staff and management know that change is inevitable. This might be the reason why many cooperatives viewed it as a least challenging factor. However, resistance to change is a multifaceted phenomenon which introduces delays, additional costs and instabilities into the process of change. It may take the form of procrastination and delays in triggering the process of change. There's nothing more difficult to take in hand, more perilous to implement, or more uncertain of success than to take a lead in the introduction of a novelty order of issues, because the invention has for enemies, all those who have

done well under the old conditions and lukewarm defenders in those who may do well under new.

The acceptance of change as findings show in this study confirms information in (Mwangi, 2008) fears that real time in managing strategic issues wrecks hierarchical organizations by making possible instant access to activities of all types, anywhere, anytime all the time. Refusal to take charge is frequently coupled with a mentality problem, a refusal by top management to accept new and unfamiliar issues as relevant to the enterprise. Thus the acceptance of SIM by top management is the major problem to solve. The solution is a 'sales campaign' by the 'converted' subgroup of general managers. Careful education and an involvement in confrontation of issues by the top group, is more promising course of action. In cases where the new realities require a transformation of mentality of key managers the firm will probably need external help.

Refusal of the top management group to submit itself to the discipline of SIM can be a taunting challenge. Periodic planning is frequently used for organizing 'the others' in the enterprise. If top management refuses to become part of the process, periodic planning can still make a useful contribution to the enterprise. But if top management pay a lip service to SIM, it will not work. In addition, these findings were consistent with Thompson, Strickland and Gamble (2007) who observed that consciously developing strategies constitutes a plan for coping with challenges and issues that stand as obstacles to the company's success. This was evidenced by findings in this study that confirmed that 73.53% of cooperatives in Mombasa County highly practiced Strategic Issue Management.

Furthermore, Savings and Credit Cooperative Societies have played a key role in mobilization of financial resources and are expected to be major players in realization of national Vision 2030 (Dunda, 2010). This is consistent too with findings in this study where respondents asserted strongly that Strategic Issue Management was important to the future success of the cooperatives with a mean score of 3.97; where the leading factors (SIM has a place in our cooperative and offers real time responses to issues, use of SWOT in environmental analysis and study of how turbulent the cooperative environment is) had mean scores of 4.63, 4.61, and 4.52 respectively before this factor under discussion being affirmed at 3.97; where the standard deviation was 3.53.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The research objectives of the study were to determine Strategic Issue Management practices adopted by Savings and Credit Cooperatives, to establish factors that influence Strategic Issue Management and to establish challenges faced in Strategic Issue Management in Savings and Credit Co-operatives in Mombasa County. This chapter seeks to summarize findings and conclusions of the study; give recommendations arising thereof, offer suggestions for further research and briefly discuss limitations of the study.

5.2 Summary of Findings

Strategic Issue Management is a dynamic process of aligning strategies, performance and business results; it is all about people, leadership, technology and processes. Strategy can be seen as the building of defences against competitive forces, or as the finding of positions in the industry where competitive forces are weakest. A strategy represents a firm's "game plan" (Pearce and Robinson, 2005). Strategy is therefore a fundamental framework through which the organization can simultaneously assert its vital continuity and facilitate its adaptation to the changing environment.

Savings and Credit Cooperative Societies in Mombasa County practice Strategic Issue Management. The cooperative movement in Mombasa County was found to be as old as strategic management itself and therefore was still growing. Waters (2006) says that strategic management has a short history, having really developed since the 1950s

with Drucker. This implies that as management theories continue growing, so is strategy formulation and implementation efforts with cooperatives.

On rating Strategic Issue Management practices by cooperatives, the findings showed that most cooperatives at 73.53% highly practiced Strategic Issue Management practices; while a few cooperatives (26.47%) partially practiced Strategic Issue Management practices. Out of the thirty four respondents, none indicated that they did not practice Strategic Issue Management practices. This clearly showed how SIM practices were embraced by cooperatives in Mombasa County.

It is evident that Strategic Issue Management has a place in most cooperatives and offers real time responses to issues. Respondents indicated that the use of SWOT (Strengths, weaknesses, opportunities and threats) in analyzing environment was common and cooperatives signalling that the study of environmental turbulence was highly carried out. SWOT, in regard to the tools and techniques for analyzing real-time strategic issues, was widely used unlike the Euro quip Matrix.

