SYSTEMS APPROACH TO SUCCESSFUL CO-OPERATIVE ENTERPRISE DEVELOPMENT IN KENYA

Dr. Ouma Caren Akomo
Assistant Professor of Management and International Business, United States International University-Africa, Chandaria School of Business

Abstract

This is a desk researched paper which starts with an introduction to systems approach by incorporating the understanding to the approach. The paper proposes an expert system approach that incorporates Quality Function Deployment (QFD) methodology for the identification of the strategic components of a Co-operative Society for a Product Data Management (PDM) system.

An understanding of the systems approach is elaborated according to the phases which a system is expected to go through. The current systems approach to successful Co-operative enterprises in Kenya is explained. This has been done by noting three major components, namely; formation of the co-operative enterprise detailing what it takes for such enterprises to be formed, the management of the co-operative enterprises indicating the three major organs in the management(members, officials and staff), and the government with its two major roles, that is the promotion and the legal functions.

The paper has proposed a conceptual framework for the successful co-operative enterprise development in Kenya. Further, the paper has elaborated on the various factors which should be considered for successful co-operative enterprises in Kenya. In the last chapter of this paper, there are some suggestions for the various factors that should be taken into account if the proposed model is to be implemented.

Keywords: Systems Approach to Co-operative Enterprise

Introduction

The paper proposes an expert system approach that incorporates Quality Function Deployment (QFD) methodology for the identification of the strategic components of a Co-operative Society for a Product Data Management (PDM) system. According to Midha P.S. (2004), a PDM can help any organization in carrying out its collaborative product development activities by providing a platform through which information can be shared to come up with successful enterprise development. It also helps in managing the different activities in product development process.

In the proposed Systems approach, the PDM requirements are directly correlated with the PDM functions. This helps in prioritizing the PDM components/functions and in providing a transparent way of understanding the correlation between the PDM requirements and the PDM components/functions. According to Lewlyn L. R. Rodrigues, N. Dhamaraj, B, R. Shrinivasha Rao (2006), New Product Development (NPD) project is a competitive idea in an Organizational competitive strategic weapon, yet many NPDs projects fail due to the dynamic nature of critical success factors such as time, cost, quality and scope.

Definition of Systems Approach

According to the Centre for Strategic Management (2007), a "system" is defined as a set of components that work together for the overall objective of the whole. A system is a series of inputs (Phase C) to a throughput or actions (Phase D) to achieve your outputs (Phase A) along with a feedback loop (Phase B) in the environment, to measure success.

Understanding Of Systems Approach

Systems' thinking is an approach for developing models to promote the understanding of events, patterns of behaviour resulting in the events, and even more importantly, the underlying structure responsible for the patterns of behaviour. The Co-operative Organizations should be more concerned with the underlying structures which can enable them undertake successful ventures.

According to Warren, K. (2002), the approach to systems thinking is perceived to consist of the following steps:

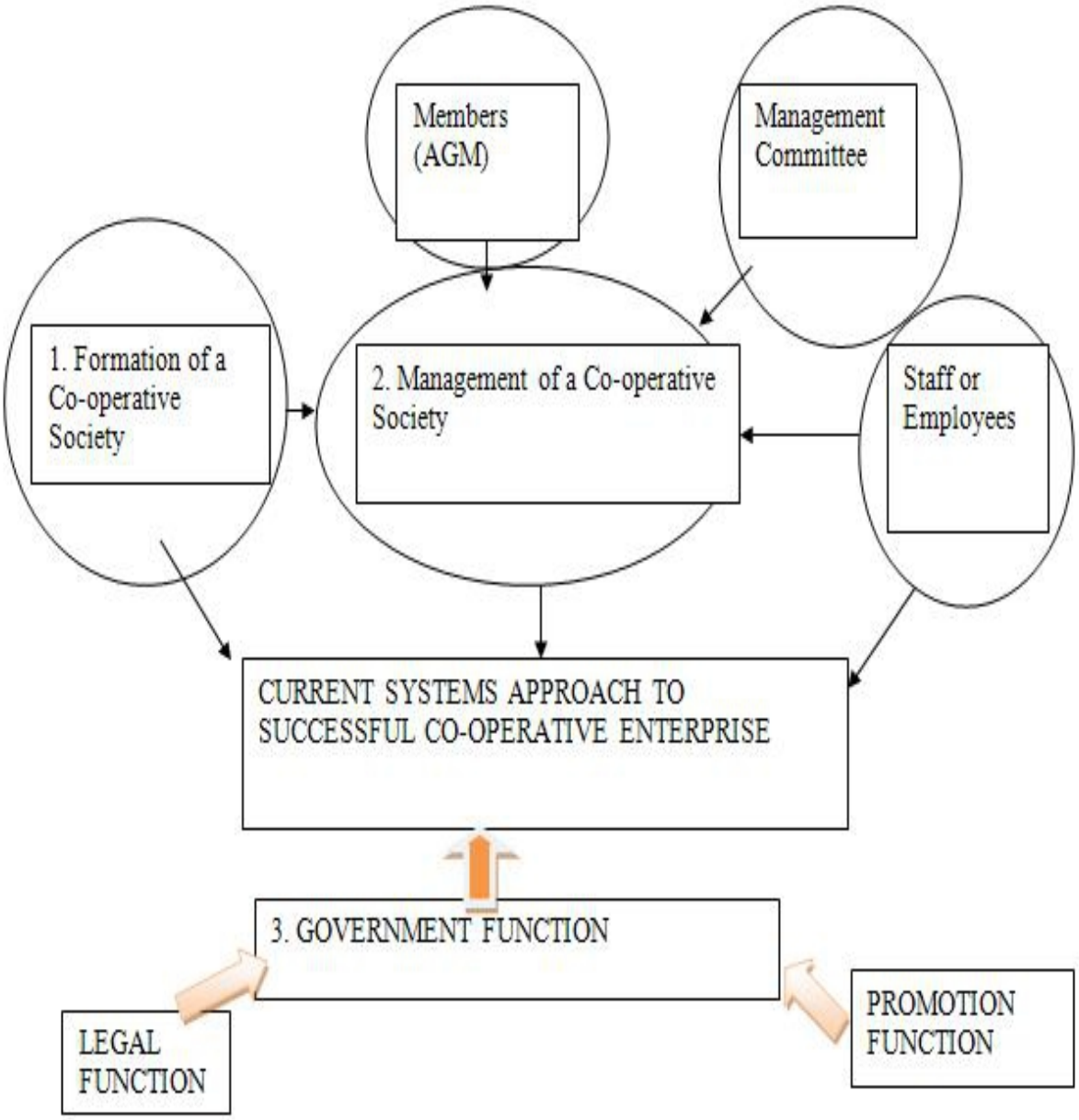
1. Definition of the situation
2. Consider whether systems thinking is appropriate
3. Develop the patterns of behaviour.
4. Evolve the underlying structure.
5. Identify the leverage points
6. Develop an alternative structure
7. Stimulate the alternative structure.
8. Develop an adoption approach

Current systems approach of co-operative enterprises in kenya

The current systems approach to successful Co-operative Enterprises in Kenya starts with the idea of a group of people having the same common bond and seeing a sense of coming together to pool up resources in order to solve economic or social problems. Such groups must be participating in economically viable activities which can uplift their standards of living and increase their economic and social welfare. The Government can identify such groups to sensitize them and educate them about Co-operatives. In the process the Government can facilitate the registration of such groups as Co-Operative Enterprises. After the registration, the Government continues to play a crucial role of promotion and legal functions. The co-operatives registered are therefore managed by the members through their Annual General Meeting (AGM), Management committee elected by the members and the staff/employees.

Even though Co-operatives in Kenya have contributed and still contributing to significant development in Kenyan economy, some Co-operatives have collapsed in the passed and this situation calls for a thorough scrutiny of the Systems Approach to successful Co-operative Enterprise Development in the country. It is envisaged that the Co-operative enterprises which are started in the beginning and seen to be having a clear vision for its formation can not collapse easily.

The Current Model of Systems Approach for Factors Leading To Successful Co-Operative Enterprise in Kenya



Formation of a co-operative Society

According to Ouma S. (1992), to launch a Co-operative, it is necessary that four major jobs should be done. The tasks are the following:

- Determine the need for a Co-operative and its potential for success.
- Decide on the form and plan of the organization.
- Incorporate and complete the organization into a permanent going concern.
- Obtain members, capital, management and Co-operative volume.

