STRATEGIC ISSUE MANAGEMENT PRACTICES AT THE KENYA POWER & LIGHTING COMPANY LTD

BY

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DECLARATION

This research project is my own original work and has not been presented for a degree in any other University or Institution of higher learning.

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D61/71576/2008  

This research project has been submitted for Examination with my approval as University Supervisor.

SIGNED: ............................................ DATE: .......................  

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DEDICATION

This study is dedicated to my parents and friends who bring me immense source of joy and fulfilment.
ACKNOWLEDGEMENTS

I am deeply indebted to Mr. Jeremiah Kagwe for his guidance, patience and insightful input from the commencement of this project to its completion. I wish also to express my appreciation to the School of Business, MBA lecturers without whose enormous contribution in class sessions, this work would have not been possible.

I am also grateful to my entire family members. Their encouragement, patience and understanding were attributes without which I would not have successfully completed the project.

I have also received support and motivation from several fellow MBA students during class sessions, group discussions and project writing. Their handwork and determination gave me the energy to persevere to the end.

The staff of KPLC who willingly and heartily expended their time and effort to be interviewed made it possible for me to come up with the research findings.

Finally and most importantly, I wish to express my deep and heartfelt appreciation to the Almighty God who has graciously made it possible for me to cross the important milestone in my life.
ABSTRACT
Strategic issue management is the systematic organizational environmental surveillance and filtering processes embedded in the organizational structure. The objective of the study was to establish the strategic issue management practices employed by Kenya Power and Lighting Company Ltd. The study utilized a case study research design. The researcher used primary data, which is information collected for the first time. The interview guide method was used to collect data from selected respondents from KPLC. The data collected was reliable, accurate and very effective making the research findings correct. The study targeted 10 respondents who included the regional managers, the marketing manager, the corporate planning manager and several departmental heads to gauge their involvement in strategic issue management process and taking into account that they constitute the task force to resolve strategic issues or are the people who select an appropriate task force. The data collected using the interview guide was analyzed qualitatively using content analysis. From the findings, all of the respondents agreed to their knowledge of KPLC having clear vision and strategy that had been communicated to all staff. In addition there is staff involvement in various stages of the formulation of the strategic plan at KPLC given that they are from different backgrounds and that the stakeholders consulted in the writing process of strategic plan. From the findings, all respondents came out clearly to state that both strategic and operational issues were important to the success of the business. In addition, challenges involving time and prioritization were the most common. In conclusion, this study expands on strategic issues management literature by examining the practices in place (if any), how new communication technologies, especially social networking, are used for the purpose of managing organizational strategic issues. Overall, although KPLC has significant limitations in employing strategic issues management practices as there is no clear cut process laid down and documented it seems to be spontaneous process. For KPLC to succeed in its response to strategic issues, it should involve all managers in the strategic issue management to give them adequate decision making authority in the implementation of the strategies and have a documented procedure on how to handle strategic issues.
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## ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>SIM</td>
<td>Strategic Issues Management</td>
</tr>
<tr>
<td>EAP&amp;L</td>
<td>East African Power and Lighting Company</td>
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<td>KPC</td>
<td>The Kenya Power Company</td>
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<td>KPLC</td>
<td>Kenya Power and Lighting Company Limited</td>
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<td>KenGen</td>
<td>Kenya Generating Company Limited</td>
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<tr>
<td>GDC</td>
<td>Geothermal Development Company</td>
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<tr>
<td>KETRACO</td>
<td>Kenya Electricity Transmission Company</td>
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<tr>
<td>MOE</td>
<td>Ministry of Energy</td>
</tr>
<tr>
<td>ERC</td>
<td>Energy Regulatory Commission</td>
</tr>
<tr>
<td>IPPs</td>
<td>Independent Power Producers</td>
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<td>SAPP</td>
<td>Southern African power pool</td>
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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategic issue management is one set of organizational procedures, routines, personnel, and processes devoted to perceiving, analyzing and responding to strategic issues (Dutton & Ottensmeyer, 1987). This management system enhances an organization’s capacity to adapt and learn more effectively (Dutton & Jackson, 1987). Ansoff (1980) proposed SIM as a product of evolution of strategic management. He wrote the need of SIM as below: The concept of strategic issues first appeared during the evolution of strategic planning. When strategic planning was first introduced in practice, the experience quickly showed this to be both impractical and unnecessary. Impractical because strategy revision is an energy and time absorbing exercise which, if conducted annually, overloads management. Unnecessary because a strategy is a long term thrust which takes several years to implement. Unnecessary annual revisions, instead of improving a strategy, will cause vacillations in managerial behavior and prevent a fair test of strategy (Ansoff, 1980).

The involvement of the organization and its actors can vary widely in different modes of strategic issue management. Group composition is likely to play a significant role both in the way strategic issues are processed and how good the decisions reached are (Jackson, 1992). For example, the diversity of participants is likely to lead to a greater number of strategic issues with broader scope identified (Dutton & Duncan, 1987). Diversity can be the result of the involvement of, for example, both staff and line managers Dutton & Duncan, (1987), multiple organizational layers including middle
management Floyd & Wooldridge, (1997), or visiting substance matter experts (Kajanto et al., 2005). However, deep and diverse participation may consume excessive managerial resources, increase the time needed to reach the decision, and reduce the number of strategic issues that can be handled concurrently (Kajanto et al., 2004). Nonetheless, for example Kajanto et al. (2005) have found evidence that the size and composition of the strategic issue management taskforces impacts decision quality and impact, implying that it is worthwhile to consider the optimal organization and staffing of the taskforces working on the strategic issues.

The effects of strategic issue management activities on corporate and technological reputation of the firm; Ansoff, (1984) defined 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. A collection of these issues is the key strategic issues list. According to Ansoff, (1984) a strategic issue was something that needs management attention outside the calendar driven planning cycle, sometimes as a result of surprising events (Ansoff, 1975). Dutton and Duncan, (1987) extended the idea by discussing a strategic issue array, a set of strategic issues that emerge as a result of strategic planning and as input to initiation and implementation of strategic change. Ansoff, (1984) also put forward the concept of strategic issue management system (SIMS) which he defined as a system with which a firm processes its strategic issues. He defined its content and relationship to strategic planning, responsibilities of the players involved as well as tools to be used. Regarding its
implementation he stated that “the acceptance of SIM by top management is the major problem to solve”.

Ansoff strategic issues and issue management systems have been extensively studied by Dutton et al. (Dutton, 1993). These studies have discussed strategic issue diagnosis (Dutton et al., 1983); strategic issues categorization; influence of the strategic planning process on strategic change; forms, functions, and contexts of strategic management systems; the role of uncertainty and feasibility on the patterns of interest around issues, discerning threats and opportunities; and selling issues to top management (Dutton et al., 1993).

Strategic issues management is a managerial function that helps corporations identifies, analyze, and respond to social and political concerns that can significantly affect them (Greening and Gray, 1994). Due to the potential of issues management activities to influence organizational outcome variables, the function has received generous attention from strategic management scholars, as evidenced by a steady stream of publications on the topic (O’Neill, Hayes, and Wierba, 1997).

1.1.1 **Strategic Issue Management**

Strategic issue management is the systematic organizational environmental surveillance and filtering processes embedded in the organizational structure. Issue management can actualize knowledge trivial but not insignificant knowledge for organization into performance advantage. As the first part of the paper proposed, filtering processes are the organizational reality. It is given. Managers cannot do without this reality. However, the more efficient and effective information processes may give a performance
advantage. Because of this, issue management is critically important in the knowledge management. Issue management can bestow the knowledge creation and distribution in a more structured manner. It can also minimize organizational resistance by institutionalizing knowledge-based hierarchy.

