

**CRISIS MANAGEMENT STRATEGIES ADOPTED BY
SMALL AND MEDIUM ENTERPRISES IN
GARISSA TOWN, KENYA**

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DECLARATION

This project is my original work and has not been presented for a degree in any other university.

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DEDICATION

This research work is lovingly dedicated to my dad Washington Kouko and mum Mary Jael Kouko and my sons Ty and Dylan; my siblings Edith, Cecil and Daisy who have shown me great support in my quest for education.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	iii
DEDICATION	iv
LIST OF TABLES.....	viii
ACRONYMS AND ABBREVIATIONS	ix
ABSTRACT.....	x
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Crisis Management	3
1.1.2 Crisis Management Strategies.....	4
1.1.3 Small and Medium Enterprises in Kenya	7
1.1.4 Small and Medium Enterprises in Garissa.....	8
1.2 Research Problem	9
1.3 Research Objective	12
1.4 Value of the Study	12
CHAPTER TWO.....	13
LITERATURE REVIEW	13
2.1 Introduction.....	13
2.2 Theoretical Perspectives	13
2.3 Crisis Management	17
2.4 Crisis Management Strategies.....	19
CHAPTER THREE.....	23
RESEARCH METHODOLOGY.....	23

3.1 Introduction.....	23
3.2 Research Design.....	23
3.3 Population	24
3.4 Data Collection	24
3.5 Data Analysis	25
CHAPTER FOUR	26
DATA ANALYSIS, FINDINGS AND DISCUSSION.....	26
4.1 Introduction.....	26
4.2 Response Rate.....	26
4.3 Background Information.....	26
4.3.1 Type of Business.....	27
4.3.2 Duration of Business Existence	27
4.3.3 Position Held in the Business	28
4.3.4 Duration Manager has been in that Position	28
4.3.5 Highest Level of Education	29
4.4 Crisis Situations facing the Small and Medium Enterprises.....	29
4.5 Crisis Management Strategies Adopted.....	31
4.6 Differences in Crisis Management Strategies Adopted	33
4.7 Discussion of Findings.....	34
CHAPTER FIVE	37
SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	37
5.1 Introduction.....	37
5.2 Summary of Findings.....	37

5.3 Conclusion	39
5.4 Implications of the Study to Theory, Policy and Practice	40
5.5 Limitations of the Study.....	41
5.6 Suggestions for Further Studies	42
REFERENCES	44
APPENDICES.....	i
Appendix I: Letter of Data Collection	i
Appendix II: Questionnaire	ii

LIST OF TABLES

Table 3.1 SMEs in Garissa town.....	24
Table 4.1 Duration of Business Existence.....	27
Table 4.2 Position held by the Respondent.....	28
Table 4.3 Duration the Manager has been in that Position.....	29
Table 4.4 Level of Education.....	29
Table 4.5 Crisis Situations in the SMEs.....	31
Table 4.6 Crisis Management Strategy.....	34
Table 4.7 ANOVA Two- Factor without Replication.....	36

ACRONYMS AND ABBREVIATIONS

CM	:	Crisis Management
CMP	:	Crisis Management Plan
CSS	:	Center for Security Studies, Zurich
DOI	:	Diffusion of Innovation
ES	:	Economic survey
GDP	:	Gross Domestic Product
IM	:	Issue management
IT	:	Information Technology
KM	:	Knowledge Management
NBS	:	National baseline Survey
OECD	:	Organization for Economic Cooperation and Development
SMEs	:	Small and Medium Enterprises
SPSS	:	Statistical Package for Social Sciences
SWOT	:	Strengths, Weaknesses, Opportunities and Threats
USAID	:	United States Aid for International Development
WIPO	:	World Intellectual Property Organization

ABSTRACT

As environmental turbulence increases, crisis emerge more frequently that challenge the way an organization formulates and implements its strategy. It is through crisis management strategy that a firm will be able to secure itself from threats brought about by the changes in the environment. But only big firms have embraced crisis management models leaving small business at a serious risk which in turn affects their turnover. The objective of the study was to establish the crisis management strategies adopted by SMEs in Garissa town, Kenya. Garissa town is known for harsh climatic conditions and rampant insecurity coupled with other diverse business threats yet there are SMEs there that have withstood the test of time. Therefore, it was necessary to find out how the SMEs in Garissa strategically manage crisis. The research adopted the diffusion of innovation theory by Ryan and Gross (1943). The design that was adopted is cross sectional descriptive survey because it focuses at one point in time. The study population was Small and Medium Enterprises based within the Garissa town in Garissa County. The number of Small and Medium Enterprises that were directly targeted in the study were 194. Primary data was collected using a structured questionnaire. The researcher then analyzed the data using SPSS. Frequency tables and means were used to present the findings. Descriptive analysis was conducted on primary data whereby mean and standard deviation were used as measures of central tendencies and dispersion respectively. The study also adopted one sample t-test. Out of 194 targeted respondents, 178 respondents filled-in and returned the questionnaires which made a response rate of 91.75 %. From the findings, the study found that most of the respondents were either certificate or diploma holders. This is an indication that majority of the respondents were literate and with a grasp of crisis management tips. The study revealed that the following crisis situations were very common: terror attacks, harsh weather conditions, financial crisis, competitor factor, inter-clan rivalry, robbery incidents, political instability, technological development, fire outbreaks and employee theft. The study further revealed that the most adopted crisis management strategies by the Small and medium enterprises in Garissa town were: one-off basis crisis management, proactive approach, re-active approach and adaptive decision making. The study recommends that SMEs should put in place crisis management strategic responses team or committee to help them gain detect, plan and manage any crisis. The researcher suggests that further research should be done on the challenges faced in adopting the crisis management strategies hence hindering their effectiveness in response to increased business threats.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organisations are operating in a rapid unpredictable economic environment. The changes in the environment have a significant impact on the survival and success of the organisations (Tomecko & Dondo, 2012). The issue of crisis management strategy has generated interest among most management experts. According to McConnel (2010) it is through crisis management strategy that a firm will be able to secure itself from threats brought about by the changes in the environment. But only big firms have embraced crisis management models leaving small business at a serious risk which in turn affects their turnover (Kungu, Desta & Ngui, 2014). For example, of the total number of businesses operating in Australia in 2001, it was estimated that around 93% had reduced turnover (Tomecko & Dondo, 2012). Crisis are developments or trends that emerge from an organization's internal or external environments and are perceived to have the potential to affect an organization's performance (Drennan, McConnell & Stark, 2015; King, 2002). As environmental turbulence increases, crisis emerge more frequently that challenge the way an organization formulates and implements its strategy.