The least applied Strategic Issue Management practices were: Use of Euro quip Matrix, the presence of a SIM committee in co-operative and Categorising issues as of no impact. The Euro quip Matrix is not widely used in Kenya. The researcher felt that the Euro quip matrix is a very important tool as it helps organizations identify situations where both strengths and weaknesses can be of use and where they are not useful, called positive and negative synergies respectively (Ansoff and McDonnell, 1990). This way, firms would know when to enhance which weaknesses or strengths but more importantly, when it is necessary to develop new capabilities.

It is evident that Strategic Issue Management is very significant to a cooperative's future. This is in line with what Perrot (2008) found out when he posits that tracking,

monitoring and managing priority issues is necessary for a firm's survival during turbulence. Today may not be the same as yesterday and tomorrow may be very different from today. It is therefore today more relevant than ever, to understand the dynamics of how to respond to strategic issues, due to the increasingly fast-paced changes in the globalized world (Kajanto, Keijola, Kunnas, Laamanen & Maula, 2006).

5.3 Conclusions of the Study

It is apparent from the foregoing that cooperatives in Mombasa County need to up their game in Strategic Issue Management to gain competitive advantage. They should also look for visionary leaders/managers and put efficient and effective measures to deal with constant changes in customer needs and demands. The fear of resistance to change that has been a subject of study especially in strategic management for a long time has been embraced well; staff and management know that change is inevitable. This might be the reason why many cooperatives viewed it as a least challenging factor.

However, resistance to change is a multifaceted phenomenon which introduces delays, additional costs and instabilities into the process of change. It may take the form of procrastination and delays in triggering the process of change. There's nothing more difficult to take in hand, more perilous to implement, or more uncertain of success than to take a lead in the introduction of a novelty order of issues, because the invention has for enemies, all those who have done well under the old conditions and lukewarm defenders in those who may do well under new.

According to Ansoff and McDonnell (1990), in a well organized real-time Strategic Issue Management Systems the role of surveillance and detection is done by all staff.

A special team of organization's staff in charge of operating control receive the report, assess the impact and urgency of an issue and inform the General Management of surprises. This special team maintains a 'war room' where the list of key priority issues is permanently displayed and regularly updated. The General Management assigns priority issues, formulates strategies and is also in charge of strategy control. The role of issue resolution is performed by projects operating units which continuously give performance and strategy feedbacks.

5.4 Recommendations of the Study

Most of the issues that impact negatively on firms have a lot to do with cost of doing business. Policies and regulations should be put in place that can stabilize the business environment and lower these costs (Nyandoto, 2009).

In this age of environmental turbulence, it would be tragic for any firm to ignore its Strategic Issue Management. Timely detection of environmental instabilities as well as response is highly essential for cooperatives that want to succeed today.

Cooperatives should realize they do not only compete against themselves, but also against other lenders such as banks, micro-finance institutions, mobile phone companies with their credit services, informal groupings and welfare associations. According to (Owino, 2011) cooperatives should merge in order to enrich their capital base and also compete in order to ward off threats from their more established common bigger rivals – commercial banks – whose loan arrangements are now almost favorable as those of cooperatives.

As Njanja (2010) observes, there is serious need for cooperatives to upgrade their management capacity especially in areas of Information and Technology, marketing and customer services.

Many cooperatives in Mombasa County favoured a SWOT analysis approach unlike the Euro quip matrix. These cooperatives are therefore urged to look into usage of Euro quip Matrix since it is an important tool as it helps organizations identify situations where both strengths and weaknesses can be of use and where they are not useful, called positive and negative synergies respectively (Ansoff & McDonnell, 1990). This way, firms would know when to enhance which weaknesses or strengths but more importantly, when it is necessary to develop new capabilities.

5.5 Limitations of the Study

This research did not come on a silver platter; but with a handful of limitations. According to the researcher, the main limitation was with the response rate which was not a hundred per cent and some respondents did not answer all the items in the questionnaire. This therefore did not give the real picture as expected by the researcher. In addition, the researcher felt that the research was not representative of the entire cooperative fraternity in Kenya since it was only based in Mombasa County.

The research would not have been completed without unavoidable costs in printing questionnaires, research project copies for moderation, proposal defending, several corrections, and seven hard copies to be handed in and transport costs while distributing the questionnaires. Patience, dedication, commitment, time management and honesty were cautiously treaded to avoid inconveniences. Some respondents of the cooperatives were not comfortable to either release information of their

cooperatives or felt intimidated, procrastinated or felt ambushed to answer sensitive questions regarding their cooperatives. The project itself was mind-boggling; cumbersome through thorough referencing for consistency in sticking to the issue – Strategic Issue Management practices with cooperatives in Mombasa County.

