

**EFFECT OF ENVIRONMENTAL CHALLENGES ON STRATEGIC CHOICES  
OF THE HORTICULTURE INDUSTRY SACCOS IN KENYA.**

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## **DECLARATION**

### **STUDENT'S DECLARATION**

This is to declare that this research project is my original work that has not been presented to any other University or Institution of Higher Learning for examination.

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This is to declare that this project has been submitted for examination with my approval as the University Supervisor.

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## **DEDICATION**

This research project is dedicated to the almighty God for bringing me this far and giving me the wisdom and facilitation that enabled me pursue this degree course and successfully complete it within the required time frame. I also dedicate it to my parents and family as a whole for their understanding and moral support during the period.

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## ABSTRACT

The environment in which Saccos operate has changed drastically and this is posing great challenges that have to be addressed. The environment has been characterized as complex, dynamic, multi-faceted and having far reaching impact (Kazmi, 2002). As a result of these characteristics, the environment is composed of various factors, events, conditions and influence which interact with each other to create an entirely new set of influences leading to constant environmental change in its shape and character. To help adapt to the environmental challenges, Saccos have to make the right strategic choices with a strategic fit. A strategic choice is said to have a strategic fit when it is consistent with the firm's goals and values, and its external environment, with its resources and capabilities and with the organization and its systems (Ansoff and McDonnel,1990). Strategic choices refers to determination of an organization's long term goals, then adopting courses of action and allocating resources necessary to achieve the set out goals ( Chandler,1962). The purpose of this study was to determine the effect of environmental challenges on the strategic choices of horticulture industry Saccos in Kenya. The research design adopted was cross sectional survey design in which all the twenty Saccos in the horticulture industry were surveyed. Both primary and secondary data were collected. Primary data was collected through questionnaires sent to the top management and the data analyzed through descriptive statistics. The study established that the environmental challenges have a significant effect on the strategic choices of horticulture industry Saccos in Kenya. The study found out that Saccos whose strategic choices were not aligned to the environmental challenges were negatively affected by them and could not easily attain their set out goals using the strategic choices. The study recommends that for sustainable growth, all Saccos in the horticulture industry should develop and implement strategic choices that have a strategic fit thus matching their goals to the environmental challenges. The study also suggests that future similar research be done on all Saccos in Kenya in an effort at arriving at a decision in which what is learnt here can be replicated elsewhere.



## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background

Environmental challenges facing the Sacco industry greatly affect the strategic choices made by each of them. The Saccos' strategic choices are environment dependent in that for a strategy to be successful, it must consider the Saccos' internal environment represented by its strength and weaknesses and its external environment represented by opportunities and threats. The environment has been characterized as complex, dynamic, multi-faceted and having far reaching impact on the organizations' strategic management (Kazmi, 2002).

A number of theories have been put in place to explain this relationship between firms and environmental challenges. Pfeffer and Salancik (1978) in the resource dependency theory argued that organizations are resource insufficient and rely on external stakeholders who control resources and make certain demands. Granovetter (1973) put forward the theory of weak ties and argued that an organization's behavior is determined by the dominance of the strong or weak ties. He further argued that organizations are embedded in a wide variety of networks that both constrain their actions and provide them with opportunities. Saccos in the horticulture industry have some unique external and internal environmental challenges. Most of the companies rely on produce by out grower farmers who are not within the company's control and whose owners and employees cannot be easily recruited to be Sacco members. The companies majorly rely

on unskilled labour employees who are poorly remunerated and have less disposable income to save in the Saccos. The companies are private owned and undergo frequent restructuring that involves massive layoffs depending on the market conditions and this tend to affect the Sacco membership. The fresh produce are weather dependent and sometimes bad weather leads to lack of enough produce to export thus making them mainly to rely on seasonal employees or casuals whose contribution to the Saccos is not reliable thus affecting the Sacco's cash flow projections. Most of the Saccos have also not embraced modern technology as due to the small capital base they can hardly afford modern Sacco software that can help increase efficiency. Lack of strategic leadership is also a challenge to them as majority of the elected officials are not well educated enough to embrace strategic management but end up firefighting in addressing most of the challenges affecting them (Export Processing Zones Authority ,2005).

The Sacco sector in Kenya has continued to receive overwhelming support from the government as through its savings mobilization and loans issuance to majority of the low income earners, it has helped in poverty reduction which is one of the millennium development goals and achievement of the Vision 2030. We have had studies such as: Oyoo (2000) on financial performance of Saccos, Mutua(2009) on strategic responses to environmental challenges but none has been done to determine the effects of the environmental challenges on strategic choices by Saccos in the horticulture industry.

### **1.1.1 Environmental Challenges**

The environment in which Saccos operate has changed drastically and this is posing great challenges that have to be addressed. The environment has been characterized as complex, dynamic, multi-faceted and having far reaching impact (Kazmi, 2002) . As a result of these characteristics, the environment is composed of various factors, events, conditions and influence which interact with each other to create an entirely new set of influences leading to constant environmental change in its shape and character. A fundamental change is occurring in the world economy whereby the world economies are witnessing the forces of globalization and trade liberalization. The phenomenon of globalization according to Hammond and Grosse (2003) refers to the fact that people around the world are becoming more and more knowledgeable about each other. The emergence of environmental influences and their effect on firm strategy has gained tremendous traction in the management literature in recent years (Pearce and Robinson, 2005). Environmental challenges facing Saccos may be both internal and external.

Internal challenges are challenges that can be controlled by the management and they include: deficiency in contemporary skills in which some Saccos are not innovative enough to adapt to new skills for more efficiency. Leadership and governance problems in which Saccos are required to be fair and just in serving its members with a lot of transparency and accountability. Resource inadequacy as most Saccos face financial deficiencies in meeting their members loan demands and even lack of enough trained manpower to run the Saccos . Insufficient technological developments as some Saccos

are still using manual operating systems to offer their services to members. Quality service delivery is also a challenge to the Saccos due to the increasingly changing members' demands. HIV/AIDS pandemic has also affected the Sacco membership growth. Ethics and integrity is quite a challenge to many Sacco management boards as they are required to be ethical in discharging their duties and upholding their integrity (Ademba, 2014).

External challenges are beyond the Sacco management's control and some have even manifested themselves in Saccos in form of crisis. They include : Political challenges which include devolution of the co-operative development and management to the county governments. Economic challenges which include non-performance of the economy, high interest rates charged by financial institutions, increasing local currency devaluation against the major currencies. Social challenges which includes greater cultural diversity, changing employee values and expectations. Technological challenges which requires the Saccos to keep pace with information technology. Ecological challenges mainly facing rural based Saccos that are mostly agricultural based and depend on the weather for good harvest and income(Ademba,2014).

Legal challenges that include changes in co-operative legislation which introduced regulation of deposit taking institutions by Sacco Societies Regulation Authority ( SASRA) and changes in investment policies which restrict Saccos on the kind of investments to engage in. Competition has been a big challenge to the Saccos especially from the financial institutions that offer similar lending facilities, economic liberalization

and also competition for scarce resources. Globalization has also led to complex and increasing market demands and sophistication in ways of doing business. When the Saccos opened their common bond, they subjected themselves to problems associated with members outside the common bond which include non-remittance of dues to the Saccos, firm's restructuring and re-organization has also led to loss of membership to the Saccos(Ademba,2014).