Issue management presents an organizational challenge because its purpose is to detect ‘weak’ and ‘not so obvious’ signals from the environment. It also entails individual as well as organizational challenges. These systems (SIMS) require ‘non-traditional’ modes of thought, posing significant organizational and individual challenges that are difficult, if not impossible, to overcome using traditional approaches to implementation. In fact, most organizations implicitly reject the sort of thinking and organizing required for effective issue management because they tend to break with the status quo of how they deal with information gathering, processing and dissemination. Ansoff’s, (1980) framework for strategic issue management is a formalised system for monitoring developments, assessing their impact and urgency, and assigning actions and responsibilities. Ansoff proposes his strategic issue management framework as a complement to periodic strategic planning. In fact, Strategic issue management allows the company to react to departures from historical dynamics of the organisation’s development, but it does not allow the management to rethink and redefine these dynamics (as periodic planning does).

The significance of cognitive theory for strategic issue management lies in its relationship to the information processing of individuals. The, knowledge structures can
be seen as mental templates that individuals impose on an information environment to give it form and meaning, and that they affect information processing in predictable ways (Walsh, 1995). The meaning that the strategist gives to a strategic issue depends on the knowledge structures and categories used to describe it. The concept of cognitive categories is assumed to strategic issue management from categorization theory Mervis & Rosch, (1981) of cognitive psychology. Through cognitive taxonomies, organizations make sense of the environmental diversity and define, among others, competition (Porac et al., 1989). Decision makers may also alter their perceptions of the environment so that it appears more certain Weick, (1995), because the psychological state of uncertainty regarding an important decision is extremely painful. Fahey and Narayanan’s, (1989) empirical work suggests that cognitive structures and the environment are not necessarily congruent, leading to both under-identification as well as over-identification of environmental factors.

1.1.2 The Strategic Issue Management Practices

Academic research has attempted to provide its share of material to deepen the understanding of management of strategic issues. Early contributions in the domain of organizational decision making March & Simon, (1993) have been complemented with research specifically in the area of strategic issue management (Dutton & Ottensmeyer, 1987). These later contributions, with the attention-based view of (Ocasio, 1997), have formalized the notion of strategic issue management as well as under-scored the role of managerial cognition and attention allocation. At the same time, some inroads have been made in other areas of research into managerial cognition (Gilbert, 2006). Notwithstanding the progress thus far, understanding of strategic issue management in
corporations still remains somewhat limited. From a managerial standpoint, the solutions to tackle the problem of managing emerging strategic issues are still almost non-existent (Kajanto et al., 2004). There are only a few practical approaches to capture the relevant information in the front-line, interpret the information amongst top and middle management, and to make informed judgments and elicit responses. This is not least due to the lack of research in real-life organizational contexts.

From the academic perspective, the extant research has taken a piecemeal approach to strategic issue management: It has tended to study strategic issues as occurring as single, isolated incidents. In so doing, the research has failed to appreciate a number of aspects in the strategic issue management process. First, the extant research has over-looked the fact that strategic issues, which by their very nature are inherently complex, ambiguous and equivocal, cannot be identified, interpreted and resolved instantaneously. Rather, truly strategic issues may need time to develop in the minds of the organizational decision makers, before their resolution can even be attempted. Furthermore, the same strategic issue may continue to exist for the organization even if actions are taken to resolve it in-fact, resolution of a strategic issue can come in incremental steps rather than in a discontinuous fashion. Second, by looking at solitary strategic issues, the extant research has not fully taken into account the limited capacity of organizational decision makers to attend to strategic issues. A plethora of accounts have discussed the limited capacity of information processing both on the individual and organization levels Ocasio, (1997), yet there has been few attempts to research how the scant cognitive resources of particularly top management are allocated to the repertoire of strategic issues that the organization faces (notable exceptions include, Gilbert, (2006); Kaplan,
Moreover, this allocation of attention and resources is by no means static, but changes over time as the environment and internal context for the strategic issues changes.

1.1.3 The Power Industry in Kenya

The history of Kenya’s power sector can be traced back to 1922 when the East African Power and Lighting Company (EAP&L) was established through a merger of two companies. These were: the Mombasa Electric Power and Lighting Company established in 1908 by a Mombasa merchant Harrali Esmailjee Jeevanjee and Nairobi Power and Lighting Syndicate also formed in 1908 by engineer Clement Hertzel. The Kenya Power Company (KPC) was later formed in 1954 as a subsidiary of the EAP&L with the sole mandate of constructing electricity transmission lines between Nairobi and Tororo in Uganda. This infrastructure was mainly to enable Kenya import power from the Owen Falls Dam in Uganda. With many operations of EAP&L largely confined to Kenya, the company finally changed its name to Kenya Power and Lighting Company Limited (KPLC) in 1983. KPC was 100% government owned. Following the structural adjustments program in the 1990s, the Government of Kenya officially liberalized power generation as part of the power sector reforms in 1996. Among the first reforms to take place was the unbundling of the state utility in 1997. Kenya Generating Company Limited (KenGen) which remained entirely state owned became responsible for the generation assets while KPLC assumed responsibility for all distribution and transmission (KPLC Financial report, 2012).
The Electricity Regulatory Board was also established under the 1997 electric power Act as the sub sector regulator. Reforms in the power sector have continued to take place especially with energy policy development of 2004 and the subsequent enactment of the energy Act of 2006 which established the Energy Regulatory Commission and the Rural Electrification Authority. The sessional paper No 4 of 2004 on energy also provides for the creating of the Geothermal Development Company (GDC) and Kenya Electricity Transmission Company (KETRACO). GDC is a special purposes vehicle for geothermal resource development and KETRACO is a state owned transmission company.

The reforms in the energy sector have seen a complete reorganization of functions hitherto concentrated in the ministry of energy and the Kenya Power and Lighting Company Limited. This was a result of the need to place responsibilities to specific institutions that would specialize in the mandates vested in them under the Energy Act to enhance efficiency. Accordingly these were unbundled into generation, transmission, distribution, oversight and policy functions. The institutional structure in the electricity sub sector in Kenya comprise the Ministry of Energy (MOE), Energy Regulatory Commission (ERC), Kenya Electricity Generating Company (KenGen), Kenya Power and Lighting Company (KPLC), the Rural Electrification Authority (REA), Kenya Electricity Transmission Company (KETRACO), Geothermal Development Company (GDC) and Independent Power Producers (IPPs).

Resulting from the current regional integration and the need to build synergies with other countries in the region in power development, the government has committed itself
to entering into mutually beneficial regional interconnections with other African countries. As a result, the regional power market is progressively evolving into a power pool with the anticipated interconnections with Ethiopia, Tanzania and other Southern African power pool (SAPP) countries and strengthening of the interconnection with Uganda. Hydropower constitutes 48% of the installed capacity and accounted for 33% of the total sales in 2009/10. The low energy contribution can be attributed to poor dam flows occasioned by the 2009 drought. Thermal, Geothermal, Cogeneration and wind generation account for 37%, 13%, and 2% (combined wind and cogen) of the installed capacity respectively.

The national grid impacts on the future growth of the energy sector because any new generation capacity must take into consideration the existing network and its capacity to handle new loads. KPLC reinforces the power transmission and distribution network by constructing more lines and substations. Although the network has been growing at an average rate of 4 per cent over the past five years, lack of funds has hampered accelerated expansion. There are, however, plans to expand it substantially to ensure reliable energy transmission. These include the ongoing construction of 132 kV transmission from Kipevu to Rabai, and the planned 220kV line from Kiambere to Nairobi.

Efficiency of the transmission and distribution network continues to be enhanced in both technical and non-technical aspects. Planned technical improvements include re-conductoring of lines, installation of capacitors, and construction of additional feeders and substations. Non-technical improvements include introduction of electronic meters,
improvement of meter reading accuracy, fraud control and resolution of billing anomalies. KPLC is also undertaking a loss-reduction study to complement measures aimed at reducing the total system losses, currently at around 20 per cent. KPLC has more than 550,000 customers who consume an average of 3.6 billion kilowatt hours of electricity every year (KPLC Financial report, 2012).