5.6 Suggestions for Further Research

Strategic Issue Management as a complex and multifaceted phenomenon needs cautious and competent management. One of the areas that need to be researched on is what part are Savings and Credit Cooperative Societies playing to ensure that Vision 2030 is achieved. A further research has to be done to determine the benefits or change that Sacco Societies Regulatory Authority (SASRA) has brought to cooperative movement. This body was created by an Act of Parliament and registered in 2011 with a view to immensely transform cooperative operations in Kenya. Currently, not all cooperatives have subscribed to SASRA – therefore research has to be done to establish reasons why some cooperatives are members while others are not; and the economic implications or financial viability of cooperatives due to SASRA regulations.

Further research needs to be carried on cooperatives in Mombasa County to determine how culture of the people and its tourist attraction nature has influenced savings and hence development in the county. Further research needs to be carried to confirm findings in this research that resistance to change has been well embraced (as exhibited by the low response that it was a challenging factor) and thus is not still highly ranked as a major challenge in Strategic Issue Management.

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APPENDICES

Appendix 1: Questionnaire

PART A: General Information

NAME OF COOPERATIVE _____

1. For how long has your cooperative been in existence?

   - Between 1-10 years ( )
   - Between 11-20 years ( )
   - Between 21-30 years ( )
   - Between 31-50 years ( )
   - Over 50 years ( )

2. Does the Co-operative Society have external members other than one company members (Internal): (Tick one) Yes ( ) No ( )

3. How many employees does your cooperative have?

   - Less than 5 ( )
   - Between 5 and 10 ( )
   - Between 11 and 30 ( )
   - Between 31 and 50 ( )
   - Over 50 ( )

4. How many shareholders does your cooperative have?

   - Less than 50 ( )
   - Between 51-100 ( )
   - Between 101-500 ( )
   - Between 501-1000 ( )
   - Over 1000 ( )

PART B: STRATEGIC ISSUE MANAGEMENT PRACTICES

(Strategic Issue Management (SIM) refers to preparedness in handling the impending issues that may have profound impact on the firm (Ng'ang'a, 2001).

5. How do you rate the level of Strategic Issue Management practices in your Co-operative Society (Tick only one please)

   - Highly practiced ( )
   - Partially practiced ( )
   - Not practiced ( )

6. To what extent do the following Strategic Issue Management practices apply to your co-operative (Tick appropriately)

[**1**=Not at all, **2**=Little Extend, **3**=Moderate extent, **4**=Large Extent, **5**=Very Large Extent.]

Extent to which the following practices apply to your cooperative	**1**	**2**	**3**	**4**	**5**
Strategic Issue Management (SIM) has a place in our co-operative and offers real time responses to issues					
SIM is a motivating activity to undertake					
The Management understands how critical it is to address Strategic Issue					
The SIM is allocated ample time by top Management					
There is SIM committee in our co-operative					
The importance of SIM is clear to everyone in the co-operative					
SIM is incorporated in our annual plans					
Clear channel exists to disseminate Strategic Issues information to staff					
Study of how turbulent cooperative environment is					
Consider documentation of strategic issues					
Use SWOT (Strengths, Weaknesses, Opportunities, Threats) in analyzing environment					
Use of Simple Environmental Impact Analysis					
Use of Issue Ranking Approach					
Use of Cross Impact Analysis					
Use of Euro quip Matrix					
Classify issues as Urgent and need immediate action					
Classify issues as Urgent and needs continuous action					
Classify issues as Not Urgent and can be postponed					
Categorise issues as of no impact					
Top management responds fast to strategic issues					
Staff are empowered to handle strategic issues					
Staff and management take a proactive approach in SIM					
Management champions the process of SIM					
SIM is important to the future success of our cooperative					

PART C: FACTORS INFLUENCING STRATEGIC ISSUE MANAGEMENT PRACTICES

7. How do you rate the following factors before engaging in Strategic Issue Management (SIM) at the co-operative Society?

(Scale: **5**=Very High; **4**= High; **3**= Moderate; **2**= Little; **1**= Not at all.)