According to most theories such as the diffusion of innovation theory, communication plays a pivotal role in crisis management (McConnel, 2010; Drennan, McConnell & Stark, 2015). Correct flow of information across all hierarchies is essential. Transparency must be maintained at all levels. Management must effectively communicate with

employees and provide them the necessary information at the times of crisis (Drennan, McConnell & Stark, 2015). Ignoring people does not help, instead makes situations worse. Superiors must be in regular touch with subordinates. Leaders must take charge and ask the employees to give their best (McConnell, 2010). In the SME industry, increased competition threatens the attractiveness of the industry and reduces the profitability of the players in the sector (Kungu, Desta & Ngui, 2014). It exerts pressure on SMEs to be proactive and to formulate successful strategies that facilitate proactive response to anticipated and actual crisis in the competitive environment (Johnson & Scholes, 2008). SMEs therefore focus on gaining competitive crisis management strategies to enable them respond to, and compete effectively in the market.

By identifying their core crisis and threats, SMEs are able to concentrate on areas that give them a lead over competitors, and provide a competitive advantage (Pearce & Robinson, 2005). According to Johnson and Scholes (2008), a good strategy in crisis management is more robust and difficult to imitate because it relates to the management of linkages within the organizations value chain and to linkages into the supply and distribution chains.

All organisations in Kenya face crisis within their environment. SMEs are no exception to this. SMEs in Kenya are faced with numerous challenges including intense competition, satisfying the needs of the customers, fluctuating foreign exchange currency, political instability in importing countries, inefficiencies at the revenue offices among others. In the desire to gain competitive advantage necessitated by macro and

micro level changes in the operative business, SMEs have to respond to crisis on real time basis. They have to adopt suitable strategies for survival within the highly competitive and volatile environment. Garissa County is considered a unique environment because it is in a volatile region with porous borders coupled with extreme weather conditions that range from floods to drought.

1.1.1 Crisis Management

Crisis management system is a set of organizational procedures, routines, personnel, and processes devoted to perceiving, analyzing and responding to strategic issues; they enhance an organization's capacity to adapt and learn (Drennan, McConnell & Stark, 2015). The concept of crisis management can also be referred to as issue management (IM); it first emerged when practitioners of corporate strategic planning realized a step was missing between the SWOT analysis of the Harvard model and the development of strategies (Mueller, 2010). That step was the identification of issues. Crisis management approaches are process components or pieces of the larger planning process (Gitobu, 2010). According to Ansoff (1980), crisis management (CM) is an extension of management planning that involves issue diagnosis, capability analysis, issue prioritization, and response planning in order to minimize the impact of potential risks that may emerge from the internal and external environment. Ansoff (1980) describes a strategic issue as a forthcoming development, either inside or outside of the organization which is likely to have an important impact on the ability of the enterprise to meet its objectives. He observes that an issue may be a welcome issue; an opportunity to be

grasped in the environment or an internal strength which can be exploited to advantage. An issue can also be an unwelcome external threat or an internal weakness, which imperils continuing success, even the survival of the enterprise.

Crisis management (CM) should be designed to continually capture signals from the environment and facilitate a real-time process to incorporate the information being gathered into decision making (Ndung'u, 2011). According to Ansoff & McDonnell (1990) a turbulent environment is characterized by a high degree of change and unpredictability. Traditional crisis management systems often fail to assure timely response in states of high turbulence. Systems failure occurs due to the speed of change and low expectancy (Drennan, McConnell & Stark, 2015) which creates discontinuities that impact the organization planning processes to determine an effective response. It is in these environments where the effectiveness of real-time or on-line systems, like crisis management systems for strategic response are required. The success of crisis management depends on its ability to complete the response in time to head off threats and to cash in on opportunities. The timeliness of response depends on the anticipation of changes and in using expeditiously the time provided by the advanced warning. Early detection of strategic issues increases the time available for responses (Mueller, 2010).

1.1.2 Crisis Management Strategies

Crisis management strategies are unique goal oriented methods designed to help an organization deal with a sudden and significant negative event (Drennan, McConnell &

Stark, 2015). A strategy is a long term plan of action designed to achieve a particular goal, most often “winning” (Freeman, 1984 as cited in Leonard, 2014).

Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated, and often practically rehearsed (Machuki, 2011). Mueller (2010) describe an organizational crisis as ‘a low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly’. Crisis is also a social construction, as (Drennan and McConnell, 2015) point out: individuals view crisis in different ways depending on their own beliefs, interpretations, responsibilities etc. Therefore, crisis management strategy involves the process of identifying a potential issue or threat and coordinating organizational or inter-organizational response as necessary. With regard to crisis management strategy, a key point to emerge from international practice and literature is that although crisis events are unpredictable, they are not unexpected (Ndung’u, 2011).

A three level categorization of crisis can be helpful in thinking about crisis management strategy: level one crisis refers to a crisis within an organization or section which can be resolved within the resources of the organization and which has limited impact outside of the organization (Ndung’u, 2011). Level two crisis refers to a major incident which involves several organizations and impacts on a sizeable part of the community. Multiple resources are needed and there are impacts outside of the organizations involved. Level three crisis refer to a catastrophic emergency event which involves a whole region or

sizeable part of the community (Ndung'u, 2011). Resolution is beyond the application of local resources and the impacts are large scale and system-wide (Leonard, 2014). Leonard (2014) asserts that the all crisis management strategies can be categorized as either adaptive strategies, reactive strategies or proactive strategies. However, other researchers such as Moyeen (2014) assert that crisis management strategies can be categorized into two groups; as either formal crisis management strategies or informal crisis management strategies.

Crisis management steps taken to manage smaller scale crisis within an organization or section are normally similar to those required in larger crisis. The main difference is that cross-cutting teams or initiatives are less needed, and actions regarding preparation, management and evaluation can be managed within the organization. But the same actions described in this report, such as the need for crisis planning, effective leadership and clear communications, still apply whatever the scale of the crisis. The strategy adopted in crisis management involves tackling crisis which may also appear and disappear relatively quickly, with sudden arrival and conclusion. Alternatively, it also involves curbing crisis which may be slower to emerge, giving more time to prepare, and slower to conclude, leaving longer-term issues for organizations and society to deal with (Drennan & McConnell, 2015).

1.1.3 Small and Medium Enterprises in Kenya

An SME is an enterprise which employs fewer than 250 persons and which have an annual turnover not exceeding 50 million euro or an annual balance sheet total not exceeding 43 million euro (Ibtissem & Bouri, 2013). It is estimated that there are 7.5 million SMEs in Kenya, providing employment and income generation opportunities to low income sectors of the economy (Kenya National Bureau of Statistics, 2014). The Sector has continued to play an important role in the economy of this country. The sector's contribution to the Gross Domestic Product (GDP) increased from 13.8 per cent in 1993 to about 40 per cent in 2014.

The Small Enterprise Sector or Informal Sector provided approximately 80% of total employment and contributed over 92% of the new jobs created in 2008 according to the Economic Survey of 2014. The sector therefore plays a key role in employment creation, income generation and is the bedrock for industrializing in the near future (Economic Survey (ES), 2014). Due to their characteristics, SMEs in Kenya suffer from constraints that lower their resilience to risk and prevent them from growing and attaining economies of scale (Economic Survey (ES), 2014). The challenges are not only in the areas of financing investment and working capital, but also in human resource development, market access, and access to modern technology and information. Access to financial resources is constrained by both internal and external factors. Internally, most SMEs lack creditworthiness and management capacity, so they have trouble securing funds for their business activities such as procuring raw materials and products, and investing in plant and equipment (Economic Survey (ES), 2014).