1.1.4 Kenya Power and Lighting Company Ltd

The Kenya Power and Lighting Company Ltd is a key player in the electric power supply sub sector with the mandate to purchase bulk electricity supply, transmit, distribute and retail electricity to end use customers throughout Kenya. To provide world class power that delights and powering people for better lives. To efficiently transmit and distribute high quality electricity throughout Kenya at cost effective tariffs; to achieve the highest standards of customer service; and to ensure the company long term technical and financial viability. The Kenya Power & Lighting Company is committed to providing high quality customer service by efficiently transmitting and distributing high quality electricity that is safe, adequate and reliable at cost effective tariffs.

The Board, Management and staff of KPLC are committed to effective implementation and continual improvement of the Quality Management System that complies with ISO 9001:2008 in order to consistently meet its customers and other stakeholder’s requirements and expectations. To achieve the company’s objectives the company has in place a 5 year Corporate Strategic Plan for the period 2011-2012 to 2015-2016 which give the direction in which the company wishes to follow. However, during the
implementation and formulation of the strategic plan the company is faced with issues that impact on the company’s operations. In such instances the company has been forced to pursue strategies to resolve these issues and there are lessons learnt in the process.

1.2 Research Problem

An issue can be categorized in many ways. Some issues are single or narrow-based, while others are broad-based. Some issues are local, some global. The type of issues faced by a business, and their complexity, is normally a function of the type of business, its impact, and visibility. Issue management is a strategic business-planning tool that helps organizations gain legitimacy and credibility in their arguments on contentious, unsettled matters. It is a formal process that seeks to harmonize organizations’ and stakeholders’ interests, thereby reducing the gap between performance and expectation, and which aims to reduce negative outcomes for organizations. Issue management also helps to shape public debate and public policy formation, the most common approach being advocacy, which involves campaigning and lobbying stakeholders in order to change attitudes and beliefs toward an issue. Issues are important to organizations not just because they are unsettled or contestable, thereby uncomfortable, but because they may have serious consequences and will impact on the organization’s resources and brand equity in the long term.

A research approach building on the notion of engaged scholarship is particularly suited to increasing the understanding of how strategic issue management operates in a real-life corporate setting. Not only is strategic issue management certainly a complex, social phenomenon as defined by Van de Ven, (2007), it remains an under-researched area, at
least from a practitioners’ standpoint (Kajanto et al., 2004). Moreover, from the academic standpoint, the focus in strategic issue management research has been on individual strategic issues rather than on the entire strategic issue management system of the corporation. The research problem of this thesis then acts as a suitable starting point for an engaged scholarship approach. The research problem is grounded in a fundamental challenge that corporations face among them Kenya Power, as senior executives frequently express their frustration for calendar-driven planning cycles (Beinhocker & Kaplan, 2002).

Several studies have been done on strategic issue management, among them Onchuru, (2007) who looked at strategic issue management practices by mobile telephony companies in Kenya a case study of Safaricom Ltd, Macharia, (2008) studied the application of strategic issue management by independent oil companies in Kenya while Nyando, (2009) studied real time strategic issue management practices by large scale tea producers in Kenya. Further studies done on Kenya Power among them Mugnai, (2008) and Kamau, (2009). As per my research no study has looked at what Strategic Issue Management practices if any, are employed in the public sector and in particular with emphasis on the power distributor, Kenya Power and Lighting Company Ltd?

1.3 Research objective.

The objective of the study was to establish the strategic issue management practices employed by Kenya Power and Lighting Company Ltd.
1.4 Value of the Study

Findings of the research will add to the knowledge and understanding of the subject of strategic issue management and its application by the Kenya Power and Lighting Company Ltd, thus the KPLC management will be able to come up with ways of handling strategic issues within the organization. The study allows the identification of the concept and framework of strategic issue management that takes into account the nature of work and environment of the KPLC.

The study likewise will support and enrich theory and model of strategic issue management in public organizations that have similarities in their nature of service with the Kenya Power; thus organizations in the energy sector will be able to borrow from the findings and come up with measures of effectively handling strategic issues within their respective organizations.

In addition the study will generate greater awareness among public organizations on the importance of having a proper and practical strategic issue management framework as a vehicle to organizational effectiveness, as it will provide useful knowledge on factors that might have impact and contribute to the successful adoption of strategic management in public organizations.

The academic and researchers will use the findings of this study as a basis for further research in determining effective strategic issue management practices. It will be used as a basis for scholars who may want to go deeper into the study of strategic issue management either in Kenya or in the other countries.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The following presents different strands and aspects of the strategic issue management literature, and provides an understanding of how individual strategic issues are processed in various stages of the strategic issue management process. Strategic issues are often addressed under considerable ambiguity, where almost nothing is given or easily determined. Hence, strategic decision processes usually begin with little understanding of the decision situation or the route to its solution, and only a vague idea about the solution and its eventual evaluation (Mintzberg et al., 1976).

2.2 Theoretical foundations of the study

The classical theory established key features in strategy namely; the attachment to rational analysis; The separation of strategy concept from strategy execution, the commitment to profit maximization. This theory relies on the rational planning methods and profitability is the supreme goal. The classical school believes that strategy should be formal and explicit based on the organization structure for profit maximization. Hence, success or failure is determined entirely by the existence or non-existence and quality of the strategic issue management activities in an organization.

Darwin, the naturalist, proposed a theory of evolutionary change of biological species. In its most basic form, Darwin’s theory suggested that environmental change forces each species into incremental, but continuous, mutation or transformation. Through such changes, a living entity can adapt to its environment and survive. A species that cannot
conform to its environment requirement is doomed eventually becoming extinct. This perspective of evolutionary change has influenced many management thinkers like Porter, (1985), Kempner and Hewkins, (1968) among others. As a result, they believe that organizations are influenced by environment, that environmental change is gradual, requiring concomitant organizational change; and that effective organizations are those that conform closely to environmental requirements. Firms that cannot or can but do not adapt to gradual external change eventually find themselves outpaced by their competitors and forced out of business.

A different view of environmental change was proposed by certain natural historians and by the economist (Schumpeter, 1950). According to this view, environmental change is not gradual but occurs in revolutionary and abrupt forms. Natural historians in this school of thought believe that species can exist in unaltered form for a lengthy period of time. Then, as a result of a sudden revolutionary environmental change, such as a radical change in policy or emergence of a new superior competitor, old species might be destroyed and novel species created. The resultant species then exist for many decades or centuries until the environment again changes abruptly, promoting the creation of still newer species. In the field of social sciences, (Schumpeter, 1934) proposes that an economic environment is characterized by a relatively long period of stability, punctuated by brief periods of discontinuous and revolutionary change. These revolutions are generated by the advent of new entrepreneurial enterprises with novel technologies. The new industries created by these entrepreneurial ventures destroy existing firms by making them obsolete.
Some views of revolutionary change are more moderate, proposing that at least some of the existing firms would be able to adapt to the abrupt environmental change. These adaptive organizations allow the innovative firms to absorb the costs and risks of creating new products and services and then initiate successful innovations. Even Schumpeter in 1950, changed from his earlier (1934) position by arguing that some existing firms could survive revolutionary change. Survival, he believed, could come reactively through initiating the revolutionary products and services of newer enterprises or proactively by originating new products or services.

The classical theory brings out the success or failure of an organisation is determined by the existence or non-existence and quality of the strategic issues management activities whereas the study wishes to establish the strategic issue management practices in place (if any). KPLC aims as being a successful company providing excellent services to its customers. On the other had strategic issue management entails the management of issues that impact on the company’s attainment of its strategic plan hence the evolutionary and revolutionary theory.

2.3 Strategic Issue Management Process

Making sense of the strategic issue can be seen as starting from triggering (Dutton & Duncan, 1987). Triggering is pivotal for subsequent strategic issue diagnosis activity, as it serves to focus attention upon a strategic issue that demands further scrutiny. Triggering can be seen to involve an “action threshold” that represents the magnitude of stimuli that triggers subsequent action (Mintzberg et al., 1976). It is important to note that the system that generates a strategic issue may be formal or informal. In general, a
perceived performance gap, be it real or imagined, can often serve as a trigger, as can various stakeholder demands (Dutton, 1983).