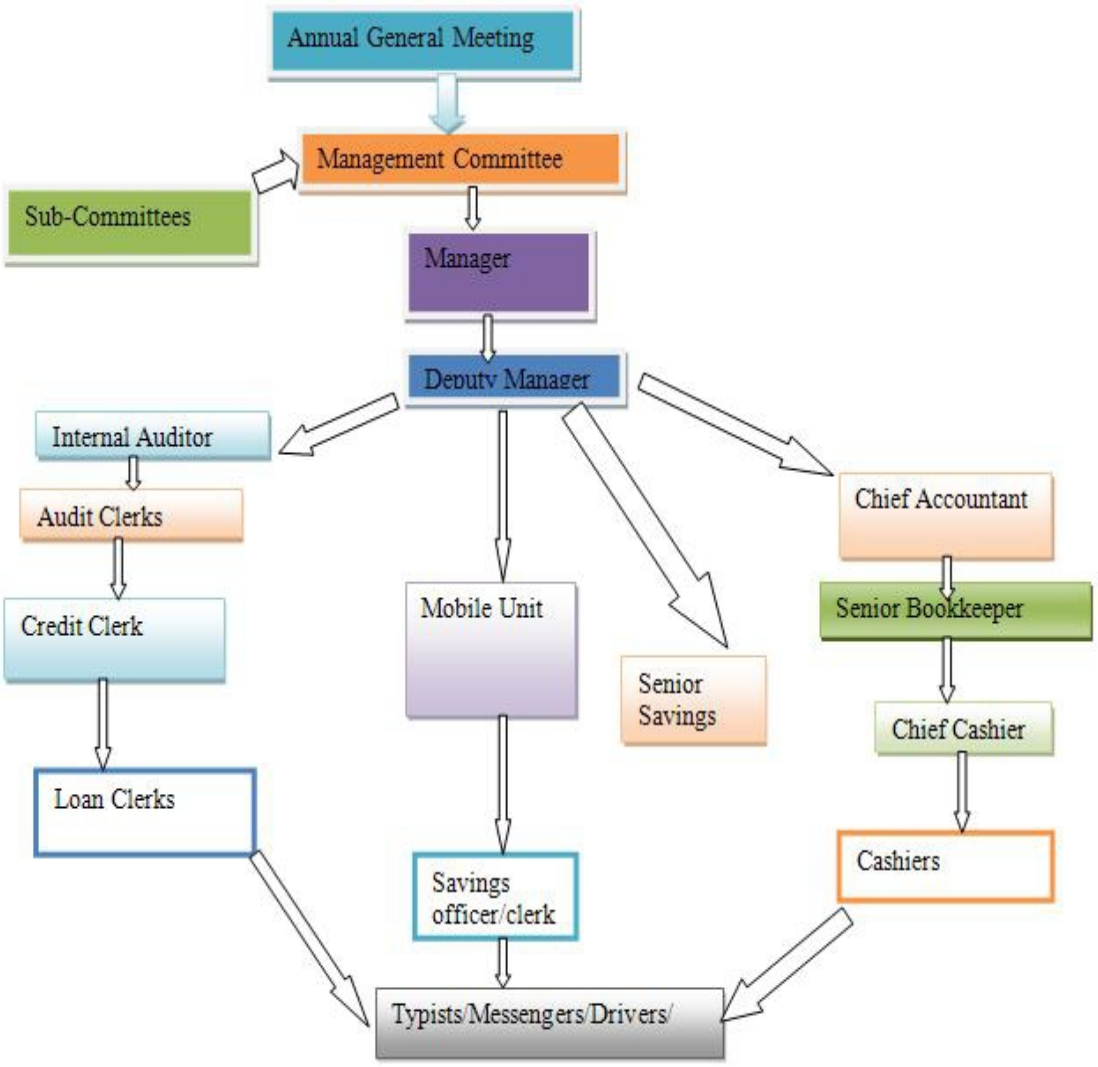
Once the above four issues have been taken into consideration, the steps towards the formation of a co-operative society starts. These steps are as follows:

1. Preliminary meeting
2. Work of the survey committee
3. The survey report
4. Appointment of the organizing committee
5. Pre-co-operative education day
6. Drawing of the Constitution and by-laws
7. Members first meeting
8. Registration of the co-operative society
9. First General Meeting

Management of a Co-operative Society

After the formation of Co-operatives in Kenya, they should be managed viably by various organs. The levels of management may vary from one co-operative society to another depending on the products to be delivered to the members and the number of members within the co-operative society. Generally, the organization chart below show the general levels of management indicating the levels of authority, responsibility, and communication within the co-operative organization.