While these environmental concerns are global on nature, they manifest themselves differently based on firm context. Environmental concerns are now quite prevalent in developed countries while disease and poverty have remained prevalent in developing countries. All in all most business environments represent substantial environmental forces that impact on their development and implementation of strategy . Most businesses have designed the right strategies to help them adapt to the ever changing environmental influences(Aosa,1992).

### **1.1.2 Strategic Choices**

Strategy refers to the game plan management has for positioning the company in the market to achieve its long term objectives in the ever changing environment by competing successfully using its comparative advantage with the aim of fulfilling its stakeholder expectation. It is the determination of an organization's long term goals, then adopting courses of action and allocating resources necessary to achieve the goals ( Chandler,1962).

Senior leadership is tasked with determining the strategy of an organization. The strategic choices may be corporate level strategic choices designed by top management to give the overall organization direction or business level strategic choices implemented by middle level managers and this shows how the business will compete in the market strategically outwitting its competitors. Strategic choices can also be intended or can emerge as a pattern of activities as the organization adapts to its environment. Porter (1980) defined strategy as the broad formula for how a business is going to compete, what its goals should be and what policies will be needed to achieve these goals and the combination of these goals for which the firm is striving and the means by which it is seeking to get there. Mintzberg (1998) defined strategy as a plan, a pattern, position, ploy and as a perspective.

The environment has all the resources that a firm needs to operate and the firm transforms the various inputs from the environment through various processes into output that is again released into the environment. The environment is so dynamic with a lot of challenges and for the firm to efficiently utilize its resources, it must make the right strategic choices. A good strategic choice takes into account an organization's capabilities as represented by its strengths and weaknesses and the environmental challenges as represented by the opportunities and threats. Strategic management is important for all organizations as all organizations are environment dependent (Johnson and Scholes, 2001). For a strategic choice to be successful, it has to establish a strategic fit. It has to be consistent with the firm's goals and values, its external environment, with its resources and capabilities and with the organization and its systems (Ansoff and McDonnell, 1990).

### **1.1.3 Environmental Challenges and Strategic Choices.**

Ansoff and McDonnell (1990) argued that business firms are in constant two way interaction with the environment. The environment has all resources needed for the smooth running of the businesses that in turn transform them into finished goods and services that are again released back into the environment. This makes the business and the environment to be interdependent on each other.

For success of any business, it must design the right strategy to help it adapt and fit into the ever changing environment. Chandler(1962) defines strategy as determining an organization's long term goals, then adopting courses of action and allocating resources necessary to achieve the goals. Strategy also refers to analyzing the present situation and changing it if necessary (Drucker,1954). It is the game plan management has for positioning the company in its chosen market arena, competing successfully, pleasing customers and achieving good business performance (Thompson & Strickland, 2003). Mintzberg(1998) sees strategy in five dimensions which are : A plan that specifies the intended course of action, a ploy that involves maneuvers intended to outwit competitors, a pattern that emerges from a stream of actions, as a position in that it is the means of locating an organization in the environment and finally as a perspective in that it gives an organization an identity and perspective thus revealing how the organization perceives the outside world. Without strategy, an organization is like a ship without a rudder, going round and round in circles as argued by Joel Rose and Michael Kami ( 1998).

Strategic management of organizations is sensitive to the context in which it is practiced. The management context is defined by two factors which are environmental and organizational factors. The environmental factors include political, economic, social, technological, ecological and legal factors, while organizational factors include size, location, industry, ownership structures etc. These environmental and organizational factors affect the organization's strategic choice. Different strategies will help the organization fit in different environments and gain competitive advantages (Porter, 1985).

The Sacco environment has posed a lot of challenges to the Saccos for the few recent years and this has greatly affected their strategic choices. The challenges include loan delinquencies, increased competition, emergency of informal groups, technological advancements, opening of common bond, constant organization restructuring, globalization, etc. This challenges even led to the collapse of some Saccos, some forming mergers and acquisitions while those with the best strategies, easily adapted to the changes and even became stronger than they were before.

#### **1.1.4 Savings and Credit Co-operatives in Kenya.**

There are several types of savings and credit co-operatives in Kenya, thus; Urban, Rural, transport and community based Saccos. There are about 5,000 registered Saccos out of a total of 12,000 registered co-operative societies in Kenya. Out of these registered Saccos, 150 are rural Saccos (commodity based) while the rest are urban based Saccos (employees based). All the savings and credit co-operatives operate Back Office Service Activities (BOSA) and have been able to mobilize over Ksh.180 billion and granted loans



to members to the tune of Ksh.125 billion. Over 230 of these Saccos also offer Front Office Service Activities (FOSA) . FOSA involves carrying out bank like activities which include deposit taking, savings, debit card and money transfer services. Their membership has grown tremendously and currently stands at 3.7 million(Wairimu,2013).

Only a few of them have adopted strategic management practices. This is despite efforts to introduce the concept of strategic management in all co-operative societies to help them easily adapt to the ever changing environment for sustainable competitive advantage. Some consider strategic management to be out of reach owing to scarcity of resources and their size while others have not found out the importance of its adoption despite their immense contribution to the economic and social welfare of many Kenyans. Saccos are the financial service providing co-operatives while non-financial service providing co-operatives deal in farm produce marketing, housing, transport and investment co-operatives. The savings and credit co-operative subsector have witnessed faster growth than other subsectors (Oyoo,2002).

The savings and credit co-operative societies Act 2008 places licensing, supervision and regulation of deposit taking Saccos under the Sacco Societies Regulatory Authority (SASRA). Prior to this all co-operative societies were governed by the Co-operative societies Act Cap 490. The new Act was introduced to guide savings and credit co-operatives growth and development as the premier Act was found to be inadequate especially on prudent investment standards. The inadequacies persisted despite several attempts to amend it given the dynamism in Sacco operations.

The co-operative societies Act had other shortcomings which included; failure to specify the qualifications of the board members which led to their election being based on popularity rather than on skills, to bring out rules that limit risk exposure and specify disclosure norms, specify liquidity reserves, state the audit reports standards and establish the provision for writing off non-performing loans.

There are a number of stakeholders with a role to play in the promotion of the Sacco subsector in Kenya. The ministry of industrialization and enterprise development is where the co-operative movement is domiciled as a department at the national level. Since the co-operatives are a devolved function, the co-operatives also have a county executive secretary in charge of co-operative affairs at the county level. Issues of policy and a conducive legal environment are dealt with at the ministry level. The co-operative alliance of Kenya (CAK) is the mouth piece of the co-operative movement in Kenya and represents the movement internationally. Kenya Union of Savings and Credit Co-operatives (KUSCCO) is the union for savings and credit co-operatives while Kenya Rural Savings Societies Union (KERUSSU) is the union for rural Saccos and give secondary services to the savings and credit co-operatives. The Sacco Societies Regulatory Authority (SASRA) licenses and regulates deposit taking savings and credit co-operatives. The Co-operative bank is the main financial service provider for the co-operative movement in Kenya (Oyoo,2002).

### **1.1.5 Saccos in the Horticulture Industry**

The horticultural sector in Kenya currently ranks as one of the economy's fastest growing sectors and is ranked the largest foreign exchange earner. This is reflected in the year to year expansion of fresh fruits and vegetables exports. The government has made minimal intervention in this sector thus spurring growth by private sector participation.

The government set up the Horticultural Crops Development Authority (HCDA) under the Agriculture Act in 1967 with the aim of developing and regulating the industry. It offers technical and marketing services to the stakeholders in the industry. This sub-sector generates over 300 million US Dollars in foreign exchange earnings. The Horticultural production is close to 3 million tonnes making Kenya one of the major producers and exporters of horticultural products in the world(EPZA,2005).