After the diagnosis has been activated by some kind of triggering mechanism, decision makers engage in attempts to assess the urgency and feasibility of the strategic issue (Dutton & Duncan, 1987). Strategic issue urgency indicates the perceived cost of not taking action with respect to a strategic issue (Miller, 1982). Urgency, hence, captures the perceived importance of taking action on a strategic issue. The urgency of a strategic issue derives from a number of salient dimensions of the issue, including time pressures arising from deadlines, the visibility of the issue to important internal and external constituents, and how responsible management believes it is for the issue’s occurrence (attribution of responsibility).

Strategic issue feasibility involves making gross judgements about the possibility of resolving it. These judgements systematically affect how a strategic issue is interpreted. Two dimensions are particularly important in forming an assessment of strategic issue feasibility: perceived strategic issue understanding and perceived strategic issue capability. Strategic issue understanding refers to the perception that decision makers could identify the means for resolving the strategic issue, whereas strategic issue capability describes the perception that the means for resolving the strategic issue are available and accessible. Depending on the relative scores on these two dimensions, the decision maker may feel, according to Dutton and Duncan, (1987), anything from being powerless to being propelled. The significance of the interpretation of strategic issue feasibility is that it affects the definition of a strategic issue and the adaptive responses of the organization.
The diagnosis process is recursive in nature, meaning that the judgements will be revised a number of times over the course of the diagnosis (Dutton et al., 1983). These revisions are likely to be intermittently divergent and convergent, reflecting the fluidity of participants and data available. It is precisely the influx of data and participants that stimulates the revision of judgements. Further, the process is likely to be characterized by reproductively, that is, the coexistence and interplay of deductive and inductive thinking. On the collective level, diagnosis outputs emerge from the interaction of multiple organizational actors with differing cognitive maps, political interests, and strategic issue related data (Weick, 1995). The process is analogous to an array of recursive procedures cyclically calling on each other, yet rarely having a single highest level. The processes involved in the interpretation are not ends in themselves; they result in specifiable outputs. Dutton et al. (1983) identify four types of strategic issue specific outputs, three of which are instrumental, whereas the fourth one is symbolic in nature these outputs occur at both the individual and collective levels. On the content-related side of outputs, due to data insufficiency and ambiguity, and absence of interpretive schemes, a number of assumptions are typically formed during strategic issue diagnosis. These assumptions may be implicitly or explicitly formed, yet regardless of their formation, they can affect the range of options considered and developed through their impact on information collection and interpretation. Furthermore, in the course of strategic issue resolution, individuals generate understandings that relate various events or concepts together in a causal manner.

These cause-effect understandings allows participants to impose a logic for understanding a strategic issue and a logic for resolving it if necessary, in effect framing
a strategic issue in a particular way, thus affecting subsequent interpretations and actions (Gilbert, 2006). Assumptions and cause-effect understandings are then crystallized into predictive judgements that involve assessments about future events surrounding a strategic issue. The occurrence of divergent predictive judgements may at least partly account for the heterarchic nature of the diagnosis process. Finally, on the symbolic side, the output of the diagnosis process is language and labels that reflect the understanding of a strategic issue from the perspective of the process participants, as well as serve to communicate understanding to the rest of the organization. Consequently, the labelling of a strategic issue is likely to affect subsequent considerations by influencing involvement, commitment, divergent or convergent thinking, and risk-taking behaviour.

Most of the accounts of strategic issue interpretation presuppose that managers “actively try to make sense of events” (Daft & Weick, 1984 p556). Put differently, they assume that diagnostic processes operating in organizations involve the active, conscious, and intentional efforts of decision makers. However, this does not necessarily need to be the case: an automatic mode of interpretation could, in fact, be the dominant form (Dutton, 1993).

2.4 Strategic Issue Management in the Modern Society

Effective issue management requires nothing less than a fundamental revision of how the organization views itself, its relationships with its internal stakeholders and its place in the external environment; this is an enormous challenge for most organizations. Fortunately, there exists guidance on how to work towards developing the requisite organisational competencies. The source lies in the burgeoning literature on
organizational learning, and draws especially on the areas of organizational cognition and systems thinking.

Although organizations are not alive in any biological sense, the ‘living systems’ metaphor is useful in understanding how an organization perceives itself in the many roles that it plays in its functioning towards achieving its goals. The central concept here is that of the ‘mental model’, which is loosely defined as the organization’s (or the individual’s) personal model of how things work in a given context. This includes the relevant variables, their relationships, and assumptions that make for logical connections between them. Systems’ thinking is a framework and a methodology for formally structuring the reality that organizations and their stakeholders exist within. Systems thinking is ‘a school of thought that focuses on recognizing the interconnections between the parts of a system and synthesizing them into a unified view of the whole’ (Anderson and Johnson, 1997). It contributes to surfacing and testing hidden assumptions with respect to aspects of the environment and competitors, it can help to identify high leverage action points in a complex system and it can also make us more aware of the full set of consequences of actions that are under consideration. Essentially, it is an approach to thinking that focuses on relationships rather than details, accepts that boundaries are usually not clearly defined and that reductionist thinking impedes the development of the ability to understand behaviour of complex wholes.

Cognitive psychologists have extensively studied this process in individuals (Hogarth, 1987). This has resulted in an impressive accumulation of insights about the factors that
influence the selection of data, that is, what influences the choice of the specific data we select from the totality of inputs with which we are presented. The operational mental model that guides an individual’s behaviour in data selection and processing is a function of, among other things, education, life experiences, family, genetics, expectations, work position and experience, and so on. These factors create a context, the mental model, which plays a decisive role in the filtering process. Essentially, this means that important information may be ignored or overlooked simply because the individual’s mental model does not recognize it as being important. In a similar manner, organizations can be said to operate under a generalized form of the mental model concept. Here, however, the organizational mental model is shaped by the contributions of the organizational members, as well as by the unique cultural and structural aspects of the organization. The effect is the same as in the individual: information can be overlooked because the organization was not aware of its importance. (Ocasio W, 1997).

The link between this organizational phenomenon and issues management is clear, especially with regard to the need for being able to pick up weak and non-obvious signals. Added to this, the problems of getting an important piece of information through an organization from the receiver at one level to a decision maker at another level further complicates the task of the issues owner. It is important to keep in mind that mental models are not ‘bad’ as such. In fact, they are powerful and useful tools that both organizations and people rely on in order to get on with life. If each and every piece of information were treated as new and unique, we would quickly be flooded by masses of data that are not necessarily relevant to the task at hand. So filtering is needed to manage
the sheer quantity of information Kaplan S. (2008). However, to the extent that mental models are used uncritically and without periodic reassessment, they can slowly become outdated and may have biases that move them further from being a simple, but true, representation of the reality that they seek to represent. It is at this point that they can become more of a liability than an asset to the organization and to an individual (Dutton J. E, 1993).
CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter defines the design of the study and the research method, which was used to get responses from the target population. It further highlights data collection procedures including data collection instruments that were used. The chapter concludes with highlighting how data was analyzed.

3.2 Research Design

The study utilized a case study research design. Case study is an empirical inquiry, in which focus is on a contemporary phenomenon within its real-life context & boundaries between phenomenon and its context are not clearly evident. It is suitable for studying complex social phenomena in which procedural characteristics in the situation include; many variables of interest; multiple sources of evidence; theoretical propositions to guide the collection and analysis of data. The design was appropriate to the study as it sought to answer questions concerning the current strategic issue management practices employed by Kenya Power and Lighting Company Ltd.

3.3 Data Collection

The researcher used primary data, which is information collected for the first time. The interview guide method was used to collect data from selected respondents from KPLC. The data collected was reliable, accurate and very effective making the research findings correct. The techniques that was used for data collection was primary data.

Structured interview guide was used containing both open ended questions. Open-ended
questionnaires are those questions that give the respondent a complete freedom of response the way he/she feels about what is being asked. These questions gave the respondent to express his/her opinion freely by responding in the questions asked.