From the external perspective, SMEs are regarded as insecure and costly businesses to deal with because they lack required collateral and have the capacity to absorb only small amount of funds from financial institutions. So they are rationed out in their access to credit because of high intermediation costs, including the cost of monitoring and enforcement of loan contracts. To overcome some of the constraints, the government and other relevant stakeholders have designed programmes and policies that are market driven and market non-distorting to support SMEs (Economic Survey (ES), 2014). Government has, for example, created stable macroeconomic conditions, liberalized the economy, and encouraged the growth of micro-financing business. A law has been enacted to guide the development and sustainability of micro-finance institutions while at the same time allowing them to collect deposits.

1.1.4 Small and Medium Enterprises in Garissa

SMEs in Garissa face terror threats, debt collection, lack of working capital and power interruptions as the top challenges (National Baseline Survey (NBS), 2000). Insecurity, political uncertainty, cost of materials, hawkers, low demand and restrictive by-laws completed the list of ten main challenges facing these businesses (NBS, 2000). Terrorism and insecurity were ranked as the most pressing concern for the SMEs (NBS, 2000).

The contribution of SMEs to the economy is significant. The World Intellectual Property Organization (WIPO) speaks strongly about the positive role SMEs play in creating

wealth and employment. It says that during the years of economic crisis and recession, one robust sector that provides economic growth, increase productivity and employment is that of small and micro enterprises. The micro and small enterprises are mainly run by SMEs. The Organization for Economic Cooperation and Development (OECD, 2004) notes that SMEs have untapped source of economic growth, create new jobs for themselves and others, provide society with different solutions to management, organizations and business problems and exploit entrepreneurial opportunities. Despite encouraging remarks about capacities of SMEs to boost local economy, USAID, (2001) briefs indicate that micro enterprises grow less rapidly and are likely to close sooner than other businesses.

SMEs in Garissa go through similar experiences. Micro entrepreneurs in Garissa face unique challenges because of the geographical location and social set up of their enterprises. They operate in an environment with serious threats from terrorists, poor infrastructure and hazy societal view about their enterprise (Economic Survey (ES), 2014). The effects on their enterprises are slow growth, and limited choices leading to stunting or death of enterprise.

1.2 Research Problem

In recent years, national and international events and the impacts of globalization in areas such as pandemics, climate change and terror attacks have raised the importance of crisis management strategies. A good strategy for crisis management has a particular responsibility to help safeguard the business from the adverse consequences of crisis.

When these responses go wrong, the crisis can escalate. But when the crisis is managed well, the impact of the crisis can be minimized. Starting and operating a small business includes a possibility of success as well as failure. Because of their small size, a weak strategy for crisis management is likely to lead to sure death of a small enterprise hence no opportunity to learn from its past mistakes.

Garissa town is known for harsh climatic conditions and rampant insecurity coupled with other diverse business threats yet there are SMEs there that have withstood the test of time. Therefore, it was necessary to find out how the SMEs in Garissa strategically manage crisis. The small and micro enterprises (SMEs) play an important role in the Kenyan Economy. According to the Economic Survey (2015), the sector contributed over 69 percent of new jobs created in the year 2014. According to Brockner & James, 2008, one of the most significant challenges is the negative perception towards SMEs. Potential clients perceive small businesses as lacking the ability to provide quality services and are unable to satisfy more than one critical project simultaneously. Often larger companies are selected and given business for their clout in the industry and name recognition alone. Lack of planning, improper financing and poor management have been posited as the main causes of failure of small enterprises (Longenecker et al., 2006).

Previous studies have been done concerning SME constraints in Kenya (Oketch, 2000; Chege, 2008; Gitonga, 2008; Tonino, Simone & Elisa, 2010; Musyoka, 2011). Tonino, Simone & Elisa (2010) did a study on small business strategies in times of crisis-empirical evidence from the province of Pesaro-Urbino, Italy. The study adopted a field

survey and a sample of over 300 sectorally different small and micro enterprises affected by the global economic crisis of 2009. Tonino et. al. (2010) study revealed that the strategic responses of small businesses are often defensive and aimed at reducing the impacts of the decrease in turnover and profit margins through rationalization and downsizing strategies. The findings further revealed that some businesses also adopt active response, such as growth through internalization or strategies aimed at redefining the business. Chege (2008) researched on the risk management strategies adopted by equity bank limited and found that the bank has a sound and efficient risk management strategy. However, the study focused on equity bank which is not an SME. Oketch (2000) asserts that lack of credit is one of the most serious constraints facing SMEs and hindering their development. However, Oketch (2000) fails to directly highlight the crisis management strategies adopted by the SMEs in his study, a gap this study sought to fill. Musyoka (2011) studied challenges of crisis management strategy and strategy implementation in Jomo Kenyatta Foundation and found out that that firms in Kenya operate under increasing competitive and ever-changing environment. Gitonga (2008) studied on the various risk management strategies of Family Bank Ltd to competition in the Kenyan banking industry. However, most of these studies fail to focus on SMEs while others that dwell on SMEs fail to outline the specific crisis management strategies adopted by SMEs; a research gap this study sought to fill by focusing on the question: What are the crisis management strategies adopted by SMEs in Garissa town, Kenya?

1.3 Research Objective

The objective of the study was to establish the crisis management strategies adopted by SMEs in Garissa town, Kenya.

1.4 Value of the Study

The findings of this study can contribute to theory building and hence be of interest to both researchers and academicians who seek to explore and carry out further investigations. It can provide basis for further research. The study findings can contribute to theories on: crisis management, strategy formulation and strategy adoption.

The regulators and the policy makers can use the finding of the study to enhance the regulatory framework for crisis management in Kenya. This can be done by providing sources of financing enterprises, ranging from government, to banks and micro-finance institutions for access by micro enterprises. These may relate to regulating those aspects that threaten to adversely impact on the SMEs operations.

The problem and its consequent solution can be relevant to insurance firms and financial institutions targeting the SMEs. An additional beneficiary in this research may include managers of financial organizations that are looking into entering strategic alliances with partners who operate in unrelated businesses so as to overcome competitive challenges posed by crisis management in Kenya. The owners of SMEs can also benefit from the study findings.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the relevant literature and theories that are reviewed to provide a basis for the study. The chapter discusses the theoretical perspectives, crisis management and crisis management strategies.

2.2 Theoretical Perspectives

This research adopts the diffusion of innovation theory by Ryan and Gross (1943). Diffusion of Innovation (DOI) Theory is one of the oldest social science theories. It originated in communication to explain how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. The end result of this diffusion is that people, as part of a social system, adopt a new idea, behaviour, or product. Adoption means that a person does something differently than what they had previously (that is, purchase or use of a new product, acquire and perform a new behaviour and others). The key to adoption is that the person must perceive the idea, behaviour, or product as new or innovative. It is through this that diffusion is possible. A common feature of crisis management strategies is their strong emphasis on efficient dissemination of information and communication between all the relevant participants. Adoption of a new idea, behaviour, or product ("innovation") does not

happen simultaneously in a social system; rather it is a process whereby some people are more apt to adopt the innovation than others.