A model of an Organization chart for a Co-operative Society in Kenya



The organization chart above can vary from one co-operative society to another, although the above can serve as a guide.

Current Functions of the Government

There are two major functions which the Government undertakes:

Development function

The development function involves the following tasks:

1. Promotion:
2. Supervision and advice
3. Education and Training:

The legal function

1. Registration:
2. Auditing:
3. Management:
4. Borrowing:
5. Dispute handling:

Critical Review Of the Current Systems Approach to Co-operative Enterprises in Kenya

The above current model has suggested three important aspects of formidable co-operative enterprises, namely; process followed in the formation of co-operative enterprises, the management committee functions, and the function of the Government. What seems to be working well among the three is the management committee functions. However, the process of formation, and the Government functions need to be strengthened.

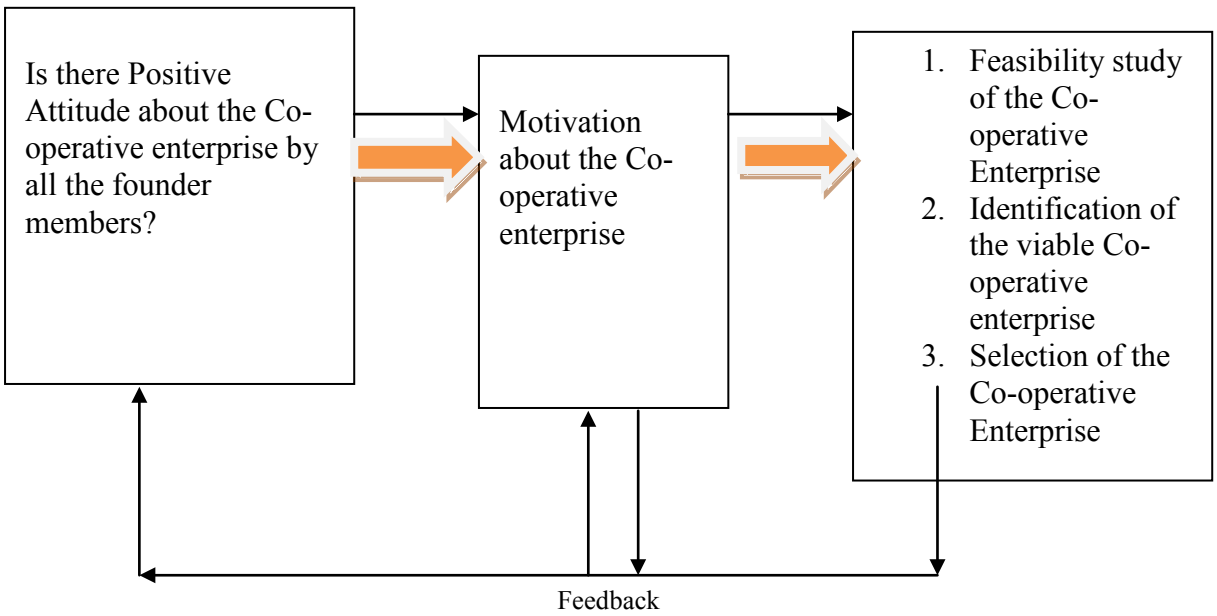
The formation process has been well covered, but the co-operative organizations which are being formed seem not to go through the whole of the process detailed above. If they have to undertake this process the way it is detailed above, then feasibility study of the co-operative enterprises could be taking place more effectively. The Co-operative enterprises are currently being formed on the basis that there is some common bond existing among the founders. Proper scientific feasibility study is lacking. There should be thorough feasibility study to be undertaken for Co-operative enterprises to become viable ventures.