There are over twenty companies engaged in the production and export of fresh vegetables and fruits in Kenya and they are all privately owned. The companies assist each other on both technical and other marketing aspects of the industry through the Fresh Produce Exporters Association of Kenya (FPEAK). Kenya's horticultural exports has also been aided by the country's preferential duty free access to European Union markets under the Lome Agreement that was first signed in 1975 between the European Union and 71 African countries and keeps on being renewed with inclusion of more countries and terms(EPZA,2005 ).

Saccos in the horticulture industry have some unique external and internal environmental challenges. Most of the companies rely on produce by out grower farmers who are not within the company's control and whose owners and employees cannot be easily recruited to be Sacco members. The companies majorly rely on unskilled labour employees who are poorly remunerated and have less disposable income to save in the Saccos. The companies are private owned and undergo frequent restructuring that involves massive layoffs depending on the market conditions and this tend to affect the Sacco membership. The fresh produce are weather dependent and sometimes bad weather leads to lack of enough produce to export thus making them mainly to rely on seasonal employees or casuals whose contribution to the Saccos is not reliable thus affecting the Sacco's cash flow projections(EPZA,2005).

The great cultural diversity in the companies with top management and high income group majority being foreigners who do not easily join those Saccos as they are majorly owned by the low income groups who cannot access bank loans but have little to save. Most of the Saccos have not embraced modern technology as due to the small capital base they can hardly afford modern Sacco software that can help increase efficiency. Lack of strategic leadership is also a challenge to them as majority of the elected officials are not well educated enough to embrace strategic management but end up firefighting in addressing most of the challenges affecting them. The other unique challenge is that majority of the employees are females and so products developed should be ones that can be easily embraced by ladies (EPZA,2005).

## **1.2 Research Problem**

Pfeffer and Salancik (1978) argued that organizations are resource insufficient and rely on external stakeholders who control the resources and make certain demands. This study will be anchored on this resource dependence theory which further suggests that an organization's behavior is a reflection of the management of its dependence on external resources and the ensuing demands of the donor controlling the resource. The emergence of environmental influences and their effect on firms' strategic choices has gained tremendous traction in the management literature in recent years( Pearce and Robinson,2005). The conceptual argument for the study is that the environmental challenges affect the strategic choices made by organizations and for success, it must establish a strategic fit. The strategic choice has to be consistent with the firm's goals and values, its external environment, its resources and capabilities and its systems (Ansoff and McDonnell,1990). Therefore the external environment significantly affects an organization's strategic choices. It all depends on a firm's strategic choices for it to maximize the economic benefits from resources, improve effectiveness of operations and boost the fulfilment of its strategic goals (Hambrick,1983).

The co-operative sector in Kenya is very competitive, and besides operating under stiff regulations, customer base building and sustenance has been largely a challenge. Saccos in the horticulture sector have some unique challenges as majority of their members are low income earners, seasonal employees, with frequent restructuring which involves massive lay-offs and most of the companies rely on out grower farmers for produce and this farmers cannot be easily recruited into the Saccos as members. The study will

therefore deal on how these environmental challenges affect the strategic choices made by Saccos in the horticulture sector. There are twenty Saccos in this sector and majority is based in Nairobi at the Jomo Kenyatta International Airport Export Processing Zone. Various studies by various researchers have also explained the relationship between the environmental challenges and the firm's strategic choices.

Emerson and Cook (2011) Considered relations joining actors in an exchange category to be a set of alternatives for the actors which reflect on the power and dependence within the network. Lazzarini and Zenger (2012) provided a clarified definition of tie strength that is suitable for organizations. They defined tie strength as the degree of commitment that supports an exchange relationship for the transfer of goods, services or information. Cho and Gillespie (2009) argued that three factors determine the degree of dependence on external resources which are the criticality of the resources, their concentration and external factors that include discretion over resource allocation and use. Proven et al (2009) argues that it is common in a network for centers of power to emerge. An actor with a large number of ties becomes focal or central within the network. He further argues that such a position further reinforces the ability of an actor to sustain its activities while maintaining strong ties with other actors.

Miller and Friesen (2000) put forward that for any strategy made by a firm to be successful, it must be matched with the environmental challenges affecting it thus the strategy-environment fit. We have had other studies such as : Oyoo (2000) on financial performance of Saccos in which he argues that a Sacco's financial performance is

affected by external factors, Mutua(2009) on Strategic responses of Saccos to the challenges in which he also acknowledges that for success, the Sacco has to design strategies for survival in the ever changing environment, but none has been done on how the environmental challenges affect the strategic choices made by the Saccos for them to effectively compete in the ever changing environment. Owiye (1999) established that both the internal and external environment have much impact on the sugar firms performance.

From the various studies above, it has been observed that organizations are environment dependent in a way that the various environmental changes affect them and this can only be overcome by making the right strategic choices. From the above studies again it is observed that for any strategy to succeed it must have a strategic fit. The various studies available have only been done on firms and not on Saccos. The few available on Saccos have only highlighted how the environmental challenges affect the Sacco's financial performance and responses to the challenges and none has been done on how the environmental challenges affect the strategic choices made by the Saccos in the horticulture industry.

This study therefore seeks to answer the following question,“ What is the effect of environmental challenges on strategic choices of horticulture industry Saccos in Kenya?”

### **1.3 Research Objective**

The objective of this study was to determine the effect of environmental challenges on the strategic choices of the Horticulture industry Saccos in Kenya.

#### **1.4 Value of the Study.**

The Sacco managers especially those in the horticultural sector will have to get a deeper understanding of how the environmental challenges affect the strategic choices they make for the Saccos' sustainable competitive advantage .This will help them in strategically positioning their Saccos in the market to ensure stakeholder satisfaction.

The Sacco shareholders who are its members will gain additional understanding of the Sacco operating environment and easily support the strategic choices made by the management. The researchers will find it valuable as it will contribute to growing knowledge in strategic management in Saccos.

The study will be valuable to the government now and in future. It will assist the government in coming up with the required legislation to effectively govern the sector to ensure the Saccos thrive despite the turbulent environment they operate in. It will also help the government in formulating policies to increase savings mobilization for credit in order to enhance investments for wealth creation and employment.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter analyzed literature related to environmental challenges and their effects on the strategic choices by Saccos as articulated by other scholars and other strategic management theories that support how strategic choices are dependent on environmental challenges.

#### **2.2 Theoretical Foundation.**

This will include a discussion on the various existing theoretical foundations supporting the study. The researcher will look into the various theories existing that show the existence of the influence of the environmental challenges on the strategic choices made by a firm. The theories are discussed below:

##### **2.2.1 Resource Dependency Theory**

Pfeffer and Salancik (1978) argued that organizations are resource insufficient and rely on external stakeholders who control resources and make certain demands. The resource dependence theory further suggests that an organization's behavior is a reflection of the management of its dependence on external resources and the ensuing demands of the donor controlling the resource. The environment has all the resources that a firm needs to operate and the firm transforms the various inputs from the environment through various processes into output that is again released into the environment.

The environment is so dynamic with a lot of challenges and for the firm to efficiently utilize its resources, it must make the right strategic choices (Grant, 2000). Strategy is what links the firm to its business environment. Success in a business cannot be attributed exclusively to luck hence the need for successful strategies. In order to have a successful strategy, the goal needs to be simple, consistent and long term. A good strategy takes into account an organization's capabilities as represented by its strength and weaknesses and the environmental challenges as represented by the opportunities and threats (Azzone, 1997).