Researchers have found that people who adopt an innovation early have different characteristics than people who adopt an innovation later. When promoting an innovation to a target population, it is important to understand the characteristics of the target population that will help or hinder adoption of the innovation. This implies that an effective crisis management strategy requires a disciplined and systematic approach based on unconsciousness, management sensitivity and a good understanding of the importance of careful planning and organizational readiness.

There are five established adopter categories, and while the majority of the general population tends to fall in the middle categories, it is still necessary to understand the characteristics of the target population. When promoting an innovation such as a crisis management model, there are different strategies used to appeal to the different adopter categories. Innovators are people who want to be the first to try the innovation. They are venturesome and interested in new ideas. These people are very willing to take risks, and are often the first to develop new ideas. Very little, if anything, needs to be done to appeal to this population. Early adopters are people who represent opinion leaders. They enjoy leadership roles, and embrace change opportunities. They are already aware of the need to change and so are very comfortable adopting new ideas to curb crisis. Strategies to appeal to this population include how-to manuals and information sheets on implementation. They do not need information to convince them to change. Early majority are rarely leaders, but they do adopt new ideas before the average person. That

said they typically need to see evidence that the innovation or crisis management model adopted works before they are willing to adopt it.

Strategies to appeal to this population include successful models of crisis management as depicted in real stories and evidence of the innovation's effectiveness. Late majority are skeptical of change, and will only adopt an innovation after it has been tried by the majority. Strategies to appeal to this population include information on how many other people have tried the innovation and have adopted it successfully. However, laggards are bound by tradition and very conservative. They are very skeptical of change and are the hardest group to bring on board. Strategies to appeal to this population include statistics, fear appeals, and pressure from people in the other adopter groups.

The most important fact to consider in discussing diffusion of innovation theory by Ryan and Gross (1943) is that it is not one, well-defined, unified, and comprehensive theory but a collection of a number of theories, from a wide variety of disciplines, each focusing on a different element of the innovation process, combined to create a meta-theory of diffusion. The most likely reason why there is not a unified theory of diffusion is that the study of innovation diffusion is a fairly recent field. Rogers (1995) points out that a 1943 study by Ryan and Gross at Iowa State University provided the genesis of modern diffusion research. However, there are several limitations of Diffusion of Innovation Theory: it does not foster a participatory approach to adoption of technology programs; it doesn't take into account an individual's resources or social support to adopt the new behavior or innovation.

The study also adopts the open system theory which was initially developed by Ludwig (1956), a biologist, but it was immediately applicable across all disciplines. It defines the concept of a system, where "all systems are characterized by an assemblage or combination of parts whose relations make them interdependent". As one moves from mechanical to organic and social systems, the interactions between parts in the system become more complex and variable. In mechanical systems the parts are highly constrained. In social systems, the connections are loosely coupled. Also important is the flow of materials, energy, and information across system boundaries separating the system from its environment. Simpler systems transmit primarily energy, while higher order systems transmit information.

Open systems like organizations are multi-cephalous: many heads are present to receive information, make decisions, direct action (Hatch, 1997). Individual and subgroups form and leave coalitions. Boundaries are amorphous, permeable, and ever changing. But the system must exchange resources with the environment to survive. Each higher system incorporates the lower systems below it. Therefore, although the science of crisis management helps managers to solve their problems and their internal crisis or organization environmental problems, but dominance on crisis identifying and also applying effective crisis prevention methods, control or neutralization of the crisis is not readily available. In addition, the best option to deal with disaster is disaster prevention and planning. Viewing organizations as cybernetic systems we can see the importance of

policy setting and control centres thus crisis management strategies that guide organizational decision making (Gortner, Julianne & Jeanne, 1997).

2.3 Crisis Management

Crisis management is the art of making decisions to head off or mitigate the effects of such an event, often while the event itself is unfolding (Phelan & Lewin, 2000). This often means making decisions an institution's future while under stress and while lacking key pieces of information. The key to being able to manage a crisis is doing as much planning as practical before a crisis starts in order to best position the business to respond to and mitigate such a situation. Crisis management involves planning, incidence response, and actual management of crisis and business continuity (Mueler, 2010). Planning relates to getting your institution in the best position to react to, and recover from, a crisis. Incident responses are the processes that one has to put into place to ensure that his business reacts properly and orderly to an incident as it occurs (Wootenr, 2008). Actual management takes into account the planning and automatic incident response, but must also dynamically deal with situations as they unfold, often in unpredictable ways.

Business continuity relates to those steps necessary to restore the business to normal functioning (Mueler, 2010). Prevention of all crisis is not the basic purpose of planning and crisis management (Phelan & Lewin, 2000). But constant testing and revision of plans should allow an organization to cope more effectively with crisis that occur, because such efforts help it learn how to "roll with the punches." Prevention and preparation take the form of safety policies, maintenance procedures, environmental-

impact audits, crisis audits, emergency planning, and worker training (Wootenr, 2008). Most important, is that most crisis are preceded by a string of early warning signals. To prevent some major crisis, organizations need only learn to read these early warning signals and respond to them more effectively. There is, in fact, a fundamental paradox connected with crisis management: The less vulnerable an organization thinks it is, the fewer crisis it prepares for; as a result, the more vulnerable it becomes. Conversely, the more vulnerable an organization thinks it is, the more crisis it prepares for; as a result, the less vulnerable it is likely to be (Wootenr, 2008).

Managers, consultants, and researchers have traditionally focused on problems of financial performance and growth, but have paid little heed to the effective management of corporate crisis (Mueler, 2010). The negative effects of organizational and business activities have been treated as minor "externalities" of production (Phelan & Lewin, 2000). It can be argued that until recently, it was unnecessary to focus on such crisis. Today, however, such crisis as climatic threats, insecurity, industrial accidents, and product defects have assumed greater magnitude. The consequences for many corporations and businesses have been near or actual bankruptcy. Corporate crisis are disasters precipitated by people, organizational structures, economics, and technology that cause extensive damage to human life and natural and social environments (Mueler, 2010). They inevitably debilitate both the financial structure and the reputation of a large organization. Consider the following examples: In 1982 an unknown person or persons contaminated dozens of Tylenol capsules with cyanide, causing the deaths of eight people and a loss of \$100 million in recalled packages for Johnson & Johnson (Mueler, 2010). In

1986 a second poisoning incident forced J&J to withdraw all Tylenol capsules from the market at a loss of \$150 million. The company abandoned the capsule form of medication and consequently had to redesign its production facility. The full cost of switching from the production of capsules to the production of other forms of medication was in the range of \$500 million (Ghosh, 2011).