Factors Influencing Strategic Issue Management	**1**	**2**	**3**	**4**	**5**
Opinion of professional consultants					
Opinion of management					
Opinion of staff and subordinate (other than management).					
Needs of shareholders and other stakeholders					
Core competences of the co-operative					
Past experience					
Management support					
Government policies					
Culture					
Technological competence					
Well defined authority and responsibilities					
Professional development and education workshops					
Constant changes in customers' needs/demands					
Longevity of mission and/or vision statement					

PLEASE TURN OVER

PART D: CHALLENGES OF STRATEGIC ISSUE MANAGEMENT

8. To what extent do the following challenges affect Strategic Issue Management in your cooperative?

(Scale: **5**=Very High; **4**= High; **3**= Moderate; **2**= Little; **1**= Not at all.)

Challenges affecting SIM Practices	**1**	**2**	**3**	**4**	**5**
Business location					
Availability of financial resources					
Adequate management competence					
Government policies					
Resistance to change					
Culture					
Constant changes in customer needs/demands					
Implementation time frame					
Technology					
Competition					
Motivation					
Level of knowledge of employees					
Ambiguity in vision and/or mission statement					
Communication					
Diversity (gender, ethnicity, status)					
Objective of the cooperative (profit maximization, social responsibility, market leadership, quality leadership and survival)					
Economic instability/recession					
Foreign currency instability (Dollar)					

Thank you very much.

Appendix 2: District Cooperative Officer's Letter

REPUBLIC OF KENYA

MINISTRY OF CO-OPERATIVE DEVELOPMENT AND MARKETING

Tel: 041 2 31 83 27
Fax: 041 2313263
Wireless: 020 2616391
Email: dco.mombasa@yahoo.com
When replying please quote

DISTRICT CO-OPERATIVE OFFICE
P.O. BOX 83688 G.P.O, 80100
Bima Tower, 13th Floor
MOMBASA

14th June, 2013

To,

Boniface Itevete Lwova
University of Nairobi
Reg No. D61/75705/2009.

RE: STATISTICS ON CO-OPERATIVE SOCIETIES IN MOMBASA COUNTY

Provided here by find statistical information on the co-operative movement in Mombasa County as per your request letter dated 10th June 2013.

1. Total number of registered Co-operatives -296
2. Number of Active Co-operatives -129
3. Number of Dormant Co-operatives -167
4. Aggregate membership of Active Co-operatives -35,882
5. Total turnover of Active Co-operatives -Ksh. 1,057,831,845
6. Total deposits of Active Co-operatives- Kshs.3,882,055,698
7. A list of all the Saccos in Mombasa Country-See attachment

DISTRICT COOPERATIVE OFFICER
MOMBASA

.....

Nelson Nyoro,
District Co-operative Officer,
Mombasa.

Appendix 3: Letter of Introduction

UNIVERSITY OF NAIROBI
MOMBASA CAMPUS

Telephone: 020-2059161
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsities

P.O. Box 99560, 80107
Mombasa, Kenya

DATE: 10TH JUNE, 2013

TO WHOM IT MAY CONCERN

The bearer of this letter, Boniface Itevete Lwova of Registration Number D61/75705/2009 is a Master of Business Administration (MBA) student of the University of Nairobi, Mombasa Campus.

He is required to submit as part of him coursework assessment a research project report. We would like the student to do him project on "***Strategic Issues Management Practices Adopted by Savings and Credit Co-operative Societies in Mombasa, Kenya***". We would, therefore, appreciate if you assist him by allowing him to collect data within your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

Thank you.

UNIVERSITY OF NAIROBI MOMBASA MOMBASA CAMPUS

Zephaniah Ogero Nyagwoka
Administrative Assistant, School of Business-Mombasa Campus

Appendix 4: List of Active Cooperatives in Mombasa County-2013

No.	SOCIETY	CS. NO
1.	Aboo Sacco	11810
2.	Abson Motors Sacco	12317
3.	Alal Sacco	9935
4.	Aero Marine Sacco	11382
5.	Alico Agents Sacco	10721
6.	Alarms Sacco	7330
7.	A-Z Transporters Sacco	12652
8.	Amtemo Sacco	11958
9.	Bandari Sacco	2349
10.	Bilal Sacco	4933
11.	Bagging Sacco	9137
12.	Benz Sacco	2584
13.	Boss Freight Sacco	11436
14.	B.O.G Sacco	4382
15.	Brookie Sacco	2350
16.	Brosis Sacco	11659
17.	Buzeki Sacco	12410
18.	Bakimatra Matatu Sacco	12930
19.	Bidii Yangu Sacco	11809
20.	CAM Sacco	6804
21.	CDA Sacco	7129
22.	Choice Sacco	9519
23.	Cotts Sacco	2162
24.	Chenda Sacco	12752
25.	DL Sacco	12836
26.	E.I.B Sacco	9293