### **2.2.2 Theory of Weak Ties.**

Granovetter (1973) Suggests that the location of the organization in a network indicates the strength of its ties to the stakeholders. He further puts forward that an organization's behavior is determined by the dominance of the strong or weak ties. Organizations are embedded in a wide variety of networks that both constrain their actions and provide them with opportunities (Guo and Acar, 2005).

Networks are formed of ties that are either strong or weak. Strong ties form a dense network with redundant relations, close interactions and sharing of resources. Weak ties characterize an open network with more entities less frequent interactions and less restricted behaviors (Blau,1974).

Consequently, the behavior of an organization is determined by the dominance of either the strong or weak ties. An organization centrally situated in a dense network with strong ties is likely to comply to stakeholder interest in comparison to an organization with weak network ties. Strong and weak ties are all developed through the organization's strategic choices.

### **2.2.3 Contingency Theory**

The contingency theory focuses on different units of analysis. Rather than taking the entire organization as the unit to be studied as in resource dependence theory, the contingency theory breaks down environment-oriented action into the organization's component parts, asking how subunits specialize differently to their unique resource environment (Thompson, 1967). The theory builds in the possibility for variation across different organizational departments. He continues by acknowledging that all parties interests inside organizations are not unified. Thompson (1967) argues that in the case of a non-profit service organization, the accounting department would be more tightly coupled with the federal funding environment than its adult-counselling department for example since accounting has formal processes for measuring incomes and outflows while adult-counselling department engages in the people business and may not have to report firm outcome results to funders at all. The contingency theory also sees organizational action as rationally and strategically based, designed to maximize goods provided in the environment (Thompson, 1967).

### **2.3 Environmental Challenges in Organizations**

The structure and decision making in any organization is generally influenced by the environmental complexity and volatility (May et al, 2000). It is further argued that the alignment of an organization's strategies with the environmental challenges makes it outperform other organizations that fail to achieve such alignment (Beal,2000).

Environmental scanning is generally accepted as being the first step in the process of aligning strategy with the environment (Beal,2000). This is because environmental scanning will help the organization to learn more about opportunities to take advantage of and threats to its survival. However although "environmental scanning is the search mechanism by which managers discover important events and trends outside their organizations"(May et al. 2000), scanning the business environment has been initially defined as the activity of acquiring information about events and relationships in an organization's outside environment, the knowledge of which would assist top management in its task of charting the company's future course of action(Aguilar,1967).

The business environment is very dynamic and keeps on presenting both opportunities and threats to the organizations that operates in it. These environmental factors include political factors, mainly the government influence, economic factors like interest rates, foreign exchange rates and inflation in a country, social factors, technological advancements, ecological factors which are mainly the weather influence and legal factors that include changes in legislation and policies. For smooth business operations, an organization must align its strategies to the environmental challenges to ensure survival and growth (Thompson, 1967).

## **2.4 Empirical Studies**

Ansoff and McDonnell (1990) see strategic management as a systematic approach to position and relate the firm to its environment in a way that will ensure its continued success and make it secure from environmental surprises. Hamel and Prahalad (1989) perceived an organization as a foundation for sustained competitive advantage when it poses skills or resources that provide superior value to customers and that are difficult to imitate. In a turbulent environment, the more enduring advantage is the ability to anticipate evolving customer needs and generate new values creating capabilities based on that knowledge, and unless there is an advantage over competitors that is not easily duplicated, long term profitability is likely to be elusive.

Aarker (1989) noted that long term success involves creating, managing and exploiting assets and skills that competitors find difficult to match or counter. This involves three steps; firstly identification of relevant skills and assets by observing successful and unsuccessful firms, key customer motivations, large value added items and mobility barriers, secondly the selection of those skills and assets that will provide an advantage over competitors, will be relevant and appropriate for the future and will be feasible, sustainable and appropriate for the future, and thirdly the development and maintenance of those of competitors. He further observed that there are three basic ways to compete namely; on the basis of delivery, quality and price. Burnes(1998) noted that the concern in real time strategic choices is to minimize the sum to total losses and restore profitability to ensure organization's success in a turbulent and surprising environment. He also observed that unstable and unpredictable conditions in which organizations have

to operate today means that the ability to think strategically and manage strategic change successfully is key to competitive strength for a sustainable competitive advantage. Real time strategic choices are necessary to facilitate the firm's preparedness in handling the impending issues which may have serious impact on the firm. Global trends have had adverse effects on many sectors, the Saccos sector included. Every organization has to develop strategies that will enable it fit within the environment it operates in. This is necessary because the environment is dynamic, multi-faceted and complex as a result of which organizations have to plan how to respond to the challenges posed by it. An organization can either plan on how to cope with the many environmental challenges or handle them as they emerge. Pearson and Robinson(2000) says that there is need to adopt new strategies that match challenges from the environment. Re-engineering, downsizing, self-management and outsourcing are some of the dominant strategies that have been used for restructuring in the 1990's.

Aosa (1992) noted that the action of competitors have a direct impact on a firm's strategic choices. He further stated that strategy will only make sense if the markets to which it relates are known. He also pointed out that the nature of the industry in which the company operates needs to be understood. The structure of an industry and trend in that industry will help the current and future attractiveness of that industry. Mutua ( 2009) observed that for survival of any organization, it must design and implement some strategic responses to environmental challenges. He noted that Stima Sacco had to implement various strategies in order to ensure their survival in response to the ever changing Sacco environment. Nderu(2014) in a study of strategic management practices

at Mentor Sacco found out that strategies used were majorly to respond to the environmental challenges. Oyoo (2002) established that performance of Saccos in Nairobi was different before and after deregulation. Owiye (1999) established that both the internal and external environment have much impact on the sugar firms performance. He noted that sugar firms were subjected to internal environmental challenges that included poor management and external environmental challenges that include unfair competition brought in by illegal sugar imports and various new regulations and trade agreements affecting the sector.

## **2.5 Research Gap**

The various empirical reviews suggest that there exists a relationship between the turbulent environment and the Saccos' strategic choices. From the studies we mostly see how Saccos respond to the turbulent environment for survival. From the literature review we have seen that organizations are subjected to various environmental challenges, and these environmental challenges affect how the organizations are managed. The various related studies were mostly done in the other sectors and none specifically on Saccos in the horticulture industry who have their unique environmental challenges. This study therefore sought to determine the effect of the environmental challenges on the Saccos' strategic choices with clear focus on Saccos in the horticulture industry in Kenya. The environmental challenges are the independent variables and the strategic choices are the dependent variables.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter sets out the procedures that were used in carrying out the research study. It explains the various stages and phases that were used in the study which include: Research design, population sampling, data collection methods and procedures and finally data analysis.

#### **3.2 Research Design.**

Kumar (2005) defined research design as a procedural layout that helps the researcher to answer the research questions appropriately. The design helps the researcher to avoid carrying out the research in a subjective and inaccurate manner. Cross sectional survey research design was used in this study. This involved collecting data at a given point in time and analyzing it to draw inferences.

This helped the researcher to explain the real environmental challenges and their effects on the Saccos' strategic choices at the given time. Information on the environmental challenges and their effects on the Sacco's strategic choices was collected using the questionnaire and the information described how the challenges affect the strategic choices. The researcher used a survey study in which the questionnaire was sent to all the Saccos in the horticulture industry and the respondents expected to answer all the questions and send it back.