The Government can be playing a significant role in streamlining the operations and the management of these Co-operative enterprises, but after the liberalization effect, the Government roles have reduced tremendously.

The proposed systems approach to successful co-operative enterprise in Kenya

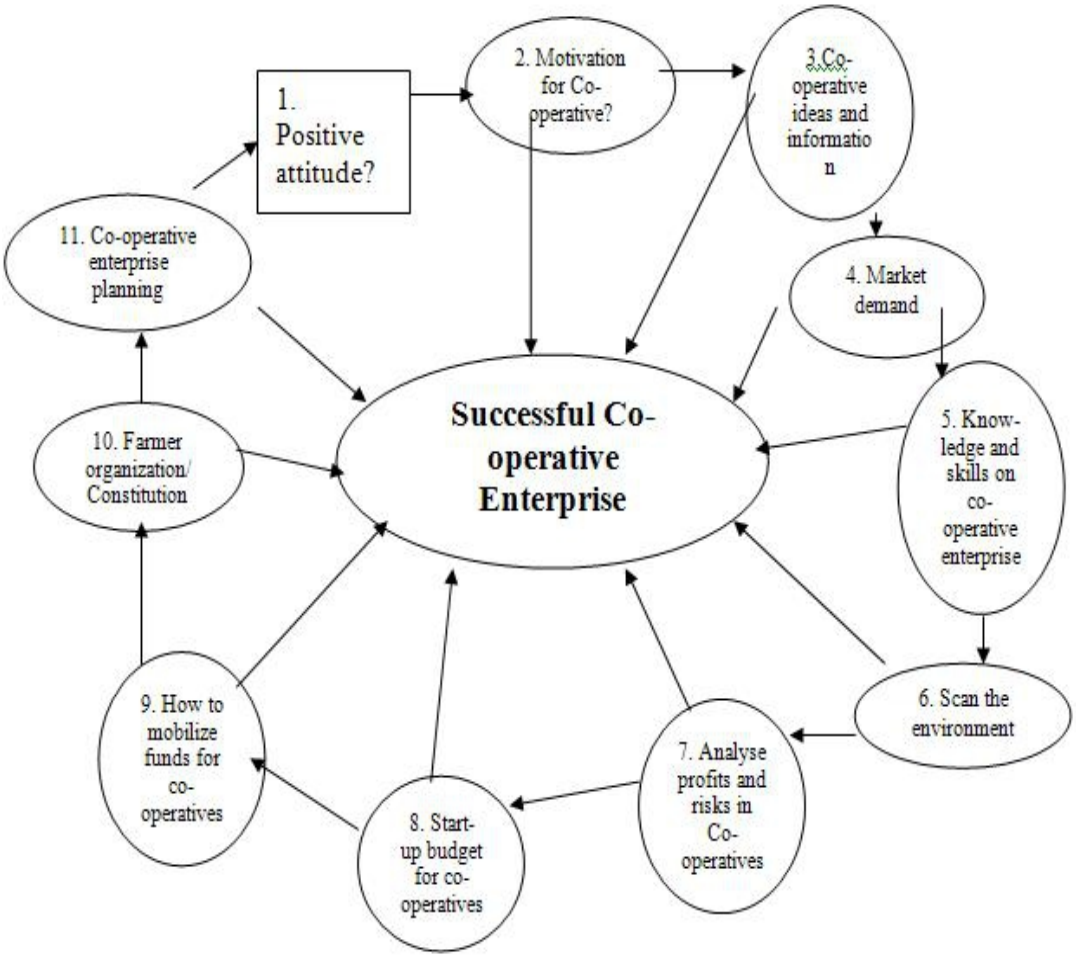
The proposed Systems Approach to Successful Co-operative Enterprise Development has been considered to entail all the factors that should be taken into consideration for any successful Co-operative enterprise. It is important that the proposed Co-operative enterprise should start with members having the motivation to participate in the economic activities which they are undertaking before considering forming a co-operative enterprise. A fact finding of common bond of a group of people alone is not enough for proper evaluation that such a group can be found viable to form Co-operative Enterprises. The figure below helps illustrates that the first important steps towards successful Co-operative enterprise is positive attitude by all the founding members. The positive attitude will then lead to motivation or drive towards that kind of Co-operative enterprise which will lead to feasibility study, identification, and finally selection of the enterprise. This concept is illustrated below:

Conceptual Framework towards Successful Co-operative Enterprise



The above conceptual framework can be elaborated further by the proposed systems approach to successful co-operative enterprises in Kenya as shown in section 3.1 below

Proposed Systems Approach to successful Co-operative enterprises in Kenya



Conclusion

For any suggested system to work, it has to be tested over time whether it conforms with what can be rationally considered as practical. The implementation may vary from one co-operative society to another. According to Goodman, M. & Karash, R. & Lannon, C. & O'Reilly, K. W., & Seville, D. (1997), what can work well within a certain co-operative organization may not work well in another. However, there are certain conditions which are generally considered to be very important for a system to work effectively in any organization. According Sauter V. (1997), these may include; Measures that address the system itself, the process of the design, and mutual understanding between the various stakeholders. The strategies suggested can be summarized as follows;

- Ensure that the system does what it is supposed to do the way it is suppose to do it
- Keep the solutions simple for everybody in the co-operative enterprise to understand
- Ensure user involvement in the system which has been developed. The users here are considered to be the co-operative society members and the other stakeholders in the whole chain. This is done by developing a satisfactory support base
- Commitment to change is also very important and this comes only after the users have realized that the system is beneficial to them.

- This change should be managed overtime by the various implementers to ensure that it works from time to time.
- Institutionalize the system by making it a legislative decision within the co-operative movement. This can be made easier by giving incentives to the users at the initial stages. The incentives given can vary from one co-operative society to another, however, they need not be elaborate or even financial which if withdrawn the system may fail to work effectively. When the incentives have gained some attention for some individuals, these individuals can be used to convince others to work towards implementing the new system within other forthcoming co-operative enterprises. This is also what Warren, K. (2002) suggests in his writing about systems theory approach.
- System Evaluation: This is done in order to ensure that the system is effective and successful. This is done by ensuring that the system reflects the intended output and the necessary inputs had been taken into consideration.
- Technical appropriateness is done to ensure that the technical requirements of the decision makers are achieved. The decision makers in the case of a co-operative enterprise are the members of that co-operative organization. If their technical requirements are not met, then this proposed system of ensuring successful co-operative enterprises will have failed and the implementation effort considered failure.
- Senge, P. (1990), puts it that measurement of challenges should be done from time to time to ensure that it continues to be successful when it is being implemented by the various co-operative organizations. Review of the steps suggested in chapter three should be done. Any additional attribute to successful implementation of the co-operative enterprises can be done. It therefore means that the suggested system should be dynamic and flexible to the environmental facets.
- The Co-operative Organizational Appropriateness should also be checked to ensure that the system supports the co-operative organization's style of management from the time of implementation up-to the time it is considered to be operational.

References:

Centre for Strategic Management: Systems Thinking Approach, 2007.

Goodman, M. & Karash, R. & Lannon, C. & O'Reilly, K. W., & Seville, Designing a Systems Thinking Intervention: Waltham, MA. Pegasus Communications: Inc.,1997.

Lewlyn L. R. Rodrigues, N. Dhamaraj, B, R. Shrinivasha Rao: Systems dynamics approach for change management in new product development: Barmarick Publications. .,2006.

Midha, P.S., and Rajeev Kumar. Industrial Systems and data Systems: An objective approach for identifying the strategic components of a PDM system: Emerald Group Publishing Limited, Volume 104 Issue, 2004.

O'Connor, J. The Art of Systems Thinking: Essential Skills for Creativity and Problem Solving. London Thorsons: An Imprint of HarperCollins Publishers, 1997.

Ouma, S. Introduction to Co-operatives in Kenya: 1992

Richmond, B. An Introduction to Systems Thinking: Hanover, NH. High Performance Systems, 2001.

Saunter Vicki. Decision Support Systems: An Applied Managerial Approach, John Wiley & Sons, Inc. 1997.

Senge, P. The Fifth Discipline: The Art & Practice of The Learning Organization: New York: Doubleday Currency, 1990.

Warren, K. Competitive Strategy Dynamics: West Sussex, England: John Wiley & Sons, 2002.