27.	Excellent Sacco	12126
28.	EASCO Sacco	3303
29.	Extraco Sacco	2061
30.	Full Scale Sacco	11582
31.	Gala Sacco	7271
32.	Grains Millers Sacco	8974
33.	Grain Bulk Sacco	9898
34.	Gulscar Sacco	11210
35.	GSO Sacco	11832
36.	Hotel Sapphire Sacco	7555
37.	Interflow Sacco	3944
38.	Inchcape Sacco	7996
39.	Idime Sacco	9399
40.	Imani Sacco	7956
41.	Ideal Ceramics Sacco	13924
42.	Island Transporters Sacco	12966
43.	Jitegemee Sacco	1834
44.	JCC Sacco	7420
45.	Jongeto Sacco	9409
46.	Kencent Sacco	10419
47.	Kent Sacco	12394
48.	Karatasi Sacco	2575
49.	Ken Kazi Sacco	9143
50.	Kenya Projects Sacco	6523
51.	Kivuko Sacco	6624
52.	KASA Sacco	10818
53.	Kisiwani Matatu Sacco	12968
54.	Kachra Sacco	1931

55.	Lotomo Sacco	10736
56.	Madawa Sacco	9129
57.	Milly Workers Sacco	9493
58.	Mission to Seamen Sacco	9607
59.	Miemo Sacco	12108
60.	Monflo Sacco	4645
61.	Mawaidha Sacco	3418
62.	Mombasa Jua Kali Sacco	10500
63.	Macdal Sacco	1999
64.	Mombasa Leaders Sacco	8523
65.	Maendeleo Mwambao Sac	13286
66.	Mzalendo Sacco	2693
67.	Mwangaza Sacco	1817
68.	Mombasa Teachers Sacco	2484
69.	Musol Sacco	12208
70.	Micron Sacco	5074
71.	Mombasa Port Sacco	1726
72.	Manufaa Sacco	3933
73.	Maridadi Sacco	3070
74.	Maersk Sacco	9779
75.	Matunda Sacco	2596
76.	MOM Sacco	6873
77.	Mombasa Kinango Sacco	13098
78.	Momarks Sacco	13238
79.	Mwamba Imara Sacco	12865
80.	Momasa Sacco	11766
81.	Mwaka Sacco	10685
82.	Ngea Sacco	2717

83.	Ngomeni Sacco	3566
84.	0ceana Sacco	8088
85.	Ocean Freighters Sacco	3121
86.	Ocean Palm Sacco	10047
87.	Ocean workers Sacco	12750
88.	Ocean Distributors Sacco	13856
89.	PCEA Makupa Sacco	10741
90.	Poly Sacco	2595
91.	Precoba Sacco	3675
92.	PIL(MSA) Sacco	9474
93.	Pambazuko Sacco	10824
94.	Petrol Sacco	11310
95.	Private Health Practitioners Sacco	12461
96.	Powermaster Sacco	9781
97.	Retread Sacco	5803
98.	Royal Court Hotel Sacco	8694
99.	Rhama Sacco	13184
100.	RVR Sacco	11768
101.	Sisi Kwa Sisi Sacco	3490
102.	Sentry Sacco	5473
103.	Signon Sacco	4815
104.	Seco Sacco	6252
105.	Safe Freight Sacco	7277
106.	Socks Sacco	3175
107.	Shina Sacco	12697
108.	T.E.I Sacco	6541
109.	Tatizo Sacco	4934
110.	Tatama Sacco	10418

111.	Taifa Bahari Sacco	11265
112.	Trace crest Sacco	12917
113.	Uvumbuzi Sacco	2943
114.	United Sports Club Sacco	11013
115.	Vyas Sacco	11729
116.	Vyakula Sacco	5078
117.	Voda Taxis	3449
118.	Washa Sacco	3350
119.	Washonaji Sacco	5535
120.	Wec Sacco	11309
121.	Zoghori Sacco	10728
122.	Jubilee Building	119
123.	Kuinuka Housing	3629
124.	Kaathai Multipurpose	9547
125.	Meli ya Fanaka Multipurpose	13736
126.	Sea front Multipurpose	13714
127.	Washauri Multipurpose	10413
128.	Port Workers Consumer	1457
129.	Tudor Farm Purchase	3281