The study targeted 10 respondents who included the regional managers, the marketing manager, the corporate planning manager and several departmental heads to gauge their involvement in strategic issue management process and taking into account that they constitute the task force to resolve strategic issues or are the people who select an appropriate task force. Interview guide was preferred because it enlisted the respondents to give more information on strategic issues; further clarification was sought on the sport to enrich the response rate.

The data was collected through face to face interviews of 10 respondents. This refers to a face verbal exchange between the researcher and respondent. In this method, an interviewer (the person asking questions) interacted with the interviewee (the person being asked the questions) with the view of getting information. To facilitate all this, the researcher got an introductory letter from the institution of learning and that guaranteed the positive response of the organization.

3.4 Data Analysis

The data collected using the interview guide was analyzed qualitatively using content analysis. The qualitative analysis made use of non statistical techniques to summarize and communicate data. Content analysis is a technique of making inferences by systematically and objectively identifying specific characteristics of messages and using the same approach to relate trends (Mugenda, 1999).
CHAPTER FOUR: DATA, FINDINGS AND DISCUSSION

4.1 Introduction
This chapter presents the results of the data analysis. A total of 10 respondents were interviewed for this study 8 of them in person. The remaining 2 respondents were interviewed over the phone. Most of the respondents had a background in technical and financial, although a small number of respondents three came from a marketing background. Also, the majority of respondents interviewed were functioning in a management role at their respective departments. Many respondents were fulfilling both the technical and manager’s role for their departments given the nature of the business.

The data collected offer insight about the strategic issues management practices. The results also describe the types of issues that are salient to organizations and the potential challenges KPLC face. In the following section, the researcher discusses these findings in detail.

4.2 Strategy formulation
All of the respondents agreed to their knowledge of KPLC having clear vision and strategy that had been communicated to all staff. They confirmed that the vision and strategy were ambitious. The 10 respondents were involved in drafting the KPLC strategic plan. They went ahead to say their involvement in various stages of the formulation of the strategic plan given that they are from different backgrounds and that the stakeholders consulted in the writing process of strategic plan. 8 respondents out of the 10 were of the opinion that the KPLC strategies are based on accurate information about the nature of specific problems that face the power industry and hence aimed at
resolving them. The other 2 stated that the strategies were not always based on accurate information about the nature of specific problems. 3 respondents out of the 10 respondents were of the opinion that not all strategic planning participants had a solid understanding of the business, its strategy and the underlying assumptions.

All respondents agreed that the management team in the entire company treat strategic management as an essential part of their daily responsibilities. In an effort to assess the effectiveness of strategic management the question was asked on the review of visions and the strategy updating. All respondents were in agreement that the company’s vision is regularly reviewed and strategy updated accordingly. The strategies were monitored and evaluated against agreed criteria in their opinion.

4.3 Strategic Issues

This research question asked, how does KPLC define issues? As established in the Literature Review, it is important to recognize that there are different types of issues that face different organizations as well as there are different types of issues that can face the same organization at different times depending on the public. Although respondents were not asked about their organizations’ utilization of strategic issue management practices in reference to this research question, it is still an important research question as it provides additional understanding in regards to the relationship between organizations and issues. This additional understanding may give researchers further insight to strategic issues management practices within an organization. Of the 10 respondents, 5 individuals had a difficult time understanding the term “issue” as it was referenced in the interview. All of the respondents were asked the following question:
“How do you believe your organization defines an issue?” For the respondents that struggled with this question, they directed it back to the interviewer with questions such as: “Can you give me examples of what you’re talking about,” “Like what,” and “Issue…as in?” Thus, the interviewer had to discuss issue type examples in order to help the respondents have a better understanding of what was meant by the term “issue.” After further clarification issues were defined as “occurrence that would have significant impact on the business performance”. Notably they had an emphasis on a negative impact.

All respondents came out clearly to state that both strategic and operational issues were important to the success of the business. As explained by one respondent that “operational issues impact on the accomplishment of the strategies in place in the organization.”

This research question also asked which issues are most salient to organizations among the following issue types: public policy issues, brand equity issues, relationship issues, mission-environment alignment issues, customer satisfaction issues, risk management issues and crisis response issues.

All respondents agreed that public policy issues were very important to KPLC. Three respondents commented that public policy issues were very important as the business of KPLC relies political, economic and regulatory framework and would affect the strategies of the company greatly.
All respondents commented that they were involved in public policy issues directly. One of the respondent elaborated on this idea: “They help in coming up with the company strategies and targets like new connection charges, decentralisation”

Brand equity issues were the only issue type to be identified by all 10 respondents. Also, this type of issue seemed to be the most familiar and understandable for the respondents as the company recently went through rebranding and some of the respondents were the company’s “brand ambassadors”. In regards to examples of brand equity issues, respondents provided various on its impact in leveraging the company’s name creating recognition and goodwill of the public vis-a-vii competition.

Relationship issues. This type of issue was identified as important by nearly all of the respondents interviewed. Furthermore, respondents discussed this type of issue in reference to many different types of relationships, including relationships with both internal and external stakeholders. For example, one respondent discussed the importance of communication in regards to relationships with employees. The respondent elaborated on this relationship: “With employees it’s vital because we are such a large group and a lot of people work at different offices…we have like sixty offices. All dealing with different services interdependent on each other” According to the respondent, it can be difficult to keep all of the employees updated and involved with things going on inside of the organization. To resolve this there were sms services to help aid communication, emails on any new developments and a monthly news letter
“Stima News”. Another respondent stated that relationship issues were important “they make the working conditions harmonious”

Other respondents stated relationship issues with their customers and other stakeholder very significant. These respondents discussed the importance of keeping a positive relationship with these external stakeholders because they “determine the success of the business” if issues arise and they do not have a positive relationship. They also stated the importance of the relationship in the company that it has in place a Customer Relations and Marketing Department to address any relationship issues arising.

Mission-environment alignment issues. Less than half of the respondents identified mission-environment alignment issues as important and salient in their respective organizations. Having said that, this issue type was also the most difficult for respondents to understand and respond to. Every single respondent started by citing the company mission “Powering people for better lives” One respondent went forward to say “whatever we do works towards meeting the mission and therefore the mission environment alignment issues being addressed is important.”

Customer satisfaction issues. The majority of respondents identified customer satisfaction related issues as very important. And although not all respondents identified this issue as important, the customer satisfaction issue type was one of the easiest for respondents to understand. Overall, the examples given for this type of issue varied greatly as represented by the respondents. For example, one respondent, discussed customer satisfaction issues stemming customers not having power in their homes for days, industries going without power and incurring losses. For another respondent,
customer satisfaction issues were an important issue that had led to adoption of new systems “KPLC has now a customer relationship management (CRM) system in place to ensure an internal and external corroborative business delighting the customer.”

Risk management issues. The majority of respondents interviewed also cited risk management issues as important to their organizations. A handful of respondents discussed potential risk management issues that involved natural disasters. Also, several respondents saw the need to tie risk management and crisis response issues together. One respondent, elaborated on that idea: I would tie that into crisis response. We are either putting crisis plans in place to help them mitigate risk, and that’s how it ties together. One respondent had been in the forefront in the recommendation of a risk management section which is presently coming up with a complete risk register as part of the company’s enterprise risk management. He went a head to emphasise the importance “ensures all negative effects to the business are minimised and operations are not disrupted hence achievement of goals and objectives”

Crisis response issues. Crisis response issues were identified as important by all of the respondents interviewed. The respondent’s understanding of the crisis response issue type also seemed to be the most diverse when compared to the other six issue types. This became evident in their examples. One respondent cited the importance of crisis response issues in regards to “response time in a crisis is important as electricity affects lifestyles and many aspect of the economy, some essential services that require uninterrupted supply example hospitals” For several respondents, crisis response issues
were simply one of the other issue types that had become intense and difficult. Thus, “crisis” seemed to be used as a generic description for that type of scenario.