### **3.3 Population of the Study**

Mugenda and Mugenda (2003) define a population as a complete set of individuals, cases or objects with some common observable characteristics. They further observed that a particular population has some characteristics that differentiate it from another population. The researcher studied all Saccos in the horticulture industry companies in Kenya. There are twenty registered horticultural industry based Saccos in Kenya (EPZA, 2005).

### **3.4 Data Collection methods.**

Primary data as well as secondary data was collected for the study. Primary data was collected through the use of questionnaire. The questionnaire had close-ended questions in which the respondents were required to answer the questions prepared by the researcher as shown on the attached appendix 11, page 49.

The questionnaire helped the researcher collect primary data from the respondents while secondary data was obtained from journals and other available reading materials from the Saccos like annual published accounts and management reports. The questionnaires were sent by registered mails addressed to the Sacco chief executive officers while some were personally delivered by the researcher to the chief executive officers.

### **3.5 Data Analysis**

The researcher collected purely qualitative data that was analyzed through descriptive statistics analysis method. Mugenda & Mugenda(2003) describes describe descriptive statistics as indices that describe a given sample. They include the measures of central tendency, measures of dispersion, distributions and relationships.

The researcher used distributions which included percentages and frequencies of the respondents' responses to analyze the various questions on the questionnaires that gave information related to the study. The highest frequencies and percentages indicated the majority view on the item under consideration and the responses used to generalize for the whole population.

## **CHAPTER FOUR**

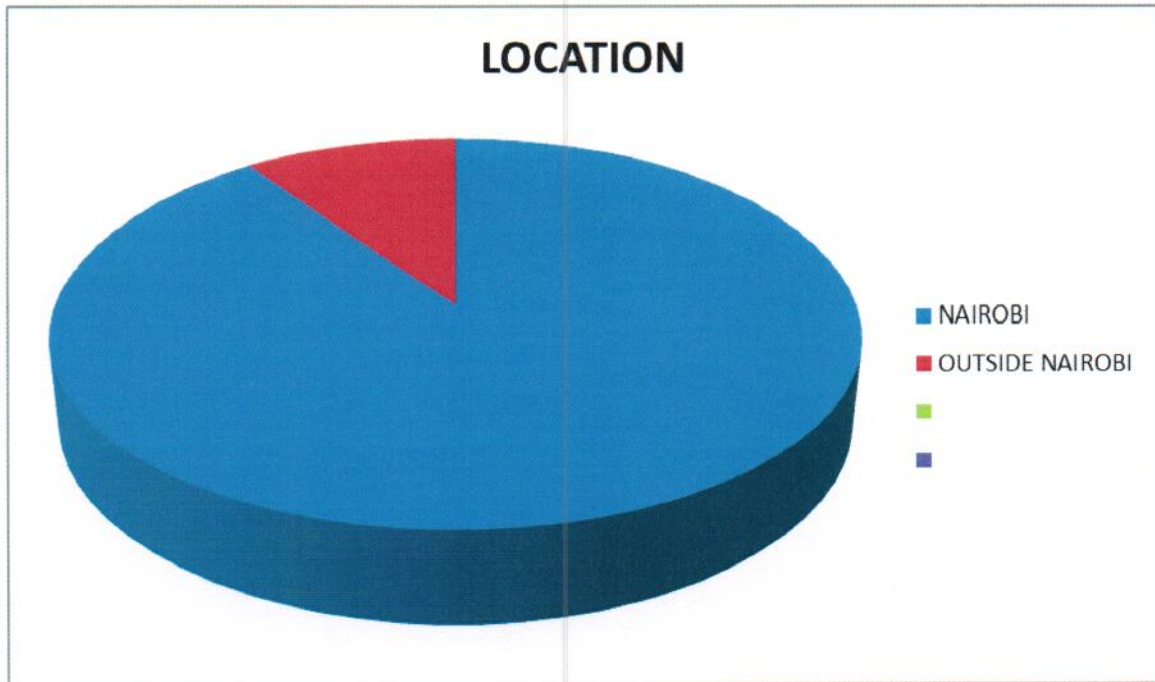
### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter outlines analysis of the findings in relation to the objective of the study of establishing the effect of environmental challenges on strategic choices of the horticulture industry Saccos in Kenya. Primary data was collected through questionnaires sent to all the Saccos in the horticulture industry while secondary data was collected from Sacco documents like journals, annual reports, newsletters, directors monthly meeting minutes and management reports.

#### **4.2 Background Information**

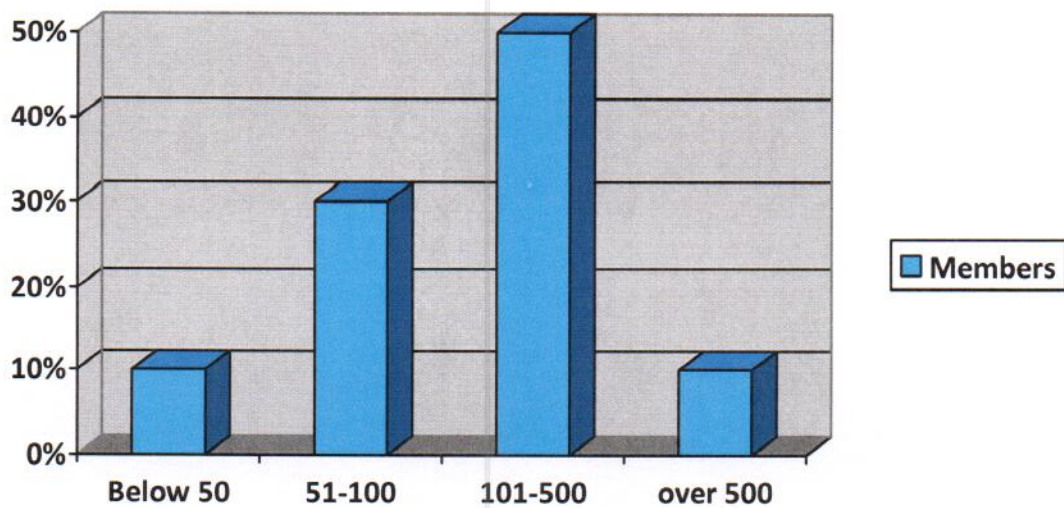
The researcher had sought to know from the respondents where their Saccos are based in Kenya mainly to compare it with their peers in the same locality to know whether they are at par , ahead or lagging. As illustrated in the Figure 4.1, the researcher found out that majority of the Saccos in the horticulture industry are based in Nairobi and mainly at the Jomo Kenyatta International Airport Export Processing Zones with only a few operating outside Nairobi only ten percent. Those that operated in Nairobi formed 90% of the respondents.



**Figure 4.2.1 Saccos' Location.**

The researcher also wanted to know the average total membership for the Saccos to evaluate how big or small the Saccos are compared to their peers in their locality. The results tabulated in Figure 4.2 showed that 10% of the Saccos have their membership below 50 members while majority of them which was 50% of the respondents have a membership of between 101-500 members. This shows that they have weak membership numbers as compared to well established Saccos in Nairobi.