2.4 Crisis Management Strategies

Dealing with crisis is addressing any action that is necessary to reduce the damage and losses caused by the crisis (McCracken & Wallace, 2000). Some organizations have already attempted to develop a crisis management strategy involving a pre-set crisis management plan (CMP) that gives administrators the ability to get desired response (Leonard, 2014). The main objective of CMP is finding the early danger signs of a potential crisis. In other words, it involves the exact public environment study and detection of alarming trends that may threaten the organization. This can somehow be achieved by analysis of strengths and weaknesses, opportunities and threats (SWOT). So there is a good chance that will enable the management to identify warning signs in the organization that indicate crisis in advance. Although the science of crisis prediction is not a strategy in itself, it should be considered as an essential part of crisis management strategies. Looking at crisis management strategy as a continuous process has the implication that an organization should evaluate all its strategies and corrective action taken regularly (McCracken & Wallace, 2000). Crisis management strategy is important in every organization as it enhances a firm's ability to prevent problems by planning for the future. According to Pearce and Robinson (2011), strategic crisis planning sets grand

strategies which are usually long term. The planning process involves coming up with long range crisis management plans or grand strategies (Leonard, 2014).

Early signs of risk are so clear that one cannot ignore, therefore, managers may be forced to intervene; review the symptoms, consult with experts and assess all relevant factors to risk to ensure that signs do not cause the actual crisis (McCracken & Wallace, 2000). With the heavy dependency on information technology (IT) in the firms, information management systems have been widely deployed. Knowledge-based systems can help managers to handle such crises more effectively. The term “Knowledge Management” (KM) is used to describe everything from the application of new technology to harnessing of the intellectual capital of an organization. Knowledge management determines how well an organization plays in strategic planning, decision-making, problems solving, administrative management and reaction in crisis (Kang, 2012).

Crisis management begins with scrutiny of the work plans (Carrel, 2000). The particular novel aspects of modern crisis can be characterized by three key trends. First of all, the causes of crisis tend to be more complex and more difficult to identify. Traditional crisis categories such as natural or human-induced disasters, social conflicts, or external threats due to power politics are only of limited use in understanding modern crisis. Secondly, a transnationalization of crisis can be observed (Kang, 2012). In a global risk society, crisis that are due to threats such as political violence or to disasters stemming from natural or technological causes often affects several states or societies at once. Third, some modern crisis are more difficult to locate on a timeline than earlier ones (Kang, 2012). This devel-

opment also implies that it becomes more difficult to determine the dynamics of crisis developments and the speed at which crisis spreads (Nigel & Sarah, 2005).

In a survey of small engineering firms in Bangladesh, Moyeen (2014) unpublished work found the reasons for lack of formal crisis management strategy in the firms as follows: small business leaders are often more focused on day-to-day operations as opposed to management models and strategic management systems; small businesses have less money to spend on training; and their competitors generally operate the way they do without using crisis management models and implementing improvement systems. Moreover, the study established that entrepreneurs who develop small businesses usually have little desire to establish routine processes and procedures.

Menzel and Günther (2012) also observed lack of formal crisis management strategies in small enterprises in their second-year in-depth qualitative single-case study of 65 employees working in a medium-sized enterprise in Germany. They concurred that strategy making for crisis management in small firms is emergent, adaptive, and based on personal relationships. In another survey of 500 small- and medium-scale manufacturing concerns in the United States of America, Metts (2011) investigated the role of adaptive decision-making as a crisis management strategy and its potential significance in small- and medium-sized manufacturing companies and found that adaptive decision-making plays a significant role in the management of crisis in manufacturing SMEs. He proposes an adaptive decision-making where the managers try to avoid uncertainty by searching for reactive solutions to existing problems. However, the study was also conducted in the

context of a developed country. Besides, the study did not compare whether the adaptive processes led to better performance than other informal modes of managing crisis.

On a slightly different vein, Sidaya (2006) carried out a study whose main purpose was to analyze what strategies small and medium businesses actually adopt when confronted with a major crisis such as a fire, flood, or similar catastrophe and determine what factors proved vital to the survival of the business in Australia. A qualitative approach was taken, which involved interviews and in-depth analysis of 12 case studies. To develop a model, many components of earlier models of strategic management were tested for relevance to the manager during a major crisis in the business. The study found that the owners and managers of small and medium businesses rated the development of a Crisis Management Model (CMM) as a crucial management tool to assist them to fight for the survival of their business following a crisis. Though the study findings were consistent with reactive strategies in the context of crisis management, it concentrated only on a one-off crisis management and not on the day-to-day management experience of small enterprises which this study intends to reveal.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used to carry out the study. It further describes the research design and type of data. It further discusses the study population and focuses on the SMEs in Garissa town. The chapter also describes the source of data and the research instruments that were used to collect data. It also describes the data collection and data analysis method.

3.2 Research Design

The design that was adopted is cross sectional descriptive survey. This design was adopted because it focuses at one point in time. This design is where the researcher interviews a sample group either one by one or as a group at one point in time. A researcher asks a group of respondents a set of questions at one point and analyzes the factors pointed out. This can be administered for a limited period of time as external changes may have effect on attitudes of respondents as time progresses.

Cooper and Schindler (2010) describe a survey as a measurement process used to collect information during a highly structured interview. Zikmund (2003) says surveys provide quick, inexpensive, efficient and accurate means of accessing information about the

population. The greatest strength of a survey is its versatility; all abstract information can be gathered by questioning others.

3.3 Population

The study population was Small and Medium Enterprises based within the Garissa town in Garissa County. The number of Small and Medium Enterprises that were directly targeted in the study were 194 (Economic Survey, 2014) as shown below. The researcher specifically targeted the owners of Small and Medium Enterprises in Garissa town.

Table 3.1 SMEs in Garissa town

SME	Target Population
Beauty and Cosmetics	15
Hawalas	10
Clothes and Fashion	49
Construction companies	11
Food and Beverages	34
Hospitals and clinics	12
Electronics	55
Bookshops	8
Total	194

Source: Economic Survey (2014)

3.4 Data Collection

Primary data was collected in this study. Primary data was collected using a structured questionnaire. The questionnaire was administered through a ‘drop and pick’ method.

This instrument was used because it was appropriate for eliciting prompt responses, it enabled collection of a large amount of data and it also ensured that similar data was

collected from a group then interpreted comparatively. The questionnaires were filled either by the owners or managers of the SMEs.

The questionnaire was divided into two sections. The first section of the questionnaire dealt with the background information of the respondents. The second section of the questionnaire dealt with the crisis management strategies. All the responses from the respondents were thoroughly checked and compared with each other to check for patterns and relationships and also to check for errors and consistency. A 5-Point likert scale was used to measure perception indices.

3.5 Data Analysis

At the end of the data collection exercise the researcher comprehensively inspected and edited the data by checking for completeness of responses, their uniformity and their accuracy. The researcher then organized the data along research objectives so as to identify emerging themes. The researcher then analyzed the data using SPSS. The primary data was coded and checked for any errors and omissions (Kothari, 2007).

Frequency tables and means were used to present the findings. Both descriptive and inferential statistics were used to analyze the data. Descriptive analysis was conducted on primary data whereby mean and standard deviation were used as measures of central tendencies and dispersion respectively. The study also adopted one sample t-test.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The objective of the study was to establish the crisis management strategies adopted by SMEs in Garissa town, Kenya. To achieve this objective, data was gathered using a semi-structured questionnaire targeting SME owners in Garissa town, Kenya. This chapter presents the research findings.