4.4 Issue identification and Monitoring

The research question asked to describe a recent issue. 8 out of the 10 respondents described instances of blackouts that had a significant impact to the economy. Notably 3 of these cited a power blackout that had occurred in start of October 2013 in Mombasa having a great impact “interrupting power supplies to entire Mombasa city and environs affecting Kenya Ports Authority, refineries, hospitals and hotels with a severe beating to the coastal economy”.

This sub-research question asked to how the described recent issue was identified. Given that all the respondents gave different kinds of issues that had recently happened, different ways of identifying the issue were explained. For the 3 respondents who had given the example of the issue in Mombasa result to a blackout the respondents explained how the issue had been first identified “through an automated system that send signals to a control center from remote sites”. 2 other respondents cited both new technology communication channels and old channels. These in details were social media that is twitter, facebook, blogs; sms ; media.. Another 3 respondents commented that this step of the strategic issues management process is something that KPLC or its clients’ organizations could potentially accomplish by utilizing such tools. Tools and social media channels mentioned by participants for the purpose of such monitoring and identifying included Twitter, Facebook, blogs, Google, Google Alerts, Social Mention (a real-time social media search and analysis tool) and third party monitoring services.
Overall, respondents responses in this area highlight three reasons why new issue management practices are used in monitoring/issue identification: *new media is an additional “layer” of monitoring, new media monitoring helps organizations stay ahead of issues, and new media monitoring is an early warning system in crisis.* New media is an additional layer of monitoring. Several respondents discussed the fact the new media simply provides an extra component to the monitoring that they already do as KPLC.

*Issue monitoring helps organizations stay ahead of issues.* In regards to monitoring for the specific purpose of identifying potential strategic issues, one respondent made the following comment: “If you have a fairly competent monitoring solution, you can potentially stay ahead of those types of things.” Another respondent, echoed this idea by saying, “Because I am monitoring, I can catch things before they become an issue.”

*Monitoring is an early warning system in crisis.* Other respondents discussed the idea that issues identified outside of new channels can cause them to “heighten” monitoring of various new channels as they look for additional issues or concerns that may arise due to the original issue.

New legislation, governance weaknesses and internal controls, external environment, shocks, weak and unstable institutions, weak institutional managers, political interference, lack of resources in following prudential guidelines, public pressure, changing economic environment, increased competition in the market, high inflation, higher cost of interest rates, higher level of unemployment.
Challenges involving time and prioritization were the most common as they were mentioned by 8 of the 10 respondents. Many of these respondents simply stated that they did not have the necessary time to utilize these strategic issue management practices to the extent that they desired. For some respondents, this meant that they could not utilize all of the strategic issue management practices that they saw appropriate for KPLC. For other respondents, this meant that they did not have the time to monitor and/or update these tools to the extent they felt was necessary for successful utilization.

4.5 Issue Prioritization

This sub-research question asked, *to what extent does KPLC prioritize potential issues?* Only 3 of the 10 respondents discussed the prioritization of issues based on the duration taken before the impact of the issue is felt, the magnitude of the impact financial, the likelihood of reoccurrence and solutions to prevent reoccurrence. Most respondents said that those issues that were to have a significantly adverse effect on the business were to be given first priority. Moreover, the respondents seemed to be disconnected from this step of the strategic issues management process completely. In the tangible examples given by respondents during the interviews, most individuals skimmed over this step as a subconscious action rather than a deliberate step. After further probing, it was discovered that this step of the issues management process took place via “normal organizational channels” in the issue examples given by the majority of the respondents. These “normal organizational channels” included face-to-face communication, meetings, conversations with different departments within the organization, conversations with participants’ supervisors and/or parameters set by an issues matrices.
4.6 Issue Analysis
This sub-research question asked to what extent are issue management practices utilized by KPLC for the purpose of analyzing issues. 4 of the 10 respondents saw the potential for utilizing strategic issue management practices to accomplish this step in the strategic issues management process. And again, the respondents seemed to be disconnected from this step of the strategic issues management process completely as most respondents skimmed over this step as a subconscious action rather than a deliberate step when discussing their issue example. Much like the previous step of prioritizing, this step of the strategic issue management process seemed to take place via normal company operations. Another respondent said that the response team put in place assessed the damages and requirements for restoration of the position. Again, these “normal organizational channels” included face to face communication, meetings, conversations with different departments within the organization, conversations with participants’ supervisors and/or parameters set by issues matrices (guidelines that help an organization identify, prioritize analysis and respond to different potential issues in their external environment). The four respondent, who recognized the relationship between the utilization of strategic issue management practices and analysis of an issue, simply said that he did see potential for these tools to be used in this way. It is important to note that the respondent did not have any specific example of this being done. Instead, he made the following comment: “Well I think if an issue is arising, then you can then ask questions to your audience to clarify what their problems might be.”

4.7 Issue Communication
This sub-research question asked to what extent are issue management practices utilized by KPLC for the purpose of communicating about an issue. The communication step of
the strategic issues management process, according to respondents, seemed more likely to take place via various communication channels. Within this study, many of the respondents did in fact cite the use of new communication technologies to communicate in regards to issues that they were managing. A small number of respondents also commented that communication through these channels has “potential” for their organization or for their clients’ organizations. Based on overall responses, it appears as though the likelihood of communication on the type of issue (i.e., relationship or brand equity) being managed as well as the situational characteristics of the issue being managed. Communication on the type of issue. For several respondents, it appeared that they were communicating only about certain types of issues mainly relationship and brand equity issues.

A handful of respondents mentioned that their form of issue communication depends on the situational characteristics of the issue at hand. For example, one respondent, discussed how she is more likely to communicate about an issue was identified through a face to face interaction with top management if available or via email as they could all access their emails despite being out of station.

4.8 Issue Management Evaluation
This sub-research question asked to what extent are issue management practices utilized by KPLC for the purpose of evaluating the issues management process. Much like the prioritization and analysis steps of the issues management process, few respondents discussed how they had utilized issue management practices for the purpose of evaluating the issues management process. And, much like those previous two steps, there seemed to be an overall disconnect between the respondents and this step of the
issues management process. In other words, it appeared that the majority of respondents did not make a conscious effort to evaluate their management of issues. One respondent highlighted this idea when she commented that KPLC could potentially utilize these tools for the process of issue management evaluation, but that KPLC did not have a “methodical” evaluation process in place. In all, only 4 of the 10 respondents confirmed that KPLC has utilized issue management practices for the purpose of evaluating the issues management process. The other respondents confirmed that, through the monitoring of issue management practices channels, “you really understand what’s being said and what the sentiment is over the course of whatever issue that maybe.” As this organization faces both brand equity and relationship issues, the respondent is potentially using these tools to evaluate his organization’s management of these issues. While these respondents did discuss “judging the tone” and determining “the impression,” none of them discussed exactly how they were able to determine the “tone” of their publics.

Some respondents also had a difficult time separating the discussion of overall issues from the discussion of new communication technologies. As the interview questions in this section were referring to overall organizational issues, these respondents continued to relate the discussion back to the utilization of new communication technologies. Thus, some respondents appeared to narrow down their view of issues and had to be encouraged to broaden his or her thought process. This was most likely due to the structure of the interview questions as the issues section of the interview protocol directly following a lengthy discussion of new communication technologies. Of the
remaining 7 respondents, 3 gave issue definitions or scenarios that featured a negative take on the term, such as: Something is an issue if “it’s potentially harmful to the people…to anybody…to our image…to our clients…if it looks like it could be harmful, we want to address it.” An issue “would be anything that would be threatening to [the organization’s] brand.” An issue is “anything that would be not beneficial to the mission.” An issue is “something that keeps the organization from fulfilling its mission.”

As shown in the examples above, these respondents also defined issues as deterrents to fulfilling missions and threats to organizational assets (i.e., brand, image, clients, etc.) A few other participants featured definitions of issues that were not inherently negative. These respondents used phrases such as “anything that could potentially impact.” Along those lines, one respondent gave the following definition: An issue is anything that could or can or is or may potentially impact an organization. Which means that you have to stay ahead of the curve of whatever it is that these are and monitor almost on a daily basis and know what those potential issues are.