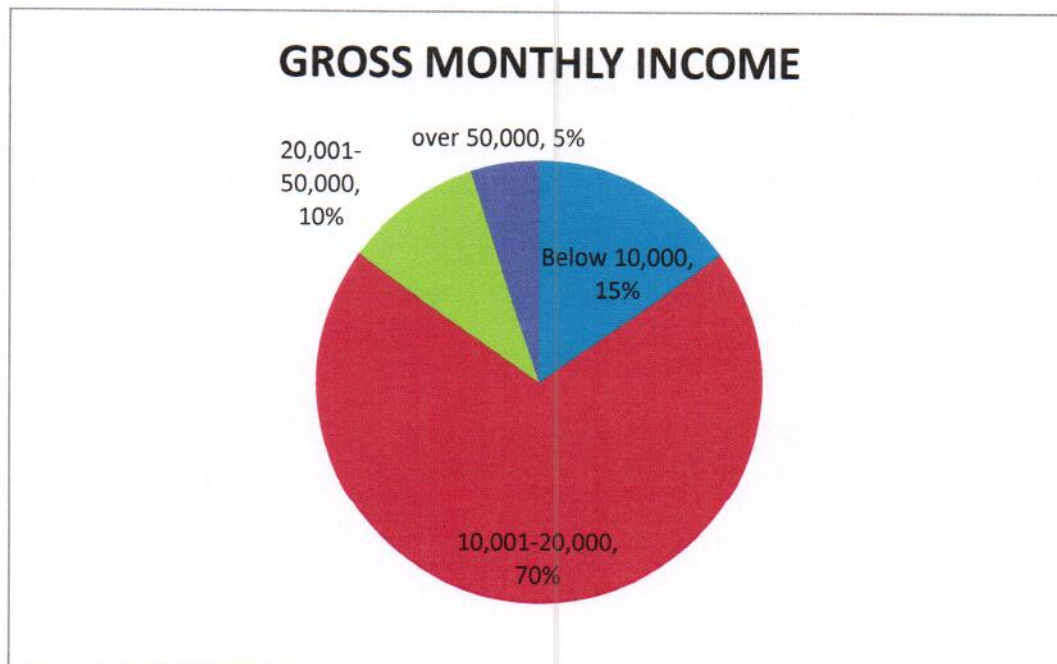
From the feedback, majority of the Sacco members are female which comprised of 80% while 20% are male. On further interrogation with some of the Saccos, the researcher was informed that this is due to the nature of the export business in which packing the produce is one of the main activities and it is best done by female employees.



**Figure 4.2.2: Sacco Membership.**

. The researcher also established that most of the Saccos have been in existence for a period between eleven and twenty years and none has been there for over fifty years with a few that have been in existence for less than ten years which comprised of 10% of the respondents. The results also established that the Sacco members are averagely aged between twenty one and fifty years old which was reported by 90% of the respondents with only a few who are over fifty years and none was found to be below twenty years of age. This showed that the Saccos have a lot of growth potential if they can develop the right strategies that take advantage of the young membership.

The researcher had also sought out to know the average monthly gross earnings for the members and he established that majority of the members earn averagely a monthly gross salary of between Kenya shillings ten thousands and twenty thousand with only a few who earn over twenty thousand per month as shown on the Figure 4.3 . 70% of the respondents indicated that their members earn average income of between ksh.10,000 and ksh. 20,000, while 15% indicated that their members averagely earn below ksh.10,000, only 10% of the respondents indicated that their members earn between ksh.20,000 and ksh.50,000 while only 5% told the researcher that their members' average income was over ksh.50,000. This showed that the Saccos growth strategies have to be aligned to the low incomes in order to succeed.



**Figure 4.2.3: Members' Average Gross Monthly Income.**

The researcher had also requested the respondents to answer to the question as to whether the Saccos had a strategic management department. Majority of the respondents which was 90% of the respondents indicated that they do not have the strategic management department and the few that had the department said that they were not strong enough to influence the Sacco policies. It was further established by the researcher that the Saccos strategic plans are not handled by the strategic management department but by the Saccos' board of directors. We also had a few Saccos whose strategic plans were handled by the Chief Executive Officers of those Saccos who were also called managers in some Saccos. The respondents had also been asked to indicate the top management level of education and from the findings, the researcher established that majority of the Saccos top management who are mainly the Chief Executive Officers were form four leavers with certificate and diploma level training. Only a few were headed by undergraduates while none was headed by a master's level graduate.

From the findings, the general observation by the researcher from the background information provided by the respondents was that the Saccos have few members with little incomes and they have a great challenge for growth in such an environment. Worse was that the Saccos don't even have a strategic management department and this makes it difficult in designing the right strategic choices to help get a strategic fit. This has made them more vulnerable to the environmental challenges thus negatively affecting their growth significantly.

Most of the Saccos have not stayed for long and on follow up to the responses by some of the respondents, the researcher found out that some of the Saccos had been wound up and only came up again recently due to the frequent restructuring in the affected companies and the seasonal employees contracts being terminated without giving them sufficient notices to plan for their savings refunds and other obligations.

#### **4.3 Effect of Specific Environmental Challenges selected by the Researcher on the Saccos' Strategic Choices.**

The researcher sought to determine how some specific environmental challenges affected the strategic choices made by Saccos in the horticulture industry. Saccos in the horticulture industry face some unique environmental challenges different from other Saccos in the other sectors and the researcher was interested in establishing how the challenges affect them when making their strategic choices.

The researcher established that majority of the Saccos had very weak strategic plans. From the follow up on the questionnaires, it was established that even some Saccos operated without strategic plans and were reactive to the environmental challenges as they affected them. It was also established that very few had strategic plans in place. The researcher further established that the environmental challenges affected most of the Saccos' strategic choices positively while others were negatively affected.



The study established that majority of the Saccos only use the information technology occasionally and this was by outsourcing the services through cyber cafes or other professional information technology service providers. For most of the Saccos who only occasionally used the information technology, this did not affect their strategic choices at all. Only those few Saccos that frequently use the information technology put it into consideration when making their strategic choices.

The low income earned by majority of the Sacco members negatively affected many of the Sacco's strategic choices as reported by the various respondents. On further interrogation, many of the Saccos that reported to be negatively affected by the low incomes informed the researcher that the low incomes made it difficult to choose the right strategic choice to achieve their desired goals. This made them go for alternative strategic choices that could easily be manageable within the low income constraints.

The respondents were also asked to state the manner in which the ecological conditions affect their strategic choices. Majority of them responded by telling the researcher that the ecological conditions negatively affected their strategic choices. The respondents told the researcher that the horticultural exports were dependent on climatic conditions and during bad weather, there is normally very little produce and makes the companies only depend on seasonal employees who are only maintained during good climatic condition months with high production for exports. This significantly affected their strategic choices as their projected cash inflows were severely affected.

The researcher established that the legislative changes in the Sacco sector affected their strategic choices. Majority of the respondents told the researcher that they were negatively affected by some of the legislative changes while others positively affected them. Some of the respondents argued that the new Sacco Act that brought in the Sacco Societies Regulatory Authority (SASRA ), brought some sanity into the industry while others told the researcher that the new regulatory framework under SASRA has made their operations difficult.

The respondents claimed that the new rules had negatively affected their strategic choices that could have helped them attain their goals. Some of the respondents claimed that the high liquidity ratios required by the regulator severely affected their income available for on lending to members thus reducing their projected profits.

#### **4.4 Discussion**

##### **4.4.1 General Discussion of Results**

The research study established that majority of the Saccos are based in Nairobi and with an average membership of between 100 and 500 members who are mainly ladies. This membership is so low compared to other Saccos in Nairobi and this shows that the Saccos are faced with a lot of challenges that hamper their growth into big Saccos. The results also indicated that most of the Saccos are between 11 and 20 years old which shows that the idea of forming Saccos has not stayed long in the industry as most of the Saccos in the other industries in Nairobi are as old as even fifty years. This results demonstrated how the environmental challenges have affected the Saccos growth

strategies as it points out at the difficulties those Saccos have faced to take off as a close discussion with some of the respondents showed that some had tried and wound up severally before now fully taking off as a successful Sacco.