4.2 Response Rate

The study was conducted on 194 respondents who were served with a questionnaire; out of 194 targeted respondents, 178 respondents filled-in and returned the questionnaires which make a response rate of 91.75 %.

4.3 Background Information

The study sought to find out the background information of the study respondents. The study specifically sought to establish the type of business and the duration the business has been existence. Moreover, the study sought to highlight the position of the respondent in the SME, duration the respondent has been with the SME and the education level of the respondent. The results are as discussed.

4.3.1 Type of Business

The question on the type of business the respondent engaged in was an open one. Content analysis was used to list the type of businesses that the respondents engaged in. The study found that the respondent's held various businesses; these were: hawalas, cloth joints, construction, food and beverages, clinics, electronic joints, bookshops and beauty and cosmetic.

4.3.2 Duration of Business Existence

The study sought to find out how long the respondents' businesses had been in existence. The results are as shown in Table 4.1. The study found that 54% of the respondents had been in the business for 3 years, 50% for between four to six years, 11% for seven to ten years, 7% for eleven to fifteen years, 7% for eleven to fifteen years and two percent (2%) for over fifteen years. Therefore most of the respondents (50%) had been in the business for four to six years and this is an indication that the respondent were in business long enough to give credible information concerning risk management to the study.

Table 4.1: Duration of Business Existence

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-3yrs	54	30.34	30	30
	4-6yrs	89	50.00	50	80
	7-10yrs	20	11.24	11	91
	11-15 yrs	11	07.18	7	98
	Above 15	4	02.25	2	100.0
Total		178	100.0	100.0	

Source: Research Data (2015)

4.3.3 Position Held in the Business

The study sought to find out the position of the respondents in the business. The results are shown in Table 4.2. On the position held by the respondents in the business, majority of the respondents (80%) were the business owners while only 20% were managers.

Table 4.2 Position held by the Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Owner	142	79.78	80	80
	Manager	36	20.22	20	100
	Total	178	100.0	100.0	

Source: Research Data (2015)

4.3.4 Duration Manager has been in that Position

The study sought to determine the number of years the managers have been in the position. The results are shown in Table 4.3. From the findings, the study found that most of the managers (75%) had been in that position for between four and six years while the rest had been in that position for less than four years. Since managers are often involved in day to day operations of the SMEs, this is a clear indication that most of the managers had worked in the SMEs long enough to be able to comprehend the crisis situations and the crisis strategies in relation to the businesses.

Table 4.3 Duration the Manager has been in that Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-3yrs	9	25.00	25	25
	4-6yrs	27	75.00	75	100
	Total	36	100.0	100.0	

Source: Research Data (2015)

4.3.5 Highest Level of Education

The study requested the respondent to indicate their highest levels of education. The findings are shown in Table 4.4. From the findings, the study found that 405 of the respondents had certificate qualifications, 30% percent had diploma qualifications, 24% had degree qualifications and 6% had post graduate qualifications. Most of the respondents were either certificate or diploma holders. This is an indication that majority of the respondents were literate and with a grasp of crisis management tips.

Table 4.4 Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate	71	40.57	40	40
	Diploma	52	29.71	30	70
	Degree	42	24.00	24	94
	Post graduate	10	05.71	6	100
	Total	175	100.0	100.0	

Source: Research Data (2015)

4.4 Crisis Situations facing the Small and Medium Enterprises

The study sought to determine the crisis situations that face the respondents' businesses. To achieve this objective, respondents were provided with ten (10) descriptive statements with regard to crisis situations as per the reviewed literature. The results are shown in Table 4.5. These statements were then used to solicit the respondents' views on a 5 point Likert scale (where 1=not at all, 2= to a small extent, 3= to a medium extent, 4= to a large extent and 5= to a very large extent).

The data analysis entailed one- sample t test at value 3. The test value of 3 was chosen because it was the midpoint of the 5 point Likert scale that was used in the questionnaires. The one-sample t test generated mean scores, t values and significance levels at P=0.05 (95% Confidence level). A t-value above 3 indicates that the crisis situation affects the SMEs to a large extent. The mean score value indicates the rating of the crisis situations by the respondents as to the extent to which the crisis situations affect the SMEs.

Table 4.5 Crisis Situations in the SMEs

Crisis Situation	N	Mean	t-value	Sig.
Terror attacks	178	3.99	5.426	.000
Harsh weather conditions	178	3.94	3.272	.000
Political instability	178	3.67	3.751	.001
Robbery incidents	178	3.70	3.898	.001
Fire outbreaks	178	3.57	3.881	.001
Employee thefts	178	3.51	3.50	.003
Inter clan rivalry	178	3.77	3.34	.001
Technological development	178	3.65	1.421	.003
Financial crisis	178	3.86	4.076	.000
Competitor factor	178	3.79	5.218	.000

Source: Researcher Data (2015)

From the findings on the various crisis situations that affected the small and medium enterprises, the study revealed that the following crisis situations affect the Small and medium enterprises. They include: terror attacks as shown by mean of 3.99, harsh weather conditions as shown by mean of 3.94, financial crisis as shown by mean of 3.86, competitor factor as shown by mean of 3.79, inter-clan rivalry as shown by mean of 3.77, robbery incidents as shown by mean of 3.70, political instability as shown by mean of

3.67, technological development as shown by mean of 3.65, fire outbreaks as shown by mean of 3.57 and employee theft as shown by mean of 3.51. It can thus be concluded that all the crisis situations mentioned affect the SMEs in Garissa town.

Key findings from one-sample t test indicate that almost all factors under consideration in this study registered a mean score of more than three, which suggests that these mean score are statistically significant from the mid-point (3).The implication of this is that most respondents felt that these factors are actually crisis situations affecting the SMEs to a larger extent. Those crisis situations that stood out above the rest, registering higher levels of significance include: terror attacks, financial crisis, harsh weather conditions and competitor factor. However, some crisis situations were deemed to be less occurring by the SMES, registering lower levels of significance, these include: employee theft and technological development.

4.5 Crisis Management Strategies Adopted

The objective of this study was to establish the crisis management strategies adopted by SMEs in Garissa town, Kenya. To achieve this objective, respondents were provided with nine (9) descriptive statements with regard to strategies used to manage crisis as per the reviewed literature. These statements were then used to solicit the respondents' views on a 5 point Likert scale (where 1=not at all, 2= to a small extent, 3= to a medium extent, 4= to a large extent and 5= to a very large extent).

The data analysis entailed one- sample t test at value 3. One- sample t test was carried out because the effective sample was 178, hence appropriate. The test value of 3 was chosen because it was the midpoint of the 5 point Likert scale that was used in the questionnaires. The one-sample t test generated mean scores, t values and significance levels at P=0.05 (95% Confidence level). A t-value above 3 indicates that the crisis management strategy is adopted by the SMEs to a large extent. The mean score value indicates the rating of a strategy by the respondents as to the extent to which the strategy is adopted to manage crisis in the SME. Findings of the study are presented in Table 4.6.