As mentioned in the previous sections, respondents saw an association between public policy and crisis response issues, brand equity and crisis response issues, and risk management and crisis response issues. One respondent lumped all of the issue types into the crisis response category: All of these issues come to the same that is paying attention, being aware, monitoring what’s being said and having a plan in place before it happens. I call it CPR for business. Do you have a crisis plan? Do you have a
spokesperson? You know, all of these things don’t become as much of an issue or a crisis if you have a plan in place before hand.

The majority of respondents that addressed this connection did, in fact, see the utilization of strategic issue management practices as part of KPLC’s strategic business plan. In fact, only 2 respondents interviewed said that there was absolutely no connection of this kind for their organization. Of the respondents that discussed how these issue management practices is a part of their strategic business plan, a common theme was that issue management practices were a new channel for the same strategic business goals. Overall, respondents’ comments regarding this relationship can be discussed in terms of two main themes: Issue management practices is a new channel for the same goals and strategic business planning should be connected. For most of the respondents, the use of issue management practices was just another way “to achieve the same organizational goals.” One respondent voiced this idea with the following comments: “I would say that these are not new strategies for [our organization]…these are new channels for us to extend our communications plans.” One respondent discussed how strategic issue management practices has become a tactic for KPLC: I think, within our strategic plan, a lot of that has to do with the issues of relationships and customer service and building those relationships and those are areas where we are able to accomplish those and use them as tactics.

Increased operational risk associated with politically exposed projects, lack of consumer confidence, tied lending limits to 25% of core capital to reduce exposure to single or
related groups, we now require new directors and shareholders to pass test, growth in the number of new connections due to conducive environment.

Strategies put in place in respond to technological changes to achieve appropriate changes review legislation and policy, procedures and continuous skill development, new systems to accommodate the training of the departmental staff on emerging technologies, internal controls have had to be tightened in view of the speed of economic growth, adoptive strategy, acquisition of equipments, KPLC is partnering with the banks and mobile phone companies to support in quick remittances of funds.

4.9 Discussions
From the findings, all of the respondents agreed to their knowledge of KPLC having clear vision and strategy that had been communicated to all staff. They confirmed that the vision and strategy were ambitious. This is in line with Thompson et al, (2007) who stated that a clearly articulated strategic vision communicates management’s aspirations to stakeholders and helps steer the energies of company personnel in a common direction.

They went ahead to say their involvement in various stages of the formulation of the strategic plan given that they are from different backgrounds and that the stakeholders consulted in the writing process of strategic plan. All respondents agreed that the management team in the entire company treat strategic management as an essential part of their daily responsibilities. The strategy formulation practices at the Kenya Power are participative, formal, highly ordered and neatly integrated process depicting a planning mode as argued by Mintzberg (1976).
From the findings, all respondents came out clearly to state that both strategic and operational issues were important to the success of the business. As explained by one respondent that “operational issues impact on the accomplishment of the strategies in place in the organization.” This agrees with Pearce et al (2007) who argued that strategy implementation includes specifying the key tasks to be carried out and the desirable changes in the resource mix of the organization as well as the mandate of each department in the organization and the information systems to be put in place to monitor progress and success in resource planning.

From the findings, challenges involving time and prioritization were the most common as they were mentioned by 8 of the 10 respondents. Many of these respondents simply stated that they did not have the necessary time to utilize these strategic issue management practices to the extent that they desired. For some respondents, this meant that they could not utilize all of the strategic issue management practices that they saw appropriate for KPLC. Within this study, many of the respondents did in fact cite the use of new communication technologies to communicate in regards to issues that they were managing. A small number of respondents also commented that communication through these channels has “potential” for their organization or for their clients’ organizations. Based on overall responses, it appears as though the likelihood of communication on the type of issue (i.e., relationship or brand equity) being managed as well as the situational characteristics of the issue being managed. Analoui and Karami (2003) argues that to avoid confusing stakeholders about the purpose of the firm, it is important that mission
statement be communicated and made clear to all internal and external stakeholders of the business.

Strategic issue can be seen as starting from a trigger in the case of KPLC as it was in the literature review on strategic issue management process (Dutton& Duncan, 1987). Then subsequently it proceeds to the diagnosis of the issue to establish what happen and then find a solution to the issue before it continues to affect the company business adversely. There after the issue is monitored to ensure that the issue is managed. Noted similarly is the problem of getting an important of information through the organisation as cited in Kaplan S. (2008).
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter discusses the findings gathered from the analysis of the data, as well as the conclusions reached. The Findings have been summarized alongside the objectives of study, conclusions have been drawn from the study and the recommendations for actions are given.

5.2 Summary of findings
The purpose of this study was to evaluate strategic issue management practices at KPLC. One of the strengths of this study was, in fact, furthering that examination. Moreover, there were several interesting findings with useful implications that resulted from this study. These can benefit both the theory and practice of strategic issues management. Those findings include details on strategic issue management practices by KPLC, the role of the management within an organization, the lack of a deliberate issues management process, the weak relationship between strategic issue management practices and strategic issues management, and the negative/ limited definition of an issue. This section includes an in-depth discussion of those findings along with additional findings and implications. Practical implications, limitations of the study and areas for future research are also discussed. As mentioned above, this study generated some interesting findings regarding the application of Strategic issue management practices.

Social media is the most direct means for organizations to reach their audiences, and perhaps more importantly, it’s also the most undiluted, most direct and most cost-
effective means of learning about an organization’s public. Social media was said to be used in issue identification and issue communication. However, several respondents in this study directly discussed the idea that social media is not free and perhaps not as cost-effective as one would think. In fact, social media costs organizations valuable resources, including people, time and effort. This idea was best illustrated by one respondent who stated that “social media is free like a puppy is free.” This suggests an interesting discrepancy. Perhaps this “cost” provides organizations with such a challenge because social media is perceived to be free or “cost-effective.” Thus, organizations dive into the utilization of new communication technologies by committing time and personnel prior to realizing the true price of such endeavours.

This study also produced findings relevant to the role of strategic issues management within organizations. More specifically, implications can be drawn in two distinct areas: the communicator is not always the issues manager and there is a lack of a deliberate use of the strategic issues management process. These two areas will be discussed next in greater detail.

A number of respondents discussed the process of identifying potential issues and then strategically passing each potential issue on to the “right person” for management of that issue. Thus, it appears that these individuals are only participating in the first step of the strategic issues management process. That may imply that, for some organizations, the actual process of strategic issues management does not completely fit within the communications function of the organization. It also was emphasised by 6 respondents
the constitution of a response team to address strategic issues. The composition of the response team was dependent on the nature of the issue taking into consideration not to paralyse all other organisation activities key to the organisations operations. Response team was tasked with the major part of Strategic Issue management.

As discussed in the results section, the majority of the respondents seemed to be disconnected from three of the strategic issues management steps: prioritizing, analyzing and evaluating. In fact, as previously discussed, most of the respondents seemed to skim over these steps as a subconscious action rather than a deliberate step. In other words, many respondent examples of managing organizational issues did not include the acts of prioritizing, analyzing, and evaluating. When directly asked about these three steps of the strategic issues management process, the majority of respondents seemed to agree that these steps may be taking place in a simplified manner, but they had not thought enough about them to identify them as part of their process. For example, one respondent discussed how KPLC might use new communication technologies for the purpose of issues management, but it really was not that “methodical of a process.” According to this respondent, “it is more of an organic process.” This may represent a gap between strategic issues management literature and the actual practice of issues management.

The implication is that face-to-face communication is normal, but perhaps communication through new media tools is not normal. This potential stigma of being “not normal” is interesting due to the fact that the use of new communication technologies is so wide spread for both personal and organizational use. Regardless of
what the perception of new media is, the implication is that issues management is done differently.