The findings of the study showed that the majority of the Saccos membership are aged between 21 and 50 years old while their average gross income was between ksh.10,001 and ksh.20,000. This low income of the majority is an indicator of low capital for growth and it confirms that for any of the Saccos to have sustainable growth, its strategic choices must take into consideration the low income by majority members and their age groups.

Study findings also revealed that majority of the Saccos do not have a strategic management department and those that had one, it was so weak to influence management decisions. Those that had the strategic plans were also headed by the board of directors . The Saccos were also headed by chief executive officers whose average highest level of education was a diploma or a certificate. This shows how the Saccos in this industry have stagnated in growth as the top management seems not to have enough management expertise in strategic management and that is why even the strategic management departments are not there. This confirms that for strategic choices to succeed, the top management should thoroughly scan the environment and know its capabilities and resources available to achieve their objectives.

The research findings established that majority of the Saccos which was 90% of the respondents were negatively affected by the various environmental challenges selected by the researcher. This was mainly due to lack of well-designed strategic choices that had a strategic fit by most of the Saccos affected negatively. For those Saccos that indicated that they had strategic management departments that are strong and well headed by the top management, they indicated that they were positively affected by the environmental challenges and this was only 10%. This confirmed the proposition by the previous studies that for sustainable growth and success, the Saccos' strategic choices must be in line with the environmental challenges.

#### **4.4.2 Comparison with the Underlying Theories**

Pfeffer and Salancik (1978) in the resource dependence theory argued that organizations are resource insufficient and rely on external stakeholders who control resources and make certain demands. This study is in agreement with this preposition as it was established that the external environment is composed of new legislations and members who contribute their money into the Saccos but the new legislations demands that the Saccos operate as they dictate. The members also being the shareholders provide their capital but with certain demands on how it should be utilized.

Grant (2000) also argued that the environment is so dynamic with a lot of challenges and for a firm to efficiently utilize its resources, it must make the right strategic choice. This was also established by the study as from the results, the Saccos' strategic choices are affected by the environmental challenges that keep on changing and only those that align their strategy with the environmental challenges survive.

The resource dependence theory also suggests that an organization's behavior is a reflection of the management of its dependence on external resources and the ensuing demands of the donor controlling the resource. This study agrees with this proposition because from the findings, most of the strong Saccos in the horticulture industry have been forced to adapt to the low income by seasonal members and also to work within the new regulations in the Sacco industry for prosperity.

Granovetter (1973) in the theory of weak ties suggested that the location of an organization in a network indicates the strength of its ties to the stakeholders. He further argued that an organization's behavior is determined by the dominance of the strong or weak ties. The study agrees with his findings as from the respondents, the researcher found out that due to the strong ties existing in the Sacco industry, they are all affected by the same legislation and anytime there is a change in the legislation, they all have to conform to it or be penalized.

The study also found out that due to the strong ties in the Sacco industry, those Saccos that have not embraced technological advancements could not effectively compete with the others that are technologically compliant in service delivery and this also affected their membership growth. The study also established that Saccos in the horticulture industry are embedded in a network that both constraints their actions as seen through regulations and legislations governing the industry and also provide them with opportunities.

In the theory of weak ties, it was argued that weak ties characterize an open network with more entities and less frequent interactions and less restricted behaviors. From the findings, the researcher noted that Saccos operate in a strong network with frequent interactions with its various stakeholders for it to maximally utilize the resources in the environment.

#### **4.4.3 Comparison with Other Studies**

The findings that the horticultural industry Saccos that do not align their strategic choices with the environmental challenges were negatively affected in attaining their goals was in agreement with Beal (2000) who argued that the alignment of an organization's strategies with the environmental challenges makes it outperform other organizations that fail to achieve such alignment. This was also in agreement with the findings of Pearce & Robinson (2005) who put forward that the emergence of environmental influences and their effect on firms' strategic choices has gained tremendous traction in the management literature in recent years.

Miller and Friesen (2000) also suggested that for any strategy made by a firm to be successful, it must be matched with the environmental challenges affecting it thus the strategy-environment fit. This was established by the findings from this study in which firms whose strategic choices did not match the environmental challenges were negatively affected and did not meet their desired goals due to the environmental challenges.

The study findings are in agreement with the Proven et al (2009) who put forward that it is common in a network for centers of power to emerge. From the responses by various respondents, the researcher found out that Saccos that had successfully implemented their strategic choices had the ability to sustain their activities while maintaining strong ties with the others while the unsuccessful ones operated in very weak ties.

Ansoff and McDonnell (1990) argued that business firms are in constant two way interaction with the environment. This preposition was sustained by the research findings which showed that both the internal and external environment affected the Saccos strategic choices and were to be considered for the organization to optimally achieve its set goals.

The research findings were also in agreement with Oyoo (2000) who suggested that the Saccos financial performance is affected by external factors. This was established from the findings in which Saccos in the horticulture industry that aligned their strategic

choices with the environmental challenges successfully met their goals unlike those that didn't consider the external factors such as the environmental challenges. This finding is also in agreement with Owiye (2009) who argued that both the internal and external environment have much impact on firms performance.

Mutua (2009) suggested that for success, a Sacco must design strategies for survival in the ever changing environment. This was established in the study findings in which only those Saccos that designed the right strategies that considered the environmental challenges were successful. From the study, the researcher found out that Saccos that had not adopted the current technological advancements could not match their counterparts that were using the technology and this affected their service delivery to its members and hence easily lost them due to competition and search for better services by the members.



## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

The following summary of findings, conclusion and recommendations were based on the objective of the study from the primary and secondary data collected and analyzed. The objective of the study was to determine the effect of environmental challenges on strategic choices of the horticulture industry Saccos in Kenya.

#### 5.2 Summary

The findings of the study confirmed that environmental challenges have a significant effect on the strategic choices of the horticulture industry Saccos in Kenya. From the findings, the researcher found out that Saccos whose strategic choices were not aligned to the environmental challenges were negatively affected by them and could not easily attain their set out goals using the strategic choices. It was also established that those Saccos that established a strategic fit were strong enough to survive the ever changing environmental challenges.

The researcher established that technological advancements was one of the environmental challenges and for those Saccos that had adapted to it, they easily attained their set out goals on efficiency unlike their counter parts. It was also established by the researcher that the most strong Saccos in the sector were those that had strategic plans in place that are well formulated and implemented by the management.

The study also confirmed that the Saccos constantly interact with the environment that is so dynamic with stakeholders that have several demands that they expect to be met by the Saccos. Some of the stakeholders are the members who provide capital and in return expect a lot of services from the Saccos that have to be efficiently delivered. The other stakeholders are the government that develop new rules and regulations and expect the Saccos to follow them and any inconsistency may lead to being deregistered from operating.

The study revealed that those Saccos that are strong operated in a strong network and were focal or central within the network and this reinforced their ability to sustain their activities while maintaining the strong ties. The strong Saccos were the ones that quickly adapted to the new legislation governing the industry, adapted to the new technological advancements in the industry and made the right strategic choices to maximally utilize the high number of seasonal and casual employees in the horticulture sector that are lowly paid.

From the study, the researcher found out that most of the Saccos that were over twenty years old were the ones that do strategic management and ensure that their strategic choices are in line with the ever changing environmental challenges. The study revealed that those Saccos with strategic choices not aligned to the environmental challenges were negatively affected by them and could not easily attain their set goals like their counter parts that had established a strategic fit.