Table 4.6 Crisis Management Strategy

Factor	N	Mean	t-value	Sig.
My business uses information management system to manage crisis	178	3.23	1.612	.001
A regular plan for managing crisis has been done for my business	178	3.66	3.272	.003
Generally, crisis management is on one-off basis for my business	178	3.93	5.653	.000
My business employs pro-active approach in an effort to curb crisis	178	3.77	5.426	.000
My business adopts a borrowed crisis management model to manage crisis	178	3.80	4.252	.000
My business employs re-active approach in an effort to curb crisis	178	3.97	6.547	.000
The best strategies ever used to manage crisis in my business are purely informal	178	3.60	3.525	.001
Adaptive decision making is preferred for managing crisis my business	178	3.67	4.325	.000
My business has a pre-set crisis management plan to manage crisis	178	3.28	1.767	.003

Source: Research Data (2015)

Key findings from one-sample t test indicate that the higher the mean scores, the higher the t-value and consequently the higher the significance level. Almost all factors under consideration in this study registered a mean score of more than three, which suggests that these mean score are statistically significant from the mid-point (3).The implication of this is that most respondents felt that these factors are actually crisis management strategies adopted by the SMEs to a larger extent. The strategies adopted are: reactive approach with a mean of 3.97, one-off basis with a mean of 3.93, borrowed crisis management model with a mean of 3.80 and proactive approach with a mean of 3.77.

It also emerged that most of these strategies were largely internal. Those that stood out, registering higher levels of significance include: generally crisis management is on one-off basis, business employs pro-active approach in an effort to curb crisis, business adopts a borrowed crisis management model to manage crisis, business employs re-active approach in an effort to curb crisis and adaptive decision making is preferred for managing crisis.

4.6 Differences in Crisis Management Strategies Adopted

The study sought to determine whether or not differences in crisis management strategies adopted by SMEs were significant. The output in ANOVA given in Table 4.7 compares the calculated ratios with their corresponding table values (f -critical) at 5% level of significance ($F_{0.05}$). The ratio was used to judge whether the difference in crisis management strategies adopted among and within the SMEs was significant.

Table 4.7: ANOVA Two- Factor without Replication

Source of variation	SS	df	MS	F	P value	f crit.
Rows	35.48	7	5.07	21.13	8.03 E-11	2.29
Columns	1.44	5	0.29	1.20	0.33	2.49
Error	8.40	35	0.24			
Total	45.31	47				

Source: Research Data (2015)

The rows relate to inter-SME comparison whereas the columns relate to comparison with crisis situations within the SMEs. This comparison was against the extent of adoption of crisis management strategies. An analysis of the rows show that the calculated value of $f=21.13$ is higher than its Table value ($f=2.29$). This implies that there is a significant difference among the SMEs concerning their crisis management strategies. The analysis of the variation within columns however shows that there is no significant difference within SMES with regard to crisis situations since the f-ratio (1.20) is less than the calculated value (f critical = 2.49). Therefore, SMEs in Garissa town are affected by the same crisis situations. However, there occurs no significant difference in the type of crisis management strategies adopted by the SMEs in Garissa town.

4.7 Discussion of Findings

In this study, most respondents felt that crisis management strategies are actually adopted by the SMEs to a larger extent. Nzengya (2013), in his study, strategic management of crisis among commercial banks in Kenya, found out that 26 (87%) of the banks had crisis management strategies while 4 (13%) had no crisis management strategy at all.

This indicates that majority of the banks surveyed had some form of crisis management strategy. However, Nzengya's (2013) result contradicts with this research's findings since the findings of this research indicate that all SMES were involved in at least some form of crisis management strategy. Another study by Koske (2003) focused on adoption of crisis management strategy and its challenges at Telkom Kenya Limited. Koske (2003) found out that the organization experienced only financial crisis and did not have any documented crisis management strategy that had been adopted. These findings largely contradict this study.

Another study by Kurendi (2013) on the factors that influence implementation of crisis management strategies among flower firms in Naivasha, Kenya had similar results to the current study. The study found that both internal and external risk situations occur in the flower firms and that most of the firms had adopted crisis management strategies to a large extent. However, the study further revealed that whilst flower firms do document their crisis management strategies, effective implementation was a big hurdle, highlighting factors such as top management commitment, existing legal requirements and existence of budgetary allocation as those factors that affect implementation of crisis management strategies.

Onyango (2012) focused on factors influencing implementation of crisis management strategies at the Kenya Sugar Industries. The study found out that reactive approach, one-off basis and borrowed crisis management model were the most used methods for

managing crisis in the sugar industries. These findings too, are supported by the findings of this study.

When crisis management strategies are adopted, they become an integral part of the systems that constitute the running of an SME. This relates to the open system theory by Ludwig (1956) that views systems as characterized by an assemblage or combination of parts whose relations make them interdependent. Moreover, the adoption of the crisis management strategies does not happen simultaneously in a social system; rather it is a process whereby some people are more apt to adopt the innovation than others. Therefore, the respondents in the study comprise of innovators, early adopters or late adopters of crisis management strategies; which is in line with diffusion of innovation theory by Ryan and Gross (1943).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objectives of the study. The researcher had intended to determine the crisis management strategies adopted by Small and medium enterprises in Garissa town, Kenya. This chapter also highlights the limitations of the study and recommendations for further research and for policy and practice.

5.2 Summary of Findings

From the findings on the various crisis situations that affected the small and medium enterprises, the study revealed that the following crisis situations, from the most influential to the least influential, affect the Small and medium enterprises. They include: terror attacks, harsh weather conditions, financial crisis, competitor factor, inter-clan rivalry, robbery incidents, political instability, technological development, fire outbreaks and employee theft.

Key findings from one-sample t test indicate that almost all factors under consideration in this study registered a mean score of more than three, which suggests that these mean score are statistically significant from the mid-point (3).The implication of this is that

most respondents felt that the crisis situations actually affect the SMEs and the crisis management strategies are actually implemented to a larger extent by the SMEs.

Those crisis situations that stood out above the rest, registering higher levels of significance include: terror attacks, financial crisis, harsh weather conditions and competitor factor. However, some crisis situations were deemed to be less occurring by the SMES, registering lower levels of significance, these include: employee theft and technological development. Those that stood out, registering higher levels of significance include: generally crisis management is on one-off basis, business employs pro-active approach in an effort to curb crisis, business adopts a borrowed crisis management model to manage crisis, business employs re-active approach in an effort to curb crisis and adaptive decision making is preferred for managing crisis.

From the ANOVA table, analysis of the rows showed that the calculated value of $f=21.13$ was higher than its table value ($f=2.29$). This implies that there was a significant difference among the SMEs concerning their crisis management strategies. The analysis of the variation within columns however showed that there was no significant difference within SMES with regard to crisis situations since the f -ratio (1.20) was less than the calculated value (f critical = 2.49). Therefore, SMEs in Garissa town are affected by the same crisis situations. However, there occurs no significant difference in the type of crisis management strategies adopted by the SMEs in Garissa town.