5.3 Conclusions
The majority of respondents defined organizational issues in a negative manner. Moreover, these respondents interpreted issues as deterrents to fulfilling missions and threats to organizational assets (i.e., brand, image, clients, etc.). This is a bit contradictory to the definition of issues provided by Heath and Palenchar (2009) who discuss issues management as the maximizing of opportunities and the lessening of threats in an organization’s environment. Thus, when practitioners aim to manage issues, they may actually only be scanning their organizational environment for negative threats. This negative view of an issue may cause practitioners and their organizations to miss out on the proper management of opportunities.

The discussion of issues brought to light a disconnect between the participants and the academic nature of the issue typology presented. This disconnect may have resulted from the way that the information was discussed during the interview process. Having said that, the disconnect may have also occurred due to a true gap in issues management academia and amount of variety in the sophistication in the practice of public relations.

As indicated in the introduction, the issues management field is organized into two more or less disconnected camps. Macro-level scholars focus on how organizations shape their relationships with external constituencies, whereas micro-level scholars are primarily interested in how managers make sense of the larger environment in which they operate. As a consequence of the Chinese walls separating the public affairs and
organizational behavior camps, few issues management scholars actively attempt to study the types of questions that matter most from a strategy perspective: whether strategic issues management activities influence organizational outcome variables (Hillman, 2002). The studies reported here provide some evidence at least that strategic issues management is indeed a strategic organizational function, in the sense that the adoption of strategic issue management practices can improve the performance and relative standing of organizations that are confronted with nasty societal and political predicaments. It is hoped that these results will contribute to a tentative reconciliation between the two camps, and to a more focused research agenda for the field as a whole.

5.4 Recommendations

5.4.1 Recommendations on policy and practice.
For KPLC to succeed in its response to strategic issues, it should involve all managers in the strategic planning to help them achievement of its plan. Second all managers should also be involved in strategic issue management to give them adequate decision making authority in the implementation of the strategies and have a documented procedure on how to handle strategic issues. Third the document procedures to handle strategic issues should incorporate evaluation of strategic issue management for continuous improvement of the process.

All the stakeholders in the energy industry should incorporate the findings of this study, especially the identified strategic issue practices and challenges facing the industry in making their decisions.
5.4.2 Recommendations for further studies
In the process of performing this study, additional areas of research were brought to light that may have theoretical and/or practical implications. Those areas of research should be addressed in hopes that they will eventually be pursued in a separate study. Thus, this section offers further discussion on survey generalizability, additional organizational factors, “judging the tone” of stakeholders as well as the connection between new media utilization and organizational title.

5.4.3 Limitation of the study

Interview Procedures
Although every effort was made to ensure that the respondents did not feel pressured to answer interview questions in any certain way, respondents may have still felt the need to provide answers that were “correct.” More specifically, respondents may have felt the need to exaggerate the level of their utilization of strategic issue management practices in order to be viewed in a better light by the interviewer. The same possibility is true for respondents in regards to their use of new communication technologies for the purpose of managing issues. At times, respondents did seem to agree with the statement or question presented in the interview protocol when perhaps they would not have come up with the information on their own.

Nature of the interview guide information and the time needed to interview
The interview guide was content intensive and required a lot of time to enable a comprehensive capture of information. The respondents were top management staff—regional managers and functional heads whose availability is limited due to their busy
schedules. Getting hold of them occasionally proved to be difficult and in some instances rescheduling the interview.

REFERENCES


KPLC (2012) *Annual report and financial statements*


Nyandoto D. T. O (2009). *Real time strategic issue management practices by large scale tea producers in Kenya*. Unpublished MBA project, University of Nairobi


APPENDICES

Appendix I: Letter of Introduction

Betty Mwende Kaumbuthu
P.O Box 26210 – 00504
Nairobi

Chief Manager Human Resource
Kenya Power
P.O 30099 – 00100
Nairobi.

Dear Sir,

**INTERVIEW GUIDE FOR MANAGEMENT RESEARCH PROJECT**
I am a postgraduate student currently studying a Masters in Business Administration degree at the school of business, University of Nairobi. Currently I am conducting a management research project in partial fulfillment of the requirement of a Masters of Business Administration of Business degree. My topic of research is Strategic Issue Management practices at the Kenya Power.
I need to interview a number of personnel in the organization from several management staff. The interview guide is designed to gather information Strategic issue management in the organization.
Your assistance will be highly appreciated.

Yours Faithfully,

Betty Mwende Kaumbuthu
MBA student
Appendix II: Interview guide

INSTRUCTIONS
Please answer all the questions honestly and exhaustively. All the information given will strictly be used for academic purpose/research only and will be treated with the utmost confidentiality.

TOPIC: STRATEGIC ISSUE MANAGEMENT PRACTICES AT KENYA POWER.

1. Please give me a snapshot of what Kenya Power does.

2. What is your role in the organization?
   Probe: What is your background (e.g., educational? Professional?)

3. How many years have you been working in your current organization?

4. For how long have you been employed (in years)

5. What position do you hold in the company?

6. Does the Kenya Power have a clear vision and strategy

7. Are the Kenya Power’s vision and strategy are ambitious

8. Were you involved in the drafting of the Kenya Power strategic plan?

9. If yes on the above question, are Kenya Power strategies based on accurate information about the nature of specific problems

10. The Kenya Power’s vision is regularly reviewed and the strategy updated accordingly

11. Are Kenya Power’s strategies monitored and evaluated against agreed criteria
12. Are the Kenya Power’s risks well assessed
13. Do you think Kenya Power strategies are based on evidence of what works
14. Do you think management team treats strategic management as an essential part of its daily responsibilities?
15. Does Kenya Power ensure that all planning participants have a solid understanding of the business, its strategy and the underlying assumptions?
16. Do you think Kenya Power can only succeed in keeping strategic issue at manageable proportions if they maintain our good relationships with stakeholders?
17. Does Kenya Power consult stakeholders during the writing process strategic plans?
18. Do you believe the degree to which Kenya Power is involved with stakeholder integration activities is positively associated with the extent to which it is able to realize economic benefits?
19. What new communication technologies do you use as an organization? 
   Clarification: If they do not understand the term new communication technologies, I will list examples such as Facebook, Twitter, MySpace, blogs, podcasting, web, wikis, websites, video casts, and discussion boards.
   
   Probe: What do you use them for?
   
   Probe: How often do you use them?

20. In your opinion, what is your organization’s overall efficiency in the use of new communication technologies?
   
   Probe: What is an example?
   
   Probe: What were your organization’s goals with implementing new communication technologies?
   
   Probe: In your opinion, to what extent or how were these goals met?

21. How would you describe your organization’s overall efficiency in the use of new communication technologies when identifying issues?
Probe: Can you give me an example?

Probe: How would you compare your efficiency to identify issues now compared with your efficiency to identify issues prior to the use of new communication technologies?

22. As an organization, do you find usefulness in redirecting or interfering when someone gives bad feedback on your social media sites?

Probe: Why or why not?

Probe: Can you please give me an example?

23. What is your role within the organization in regards to implementing decisions in new communication technology?

24. How do you believe your organization defines an issue?

25. What issues are important to your organization?

Probe: To what extent are public policy issues important to your organization? In what ways?

Probe: To what extent are brand equity issues important to your organization? In what ways?

Probe: To what extent are relationship issues important to your organization? In what ways?

Probe: To what extent are mission-environment alignment issues important to your organization? In what ways?

Probe: To what extent are customer satisfaction issues important to your organization? In what ways?

Probe: To what extent are risk management issues important to your organization? In what ways?
Probe: To what extent are crisis response issues important to your organization? In what ways?

26. Please describe a recent issue.
Probe: How did you identify that issue?

Probe: How did you monitor and prioritize that issue?

Probe: How did you analyze that issue?

Probe: How did you communicate in regards to that issue?

Probe: How did you evaluate your overall management of that issue?

27. Now I would like to ask you about some related public relations principles. The first is strategic business planning. Please explain to me what this term means to your organization.

THANK YOU FOR YOUR TIME