### **5.3 Conclusion**

The study established that the environmental challenges affect strategic choices by horticulture based Saccos in Kenya. This findings confirmed the already existing theories of; the resource based theory that suggested that an organization's behavior is a reflection of the management of its dependence on external resources and the ensuing demands of the donors controlling the resource and the theory of weak ties which suggested that organizations are embedded in a wide variety of networks that both constrain their actions and provide them with opportunities.

The findings will be very useful to the Sacco managers who will have to ensure that their strategic choices are aligned to the ever changing environmental conditions. The researchers will also find the study findings useful as it further confirms the that Saccos are environment dependent . The previous available studies were studies done many years back and this study has added more knowledge as pertaining to the Saccos behaviors in the environment as none of those past studies had targeted horticulture industry based Saccos with their unique environmental challenges. The government as a stakeholder and policy maker in the industry will also benefit from the findings as it will know that the frequent policy and legislative changes in the Sacco industry affect their strategic choices for success and therefore will have to ensure that the new policies developed are to enhance their sustainability.

#### **5.4 Recommendations**

The study findings established that the environmental challenges significantly affects the strategic choices by horticulture industry Saccos in Kenya. Based on the findings, the researcher recommends that all Saccos for sustainable growth should develop strategic plans. This strategic management plans should take into consideration the Saccos' internal and external environmental challenges and ensure that the strategic choices are in line with the ever changing environmental challenges.

The researcher also recommends that the Saccos should have a department and somebody responsible for developing the Saccos' strategic choices and not leaving it for everybody in the Sacco and for success, it should be headed by top management. The researcher recommends that all Saccos maintain strong ties in their networks so as to collectively manage to survive in the ever changing environment.

For them to maintain the strong ties, they should frequently interact to gain knowledge of the new developments in the external environment and collectively design the best strategies to ensure a strategic fit. The environmental challenges are so dynamic and multi-faceted and as such the researcher recommends to the Sacco management to keep on evaluating the strategic choices every now and then to ensure that they take care of the dynamic environmental challenges.

### **5.5 Limitations of the Study**

My study had the following limitations:-

Some of the respondents were too busy to fill in the questionnaires and this made them take too long to return them back and hence delaying the researcher on data analysis. The respondents are not all found at one place and some were even upcountry as far as Timau and Naivasha and this posed logistical challenges to get the questionnaires reach them on time as the researcher had preferred personally delivering and collecting them to increase the response rate.

Unwillingness of some respondents to fill in the questionnaires that led to some Sacco managers not filling and returning the questionnaires due to suspicion that the information given could expose the Sacco's weaknesses in planning. Time was quite a limiting factor as the researcher had to divide the available time between employment duties and data collection and analysis. Another limitation was lack of secondary data on environmental challenges affecting Saccos as most of the available materials are on firms.

### **5.6 Suggestion for Future Research**

This study was done on the effects of environmental challenges on strategic choices by horticulture industry based Saccos in Kenya. It is suggested that further research be done on the effects of the environmental challenges on strategic choices of all Saccos in Kenya and study all the challenges and not specific ones for more insights into the subject.

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# APPENDIX 1: INTRODUCTION LETTER.



## UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS MBA PROGRAMME

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DATE... 25/9/15

### TO WHOM IT MAY CONCERN

The bearer of this letter ... ERICK ONYANGO OLUCH

Registration No. ... N61/72901/2014

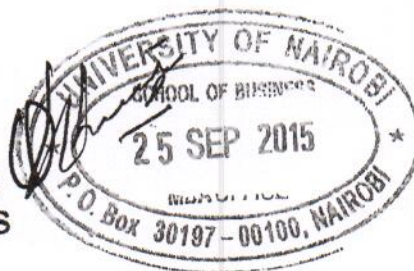
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

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

Thank you.

**PATRICK NYABUTO**  
MBA ADMINISTRATOR  
SCHOOL OF BUSINESS



## APPENDICES

### APPENDIX 11: QUESTIONNAIRE FOR EFFECT OF ENVIRONMENTAL CHALLENGES ON STRATEGIC CHOICES.

#### Section A: Background information

1. SACCO Name-----

2. Where is the Sacco offices located

- (i) Nairobi  (ii) Outside Nairobi

3. How many members do the Sacco have ?

- (i) Below 50  (ii) 51-100  (iii) 101-500  (iv) Over 500

4.(a) What is the number of female members-----

(b) What is the number of male members-----

5. How old is the Sacco

- (i) Below 10 yrs  (ii) 11-20yrs  (iii) 21-50yrs  (iv) Over 50yrs

6. What is the average members age

- (i) Below 20 yrs  (ii) 21-50yrs  (iii) Over 50yrs

7. What is your members' average gross income per month

- (i) Below 10,000  (ii) 10,001-20,000  (iii) 20,000-50,000   
(iv) Over 50,000

8. Do the Sacco have a strategic management department?

- (i) It doesn't have  (ii) It has but a weak one  (iii) It has a strong one

9. If no who handles the Sacco's strategic plan?

- (i) The Sacco has no strategic plan   
(ii) Staff  (iii) Board of directors  (iv) C.E.O

10. What is the top management average level of education?

- (i) Form four  (ii) Certificate/Dip  (iii) Undergraduate   
(iv) Masters and above

**Section B : Effect of the specific environmental challenges selected by the researcher on the Sacco's strategic choices.**

11. Does the Sacco have a strategic plan?

- (i) It doesn't have  (ii) It has a weak one  (iii) It has a strong one

12. In which way has the environmental challenges affected the Sacco's strategic choices?

- (a) Negatively  (b) Positively  (iii) No effect

13 (a) Does the Sacco use information technology in its daily activities?

- (i) It doesn't use  (ii) It is used occasionally   
(iii) It is used frequently

(b) How has the new technological advances affected the Sacco's strategic choices?

- (i) Negatively  (ii) Positively  (iii) No effect

14. How has low income by the Saccos members affected the Sacco's strategic choices?

- (i) Negatively  (ii) Positively  (iii) No effect

15. In which manner do the ecological challenges affect the Sacco's strategic choices?

- (i) Negatively  (ii) Positively  (iii) No effect

16. By what means has the legislative changes in the Sacco industry affected the Sacco's strategic choices?

- (i) Negatively  (ii) Positively  (iii) No effect

**Thank you for your time and co-operation. The information carried here will be treated with utmost confidence.**

\*\*\*\*\*THE END\*\*\*\*\*

**APPENDIX 111 : HORTICULTURE INDUSTRY SACCOS IN KENYA**

<b>NO</b>	<b>NAME</b>
1	HORTIFLO SACCO LTD
2	WANAMZIGO SACCO LTD
3	WILHAM SACCO LTD
4	SUNRIPE SACCO LTD
5	MASTERMIND SACCO LTD
6	SHALIMA SACCO LTD
7	IMARA GARDEN SACCO LTD
8	VEGPRO SACCO LTD
9	MBOGA TUU SACCO LTD
10	SACCO FRESH SACCO LTD
11	MYNER SACCO LTD
12	EVEREST SACCO LTD
13	MAKINDU GROWERS SACCO LTD
14	AVENUE FRESH SACCO LTD
15	VITACRESS SACCO LTD
16	MELON SACCO LTD
17	NDARE SACCO LTD
18	NDEGE CHAI SACCO LTD
19	SIRAJI SACCO LTD
20	HOMEGROWN SACCO LTD

**Source: Department of co-operative development in the ministry of Industrialization and Enterprise development (2015).**