5.3 Conclusion

From the findings on the various crisis situations that affected the small and medium enterprises, the study revealed that the following crisis situations, from the most influential to the least influential, affect the Small and medium enterprises. They include: terror attacks, harsh weather conditions, financial crisis, competitor factor, inter-clan rivalry, robbery incidents, political instability, technological development, fire outbreaks and employee theft. These findings are similar to those of Kurendi (2013) who also found that both internal and external risk situations occur in the flower firms in Naivasha, Kenya.

Key findings from one-sample t test indicate that almost all factors under consideration in this study registered a mean score of more than three, which suggests that these mean score are statistically significant from the mid-point (3).The implication of this is that most respondents felt that the crisis situations actually affect the SMEs and the crisis management strategies are actually implemented to a larger extent by the SMEs. These findings contradict those of Nzengya's (2013) whose research found out that close to 13% of banks had no sense of crisis situations at all.

Those crisis situations that stood out above the rest, registering higher levels of significance include: terror attacks, financial crisis, harsh weather conditions and competitor factor. However, some crisis situations were deemed to be less occurring by the SMES, registering lower levels of significance, these include: employee theft and technological development. Those that stood out, registering higher levels of significance

include: generally crisis management is on one-off basis, business employs pro-active approach in an effort to curb crisis, business adopts a borrowed crisis management model to manage crisis, business employs re-active approach in an effort to curb crisis and adaptive decision making is preferred for managing crisis. These findings contradict those of Koske (2003) who found out that the organization experienced only financial crisis and did not have any documented crisis management strategy that had been adopted

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5.4 Implications of the Study to Theory, Policy and Practice

From the study, it is evident that a wide range of crisis management strategies are applicable to a firm that wants to succeed in attaining a competitive position in the market. This implies that the SMEs should try to explore a crisis managements strategy

that is effective and not easily imitated by the competitors. The crisis management strategic responses team or committee should be set up by SMEs in Garissa town to detect, plan and manage any crisis. Moreover, the SME owners and managers should focus on crisis management strategies that benefit their businesses through reduced risk at the least cost possible.

In terms of policy, the study findings shed light on the importance of pro-active strategies for managing crisis. Moreover, the findings root for adaptive decision making as a policy framework for crisis riddled markets. Through the already established relationship between crisis situations and management in response to crisis situations, an effective and efficient crisis management policy can be drafted.

Theories on crisis management, crisis management strategy and SME management can be advanced from the findings of this study. This is so because good crisis management strategy can contribute to growth, profitability, market penetration, cost-reduction, cutting-edge differentiation of products and sustainable competitive advantage of the SMEs. Therefore the findings shape the theories that link crisis management to strategy adoption.

5.5 Limitations of the Study

After evaluating the results of this study, the following limitations should be kept in mind. The limitations take on conceptual, contextual, and methodological manifestations.

Conceptually, the study only focused on crisis management strategies adopted by SMEs in Garissa town, Kenya, and that there was no link to their performance. It would have been momentous to relate the crisis management strategies to the performance of the SMEs in Garissa town.

Contextually, the study was limited to SMEs from Garissa town in Kenya, and therefore these findings may not represent the state of SMEs in the whole country. Moreover, the study focused on Garissa town and not Garissa County; therefore the findings may not reflect the situation on the entire County.

Methodologically, that this study relied on SME owners and managers to fill the questionnaires, and now in the absence of the interviewer, these questionnaires could have been filled by other subordinate staff, who might not be actively involved in the management of actual crisis, therefore creating a source of bias.

5.6 Suggestions for Further Studies

This study has led to identification of various areas that should be studied on to broaden the work done on crisis management strategies adopted by SMEs in Kenya. The researcher suggests that further research should be done on the challenges to crisis management strategy implementation.

Moreover, the study suggests that future studies on crisis management strategy should focus on youth based SMEs in particular. This is because the youth are the backbone of entrepreneurship which is directly linked to business strategy.

Finally, the study suggests that future studies should adopt longitudinal approaches. Longitudinal approaches should be adopted in order to analyze the effect of the crisis management strategies over several rounds.

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APPENDICES

Appendix I: Letter of Data Collection


UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
KISUMU CAMPUS

Telegrams: "Varsity" Nairobi
Fax: 4181650
Kisumu, Kenya
Telex: 22095Varsity
Mobile: 0720348080
Email: ajaleha@uonbi.ac.ke

P.O Box 19134-40123
Kisumu, Kenya

Date: 26th September, 2015.

TO WHOM IT MAY CONCERN

The bearer of this letter Kouko Diana Olga
REGISTRATION NO: D61/63679/2010

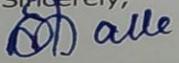
The above named student is in the Master of Business Administration degree program. As part of requirements for the course, she is expected to carry out a study on **"Crisis management strategies adopted by small and medium enterprises in Garisa Town, Kenya."**

She has identified your organization for that purpose. This is to kindly request your assistance to enable her complete the study.

The exercise is strictly for academic purposes and a copy of the final paper will be availed to your organization on request.

Your assistance will be greatly appreciated.

Thanking you in advance.

Sincerely,

MR. CHARLES DEYA
ADMINISTRATOR, SOB, KISUMU CAMPUS

CO-ORDINATOR
26 SEP 2015
SCHOOL OF BUSINESS
KISUMU CAMPUS
UNIVERSITY OF NAIROBI

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Appendix II: Questionnaire

SECTION I: BACKGROUND INFORMATION

1. What business do you engage in -----

2. How long has your business been in existence?
0-3yrs [] 4-6 [] 7-10 [] 11-15 [] Over 15 []
3. What position do you hold in the business?
Owner [] Manager []
4. If Manager, how long have you been in this position?
0-3yrs [] 4-6 [] 7-10 [] 11-15 [] Over 15 []
5. What is your highest level of education?
Certificate [] Diploma [] Degree [] Post-graduate [] Other []

SECTION II: Crisis Situations Facing the SME's

6. Please indicate the extent to which each statement presents a crisis situation to your business
1=Not at all; 2=Small extent; 3=Medium extent; 4=Large extent; 5=Very large extent

Crisis Situations	1	2	3	4	5
Terror Attacks					
Harsh Weather Conditions					
Political Instability					
Robbery Incidents					
Fire Outbreaks					
Employee Theft					
Inter Clan Rivalry					
Technological Developments					
Financial Crisis					
Competitor Factor					

SECTION III: Crisis Management Strategy

7. Please indicate the extent to which your business adopts the following strategies to manage crisis.

1=Not at all; 2=Small extent; 3=Medium extent; 4=Large extent; 5=Very large extent

Descriptive statements	1	2	3	4	5
My business uses information management system to manage crisis					
A regular plan for managing crisis has been done for my business					
Generally, crisis management is on one-off basis for my business					
My business employs pro-active approach in an effort to curb crisis					
My business adopts a borrowed crisis management model to manage crisis					
My business employs re-active approach in an effort to curb crisis					
The best strategies ever used to manage crisis in my business are purely informal					
Adaptive decision making is preferred for managing crisis my business					
My business has a pre-set crisis management plan to manage crisis					